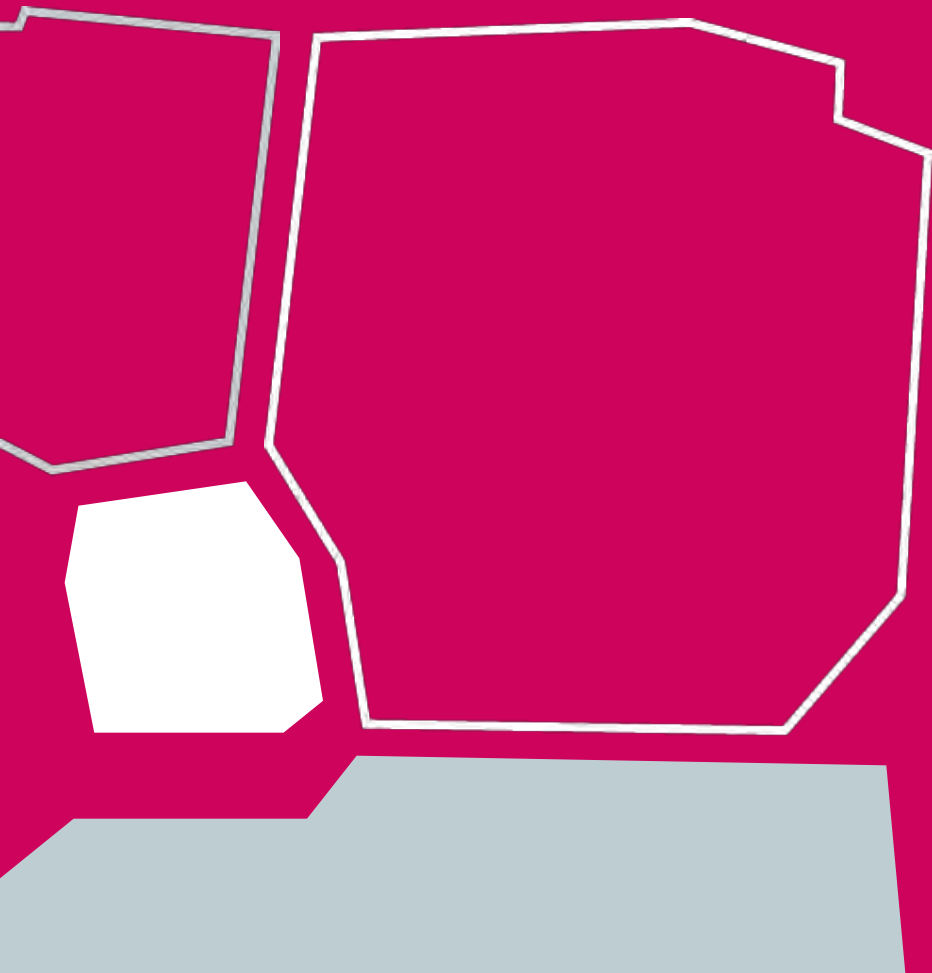


# Citycon's Capital Markets Day

22 September 2010

Tallinn, Estonia



**CITYCON**  
creating success for retailing

# Strategy

## Citycon

- wants to be the leading shopping centre owner, operator and developer in the Nordic and Baltic countries.
- invests in shopping centres and retail properties in major growing cities with good demographics.
- seeks growth through matching acquisitions and property development.
- adds value on investment across the portfolio by professional active management produced by in-house strong personnel.
- operates by high sustainability standards.
- seeks actively joint-venture arrangements with high-class investors and manages investment on their behalf.
- has a strong balance sheet with competitive and well diversified funding sources and low financial risk exposures.

# Citycon's Financial Position

CFO, Executive Vice President Eero Sihvonen



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# Main Points Q2 2010

## Q2 2010 (vs. Q1 2010)

- The fair value change was EUR **22.9** million (EUR 0.8 m) and the market value of property portfolio was EUR **2,229.5** million (EUR 2,193.5 m)
- The valuation yield **6.6%** (6.6%) by external appraiser
- Net rental income was EUR **31.8** million (EUR 30.6m)
- Direct result per share (diluted EPRA EPS) EUR **0.05** (EUR 0.05)

## Q1-Q2 2010 (vs. Q1-Q2 2009)

- Turnover increased by **7.3%** to EUR **98.1** million (EUR 91.5m)
- Direct result per share (EPRA EPS) EUR **0.10** (EUR 0.11)
- Direct result was EUR **21.5** million (EUR 24.2 m)
- Net cash from operating activities per share EUR **0.05** (EUR 0.19) due to extraordinary and timing items.
- Profit before taxes EUR **52.0** million (EUR -28.7 m), incl. EUR **23.7**million (EUR -57.6 m) fair value change

# Property Portfolio

- **4,019 (4,080)** leases with an average length of **3.3 (3.0)** years
- GLA totalled **947 050** sq.m.
- Net rental income increased by **1.8%** to EUR **62.5** million
- Net rental income for like-for-like properties decreased by **1.0%** due to higher property operating expenses reflecting seasonal fluctuations and exceptionally cold and snowy winter, slightly increased vacancy and very low indexation-based rental increases

Like-for-like properties accounted for 58.2% of the total portfolio and of I-f-I portfolio 80.8% is in Finland and 71.5% of the total Finnish portfolio is included in I-f-I. Shopping centres represent 79.0% of the I-f-I portfolio.

- Rolling 12-month occupancy cost ratio for I-f-I shopping centres was **8.4%**
- Occupancy rate **94.6%** (94.8%)
- Rents linked to CPI (nearly all the agreements). Year-end, **36.0%** (2008 24.2%) of rental agreements were also tied to tenant's turnover
  - In 2009, approx. **1%** of net rental income came from turn-over based part of the rental agreements

# Like-for-like and Other NRI Development by Segments -Q1-Q2/2009 vs. Q1-Q2/2010

34.000 sq.m. of GLA is currently out of production due to redevelopment

EUR million	Finland	Sweden	the Baltic Countries	Other	Total
<b>1H/2008</b>	<b>44,9</b>	<b>12,2</b>	<b>3,1</b>	<b>0,0</b>	<b>60,1</b>
Acquisitions	0,4	0,0	-0,1	0,0	0,4
(Re)developments	0,5	0,0	1,7	0,0	2,2
Divestments	-0,1	0,0	0,0	0,0	-0,1
Like-for-like	0,6	0,3	-0,1	0,0	0,8
Other (incl. exch. diff.)	-0,4	-1,7	0,0	0,0	-2,1
<b>1H/2009</b>	<b>46,0</b>	<b>10,8</b>	<b>4,6</b>	<b>0,0</b>	<b>61,3</b>
Acquisitions	-	-	-	-	0,0
(Re)developments	-2,7	2,1	1,4	0,0	0,7
Divestments	-0,2	-0,2	-	0,0	-0,4
Like-for-like	-0,4	0,2	-0,2	0,0	-0,4
Other (incl. exch. diff.)	0,0	1,1	0,0	0,0	1,3
<b>1H/2010</b>	<b>42,7</b>	<b>13,9</b>	<b>5,8</b>	<b>0,0</b>	<b>62,5</b>

➤ Around 23,000 sq.m. (on average during 6 months) more space off-line due to redevelopment projects in Myyrmanni, Espoontori, Forum, Hansa, Myllypuro, Kirkkonummen liikekeskus, Porin Isolinnankatu and Martinlaakso.

➤ LFL negative in Finland as around 2,000 sq.m. higher vacancy, low indexation and colder winter (heating and snow cleaning 0.8M€). LFL-growth was -1.4% in Finland.

Jakobsberg as a total moved to divestment portfolio due to residential sale.

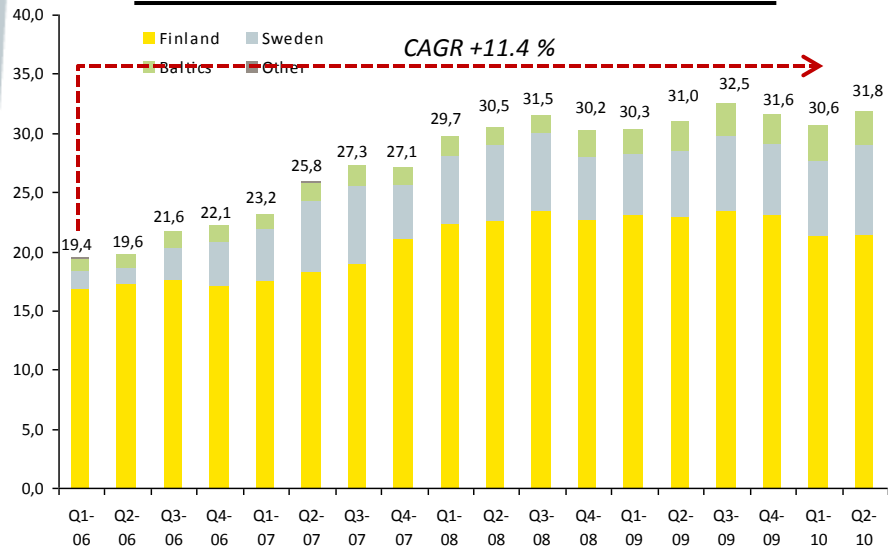
LFL-growth was +2.6 % in Sweden.

➤ Rental discounts in the LFL properties (Mandarinas + Magistral) higher by 0.2M€ in 1H'10 than in 1H'09. LFL-growth was -14.5% in the Baltic Countries.

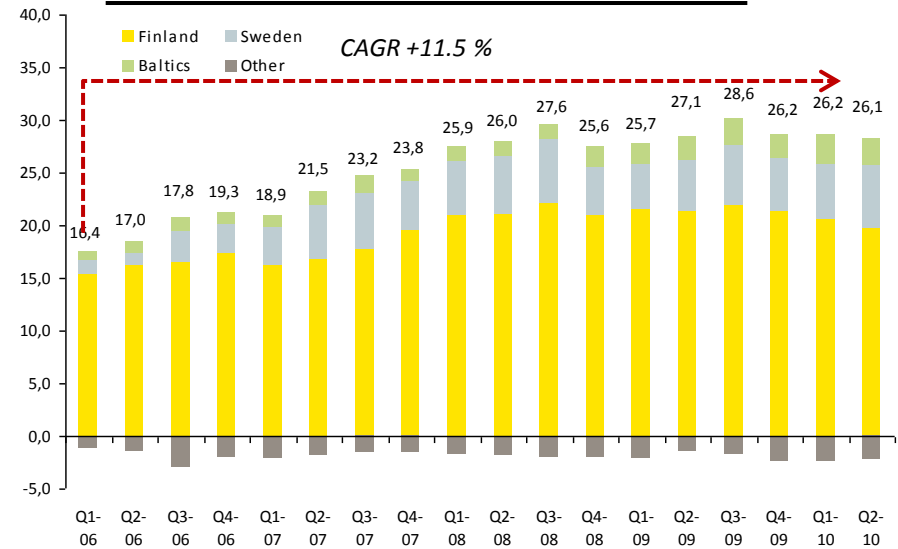
Stronger SEK contributed to NRI positively by 1.1M€.

# Key Figures – Profitability

## Quarterly Net Rental Income by segments



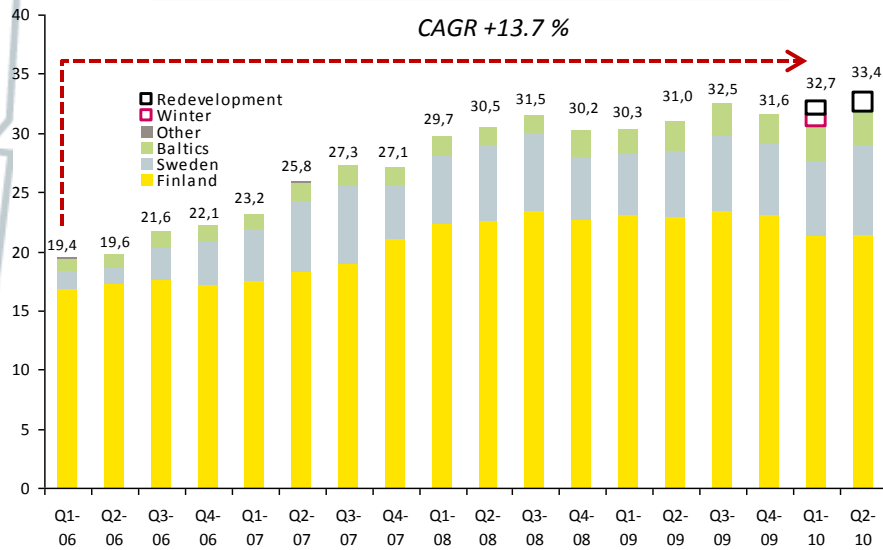
## Quarterly Operating Profit<sup>1)</sup> by segments



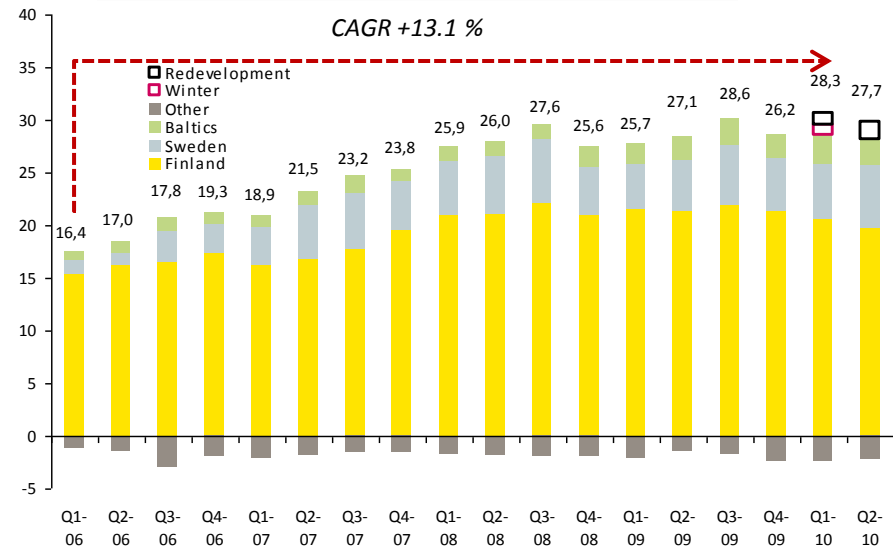
- Citycon has posted solid quarterly growth since 2006 both in terms of Net rental income and Operating profit – Performance both in bull and bear market environment
- During 2010 Citycon has posted stable quarterly NRI and EBIT performance although some of the growth has been impacted by the various on-going development projects

# Key Figures – Profitability

## Quarterly Net Rental Income by segments



## Quarterly Operating Profit<sup>1)</sup> by segments

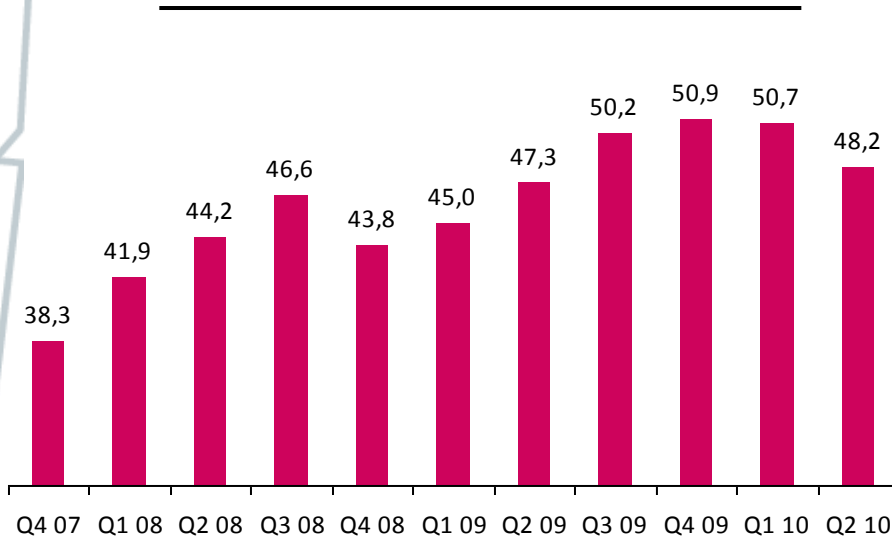


- Compound annual growth rate (CAGR) has been between 13 - 17 per cent for both quarterly line items since the expansion strategy started in Q1 2006
- Above for illustrative purpose the lost income due to cold winter and redevelopment projects initiated in Finland

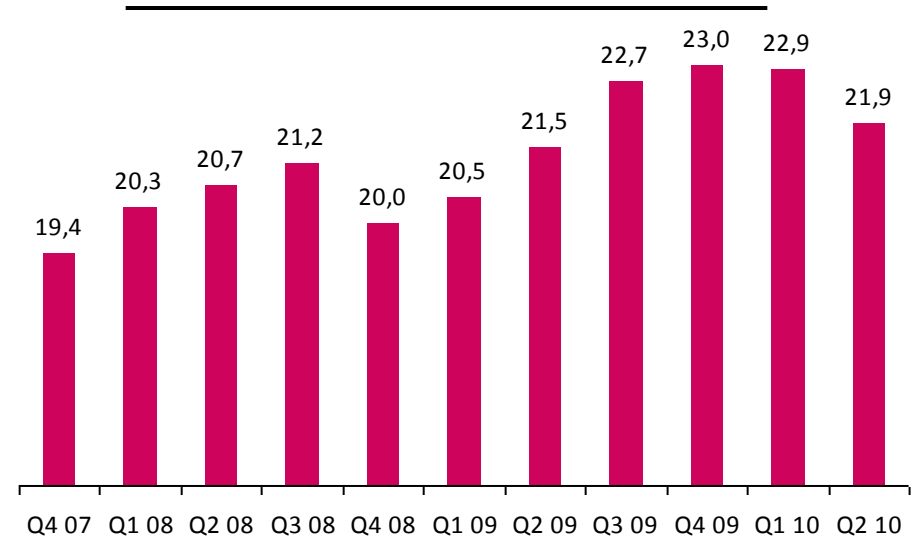


# Key Figures – Profitability

Rolling 12-month Direct Result (EUR million)



Rolling 12-month Direct Result per Share (EUR/ share)



- Citycon's strong direct result performance highlights the resilience of its business model which has also been supported by the recent decline in the net financial expenses
- Grocery anchored retail strategy has supported Citycon's occupancy and net rental income while lower interest rates have led to meaningful cost savings under financial expenses
- Citycon has been able to demonstrate increasing direct result performance both on an absolute and per share basis

# Financing Overview

- Total asset stood at EUR **2,308.9** million
- Total liquidity of EUR **246.2** million incl. unutilized committed debt facilities (EUR 221.2 m) and cash (EUR 25.0 m)
- Equity ratio **33.8%**, hedging ratio of the loan portfolio **82%**
- Average year-to-date interest rate **4.0%** (4.2%).
- Period-end average interest rate was **3.90%** for fixed rate borrowings and swaps
- The average loan maturity stood at **3.3** years (4.2 years).
- Net financial expenses stood at EUR **27.6** million (EUR 24.0 million)
- Two covenants
  - Equity ratio: Covenant level 32.5%, equity ratio as defined in loan agreements was **37.1%**
  - Interest cover ratio: Covenant level 1.8x, Citycon's period end ICR **2.2x**

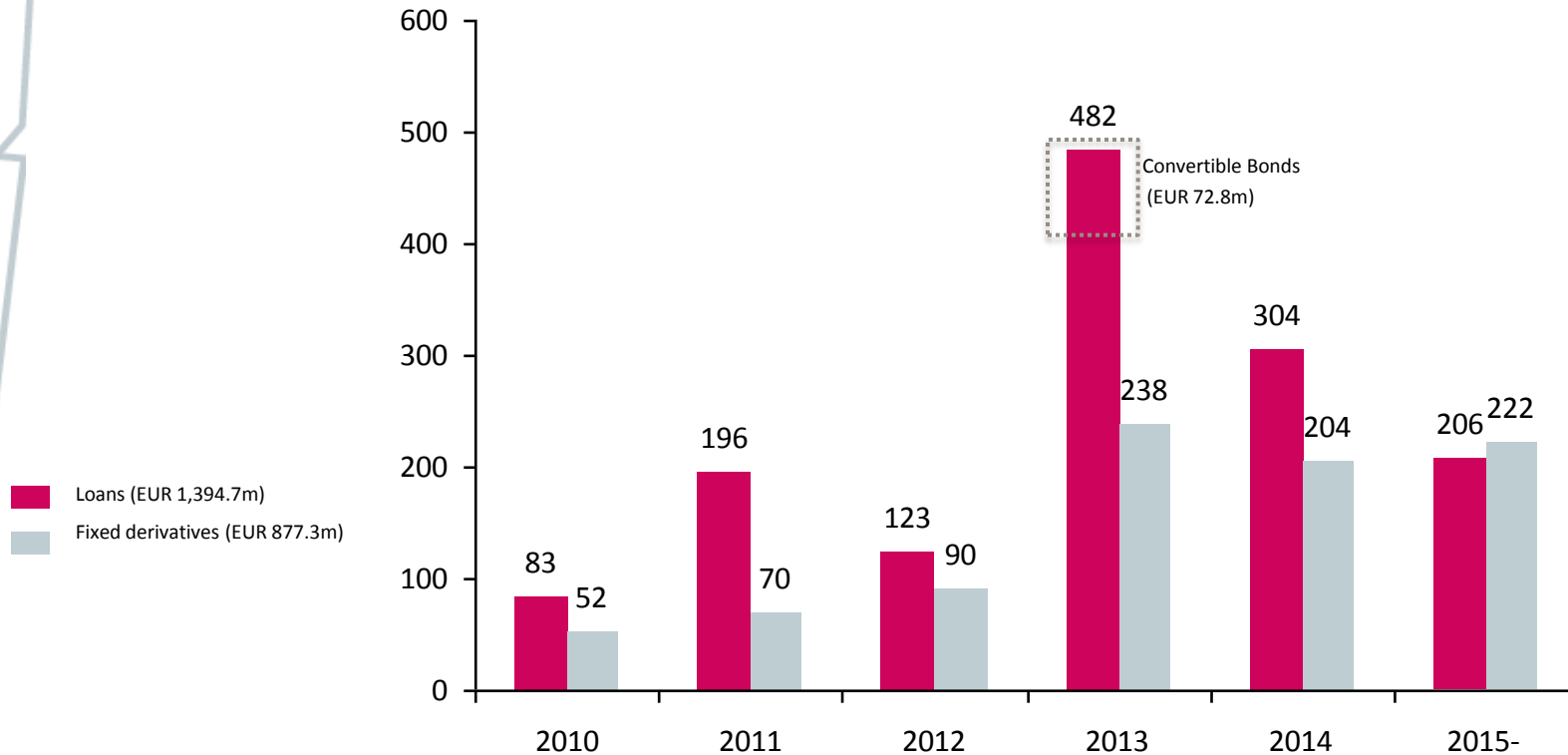
# Breakdown of Financial Expenses

	2q	1q	2q	Change-%	Change-%	YTD	YTD	Change-%
Net Financial Expenses (EUR million)	2010	2010	2009	(y-o-y)	(q-o-q)	2010	2009	(YTD)
Financial Expenses:								
Interest expenses	-13,2	-12,3	-11,3	17 %	7 %	-25,6	-22,8	12 %
Foreign exchange losses	0,0	0,0	0,0	nm	135 %	0,0	0,0	82 %
Capitalised fees	-0,3	-0,5	-0,3	20 %	-33 %	-0,8	-0,4	77 %
Non-cash option expense from convertible bonds	-0,4	-0,4	-0,3	6 %	-2 %	-0,7	-0,7	3 %
Other expenses	-0,4	0,2	-0,3	60 %	nm	-0,2	-0,9	-75 %
<b>Total Expenses</b>	<b>-14,3</b>	<b>-13,0</b>	<b>-12,2</b>	<b>17 %</b>	<b>10 %</b>	<b>-27,3</b>	<b>-24,8</b>	<b>10 %</b>
Financial Income:								
Interest income	0,1	0,1	0,1	-37 %	-30 %	0,1	0,2	-22 %
Fair value change in derivatives	-0,3	-0,2	0,3	-191 %	16 %	-0,5	0,0	nm
Gain from Convertible Bond buyback	0,0	-	-	nm	nm	0,0	0,6	-91 %
<b>Total Income</b>	<b>-0,2</b>	<b>-0,2</b>	<b>0,4</b>	<b>-144 %</b>	<b>5 %</b>	<b>-0,3</b>	<b>0,8</b>	<b>-142 %</b>
<b>Net Financial Expenses</b>	<b>-14,4</b>	<b>-13,1</b>	<b>-11,8</b>	<b>22 %</b>	<b>10 %</b>	<b>-27,6</b>	<b>-24,0</b>	<b>15 %</b>

- During Q2 interest expenses increased by EUR 0.9 million as the capitalization of interest expenses decreased by EUR 0.6 million. The remaining increase resulted from the higher debt level
- The current low interest rate environment has benefited the company but so far in 2010 interest expenses in the income statement have been higher due to lower interest capitalization and higher debt level
- EUR 1.6 million capitalized in Q1-Q2 2010, compared to EUR 4.0 million in Q1-Q2 2009 (full year 2009 EUR 7,7 million)

# Key Figures – Financing Overview

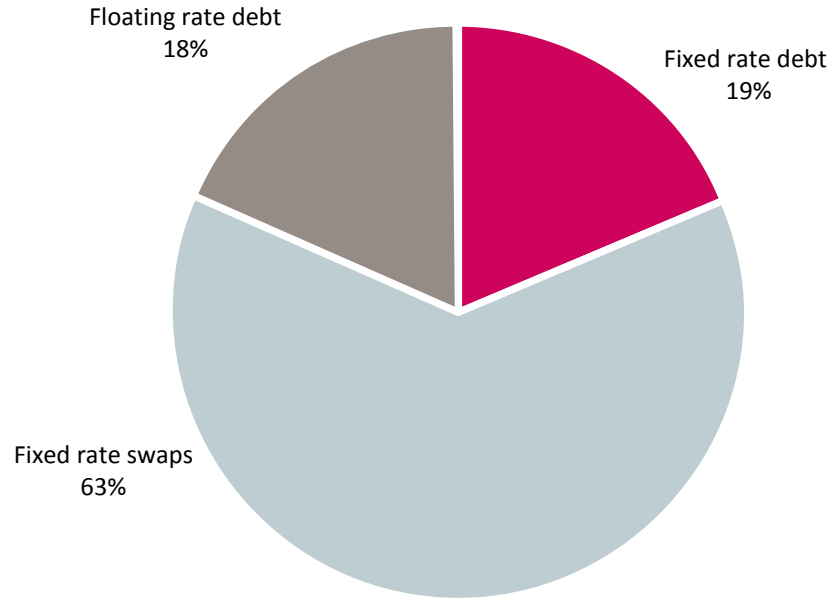
## Maturity profile of loans and derivatives



- Favorable maturity structure of debt as the bulk of Citycon’s debt is due on or after 2013
- **High hedging ratio** maintained at around **82%** . Citycon increased SEK hedging in Q2 and swapped into fixed part of the floating rate loans drawn in order to refinance the fixed rate capital loan due in June.

# Key Figures – Financing Overview

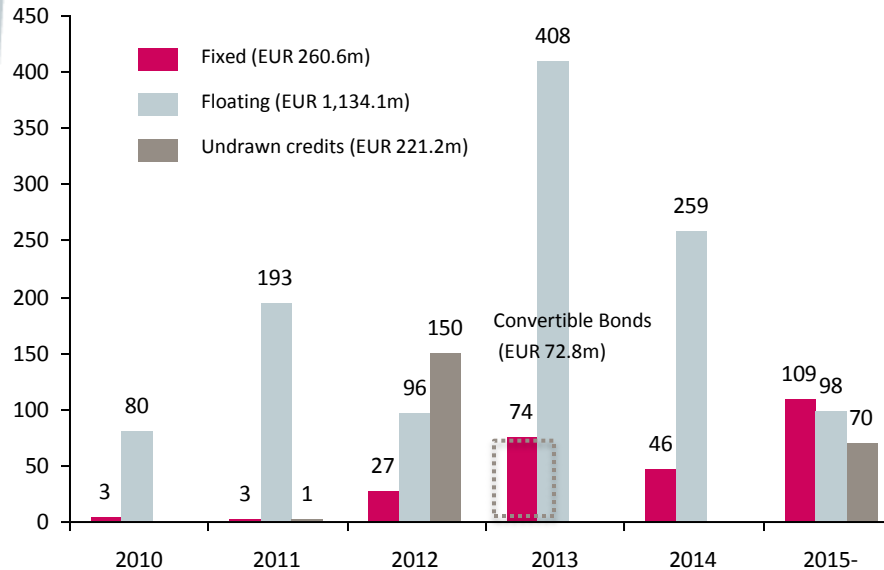
Interest-bearing debt by fixing type EUR 1, 394.7 million <sup>1)</sup>



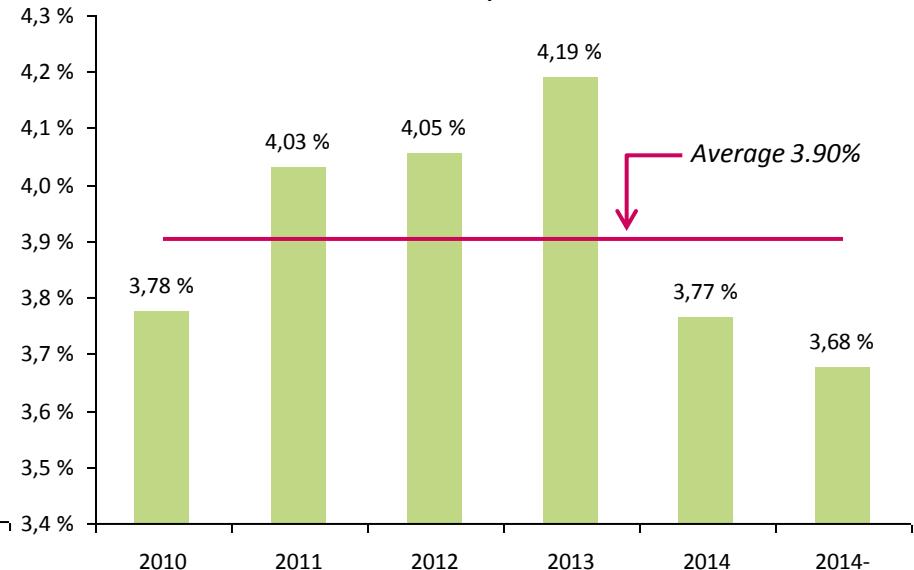
- During second quarter in 2010, the period-end interest-bearing **net debt increased by EUR 43 million** as a result of dividend payment and investments made into development projects
- **Refinancing not a problem** as demonstrated by the EUR 150 million of new facilities signed in Q2 – total available liquidity EUR 246 million covers all liquidity needs for at least next 12 months

# Key Figures – Financing Overview

Maturity profile of fixed and floating rate loans and undrawn committed credit limits



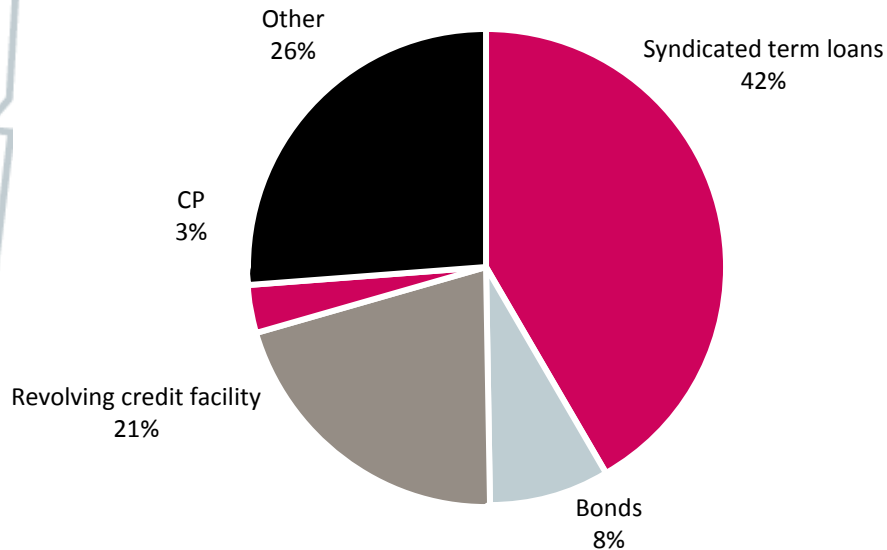
Period-end interest rate by maturity for fixed rate debt and swaps



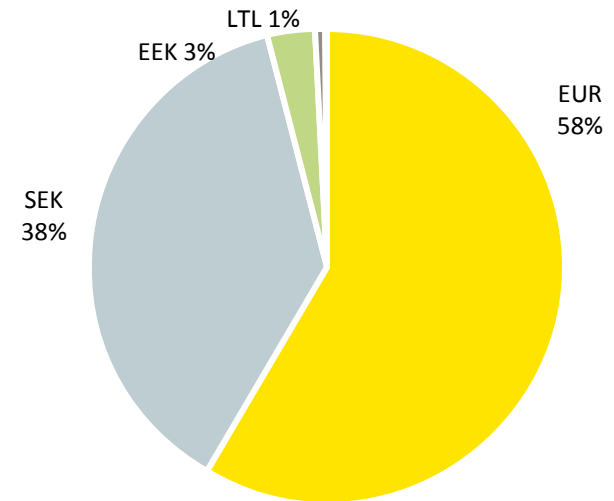
- Available committed undrawn credits are also of long term nature and will fall due in 2012 and 2015
- Period-end average interest rate was **3.90%** for fixed rate borrowings and swaps (4.07% in Q1), the decrease is due to maturity of the capital loan and new low fixed rate swaps

# Key Figures - Debt Portfolio

Breakdown by debt type  
EUR 1,394.7 million <sup>1)</sup>



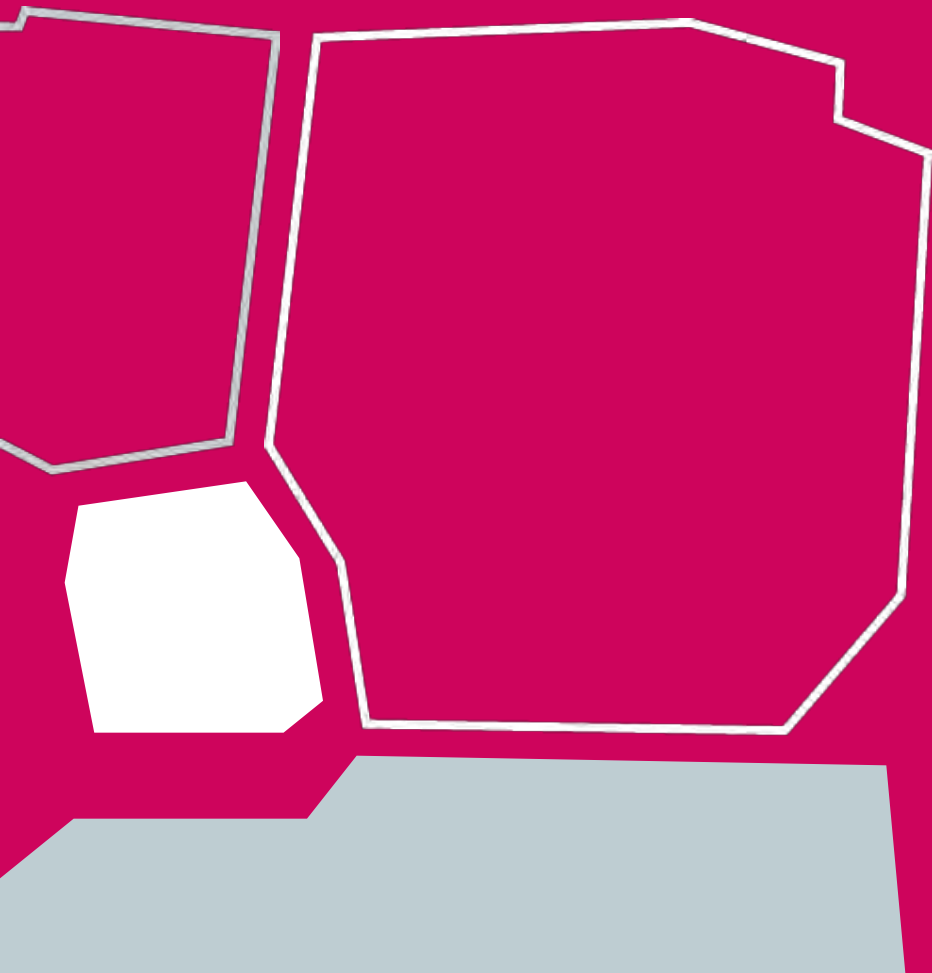
Breakdown by currency  
EUR 1,394.7 million <sup>1)</sup>



- The backbone of the debt financing continues to be the syndicated term and revolving facilities together with the bonds issued which comprise of **71%** of the debt portfolio
- For six-months period ending 30 Jun 2010 the average year-to-date interest rate was **4.00%** (Q1/2010: 3.97%) and the period-end current run rate stayed below 4% at 3.87%
- Conditions in the bank financing markets continued to improve during Q2

# Sustainability - an important part of Citycon's strategy

Kisu Borg  
Manager Sustainability



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Updates:

Long-term Goals

LEED Projects

Existing Shopping Centres

Reporting

# Long-term Goals Related to Environmental Responsibility



## Climate change

Reduction of greenhouse gas emissions by 20% by year 2020 from the 2009 baseline level.



## Energy

Reduction of energy consumption by 9% by 2016 from the 2009 level  
Improvements in energy efficiency  
Finding renewable energy solutions.



## Water

Keeping water consumption on an average level of less than 3.5 litres per visitor



## Waste management and recycling

Shopping centre waste recycling rate to be raised to at least 50% by 2015  
Reduction of landfill waste to a maximum of 30% of total waste volume by 2015

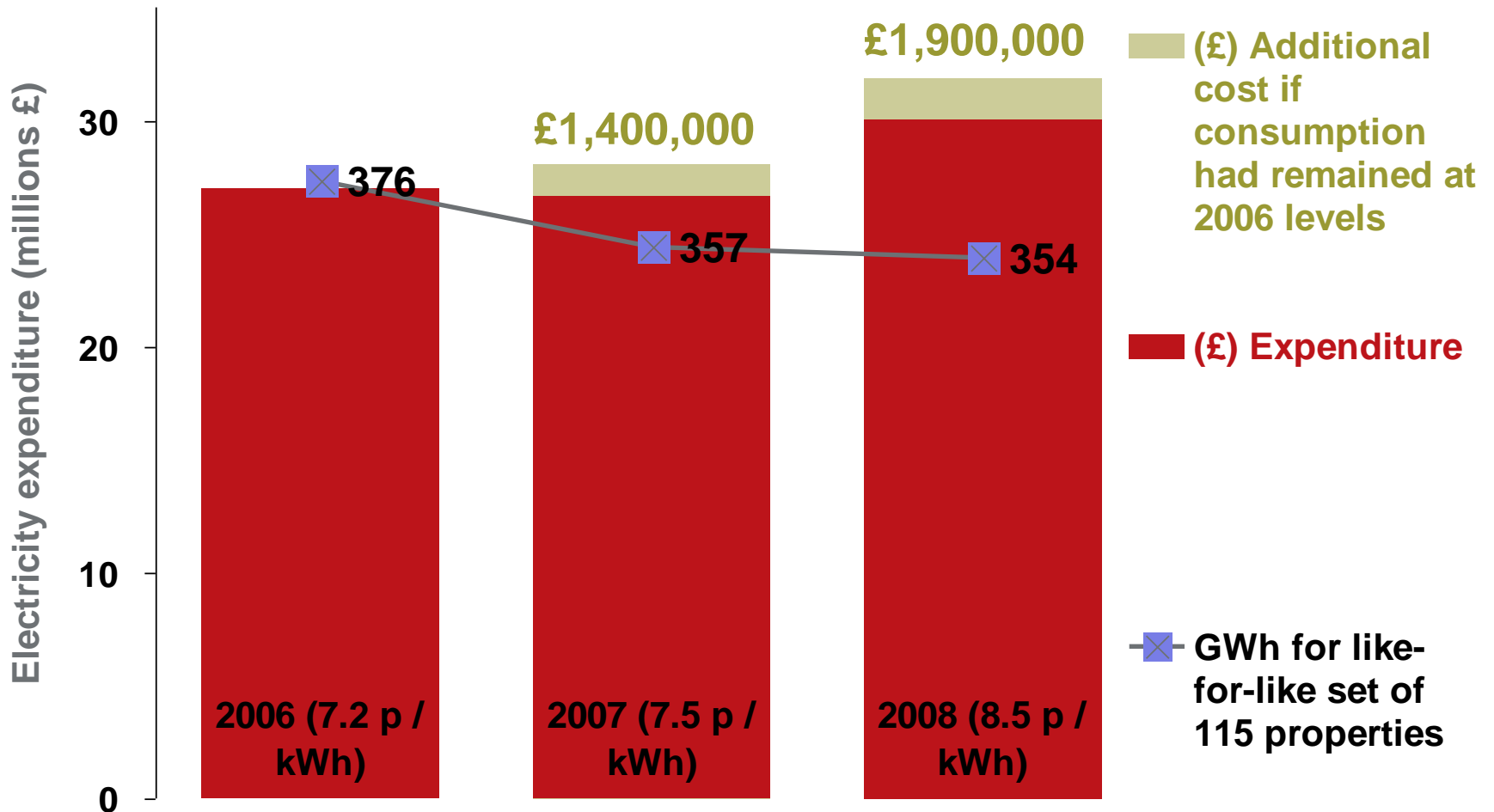


## Land use and sustainable project development

All development projects to be implemented in accordance with environmental classification principles  
Development projects are located in built-up environments, within reach of good public transport connections

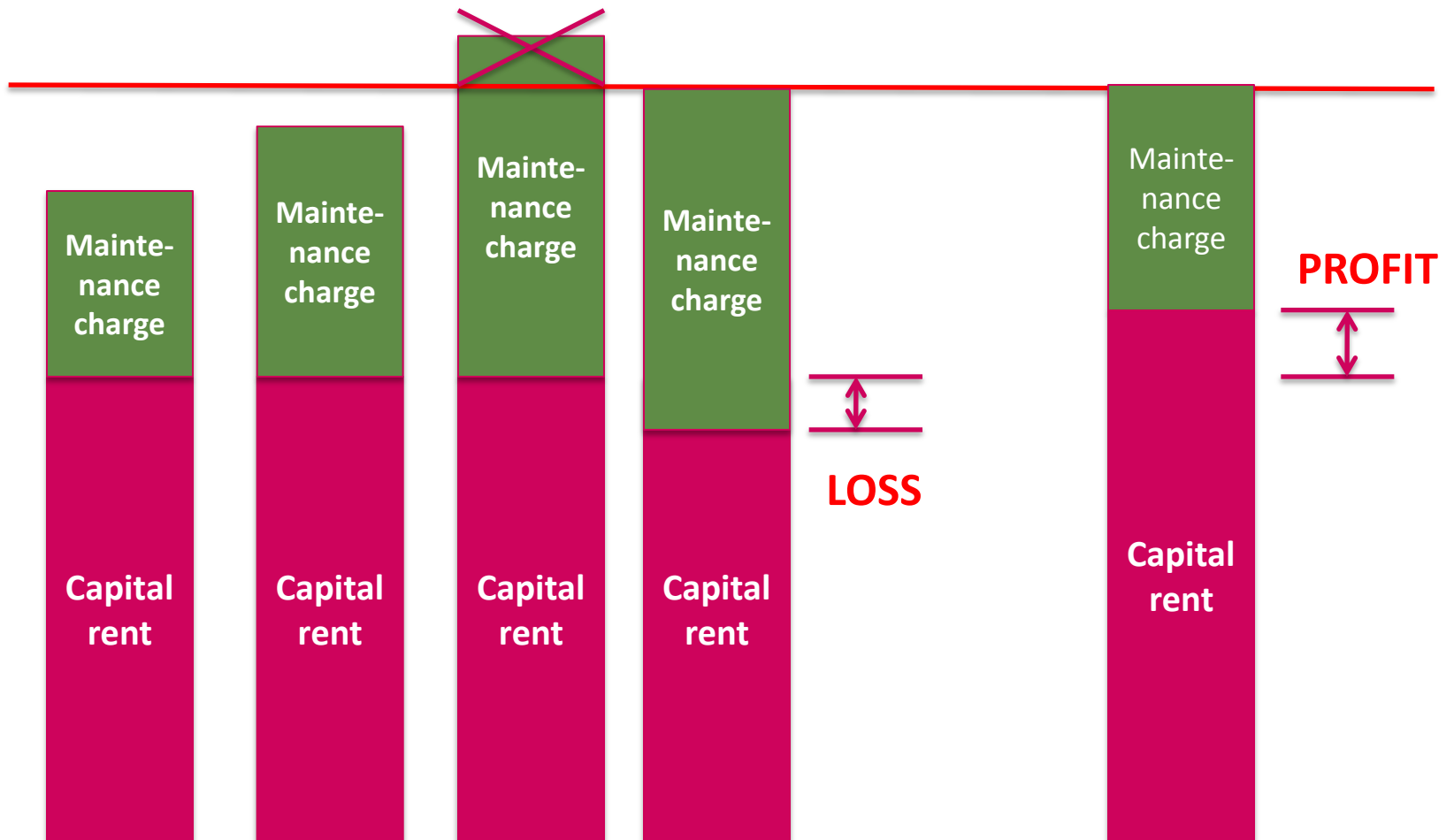
# Coping with Consumption and Costs

Like for like portfolios example – the same assets / activities for all years



Source:  JONES LANG LASALLE\*

# Economical and Ecological Impacts





# Citycon's LEED® Projects

**trio**  
KAUPPAKESKUS



**ROCCA**  
AL MARE



**LILJEHOLMS  
TORGET**



# Internal Green Shopping Centre Management Program for Existing Buildings

Tool for Shopping Centre Management



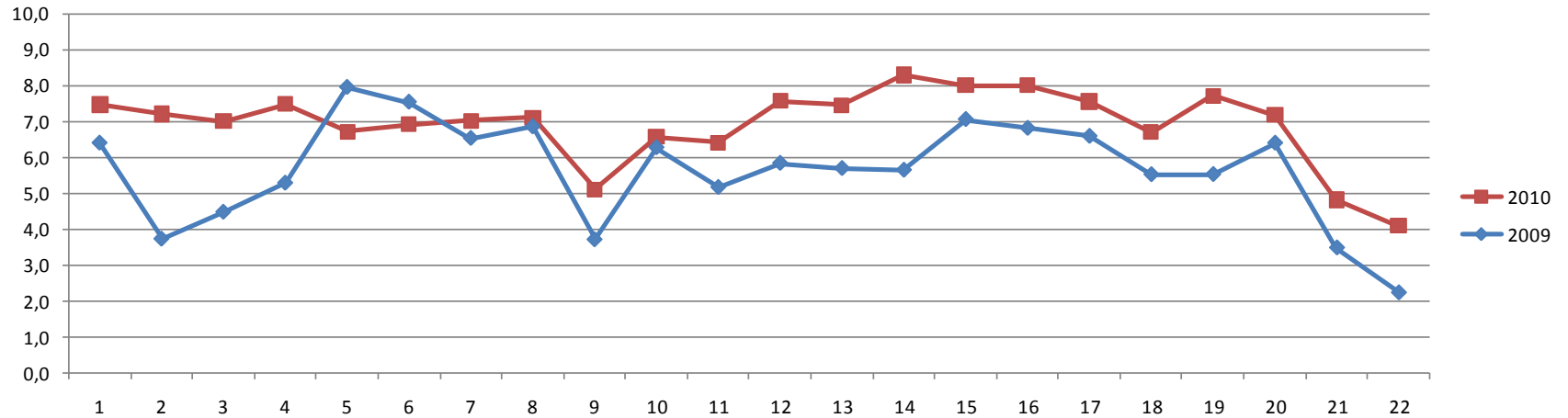
Internal benchmark

- Energy
- Water
- Waste
- Refrigerants
- Transport
- Procurement
- Training
- Marketing
- Monitoring

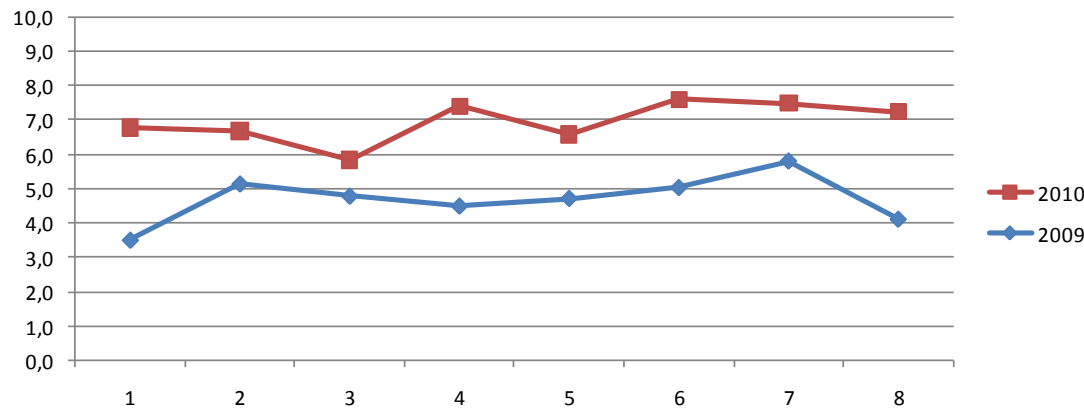
- Green thinking in action
- Recognition of Development areas

# Results of Internal Green Auditing

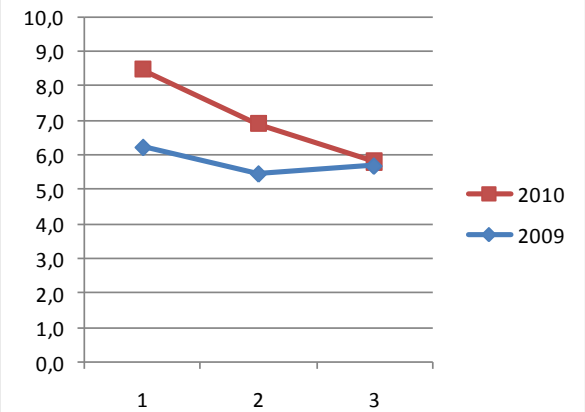
## Green Index - Finnish SCs



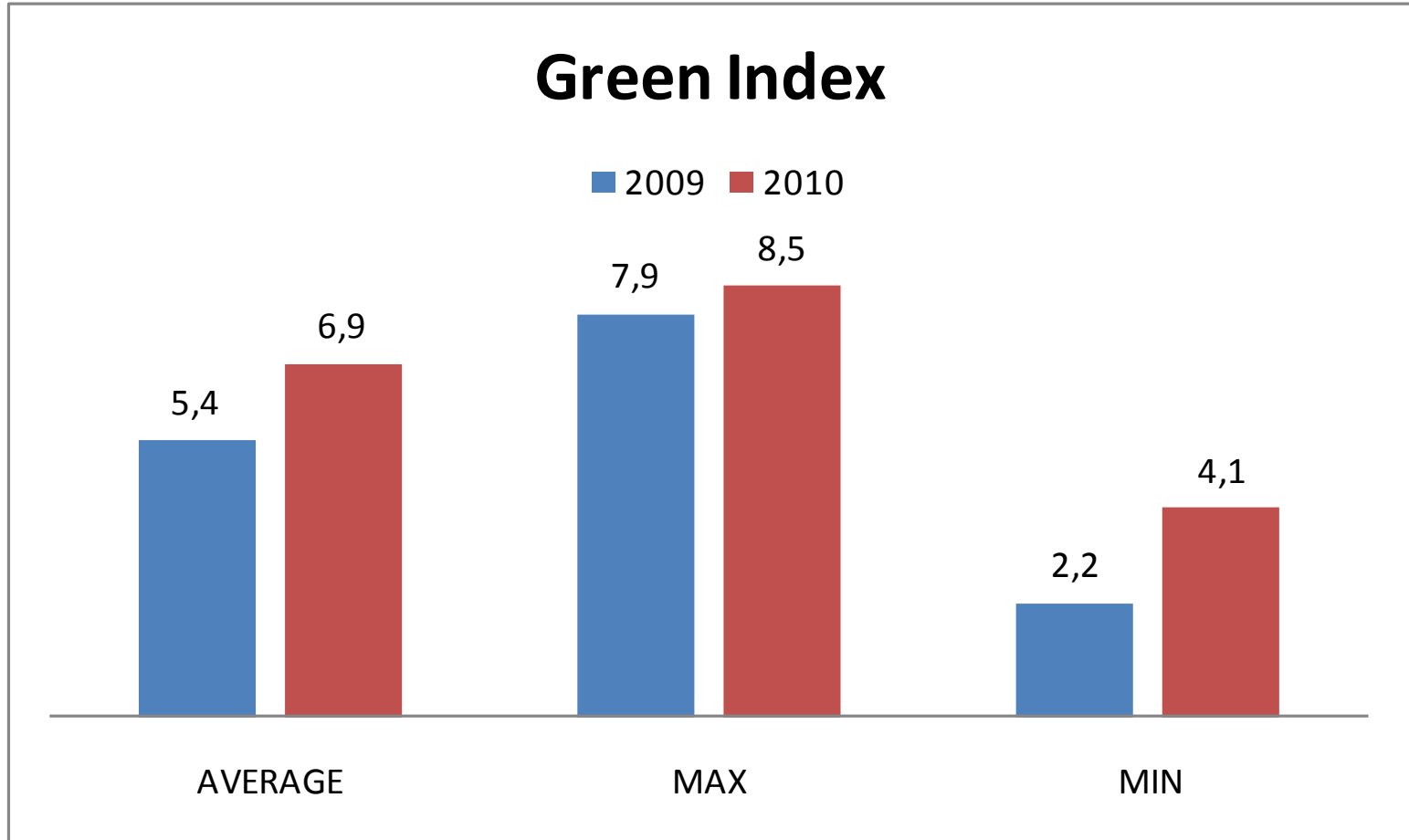
## Green Index - Swedish SCs



## Green Index - Baltian SCs



# Results of Internal Green Auditing







# CSR Reporting

- Economic, Social and Environmental Responsibility
- Global Reporting Initiative's (GRI) guidelines and reporting principles as a framework in CSR reporting.



## REPORT APPLICATION LEVELS

		C	C+	B	B+	A	A+
Mandatory	Self Declared		Report Externally Assured		Report Externally Assured		Report Externally Assured
	Third Party Checked						
Optional	GRI Checked						

# Citycon is an Active Player in the Field of Sustainability!

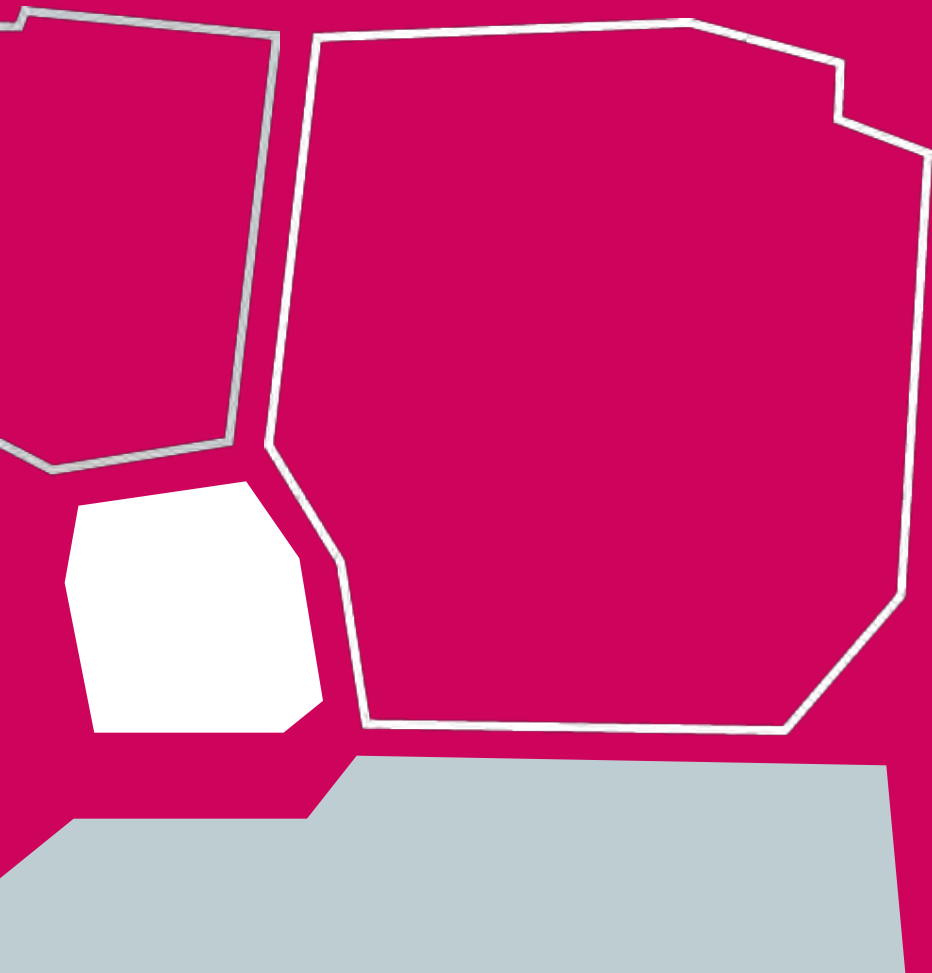
- Carbon Disclosure Project -> launch of Nordic Report in October
- Global Reporting Initiative's Construction and Real Estate Sector Supplement -> Citycon representing Europe in the group
- Green Building Council Finland -> Citycon a founding member
- EPRA Sustainability Committee -> Citycon a member

**CARBON DISCLOSURE PROJECT**



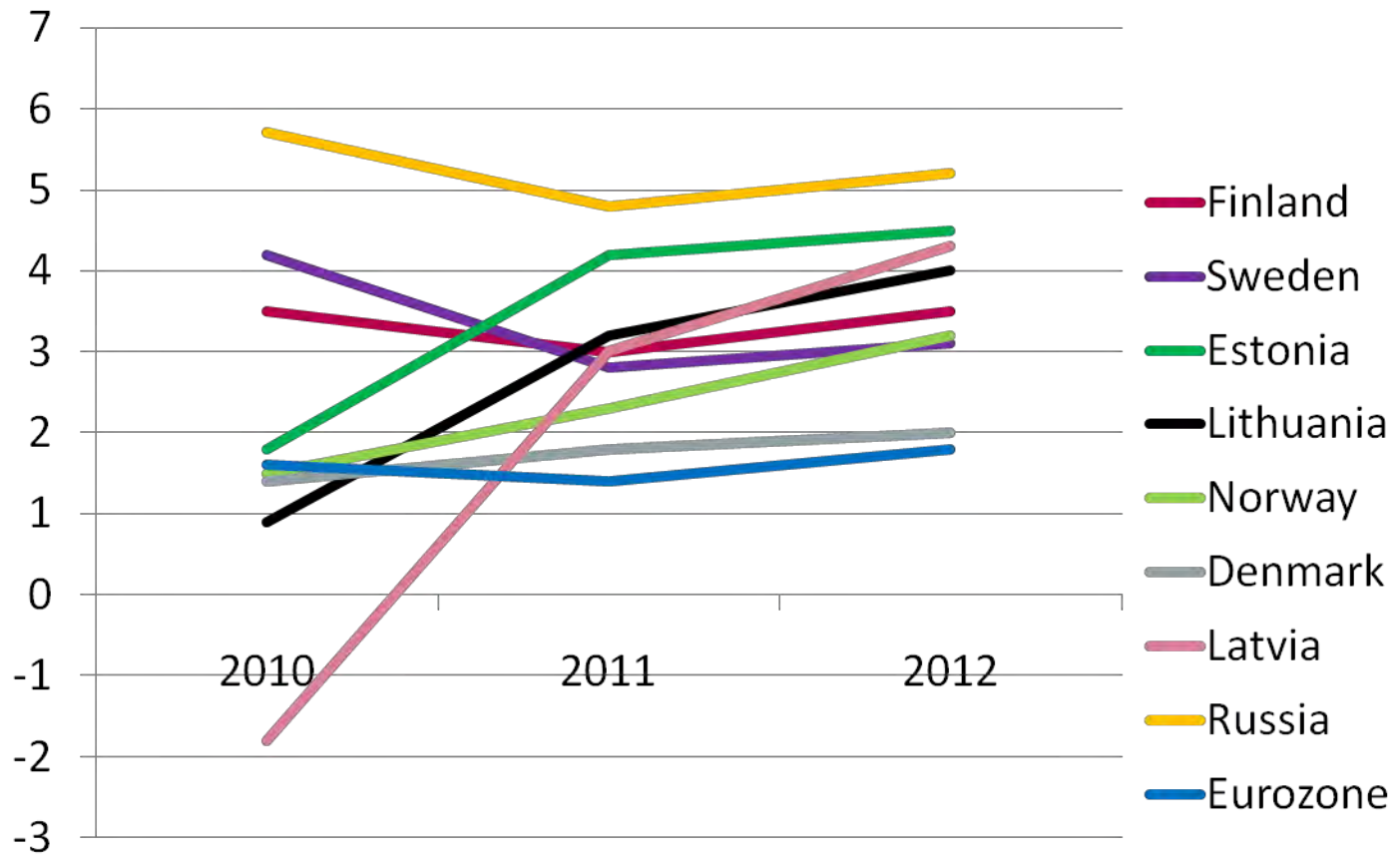
# Citycon in the Baltic Countries

Harri Holmström  
Vice President, Baltic operations



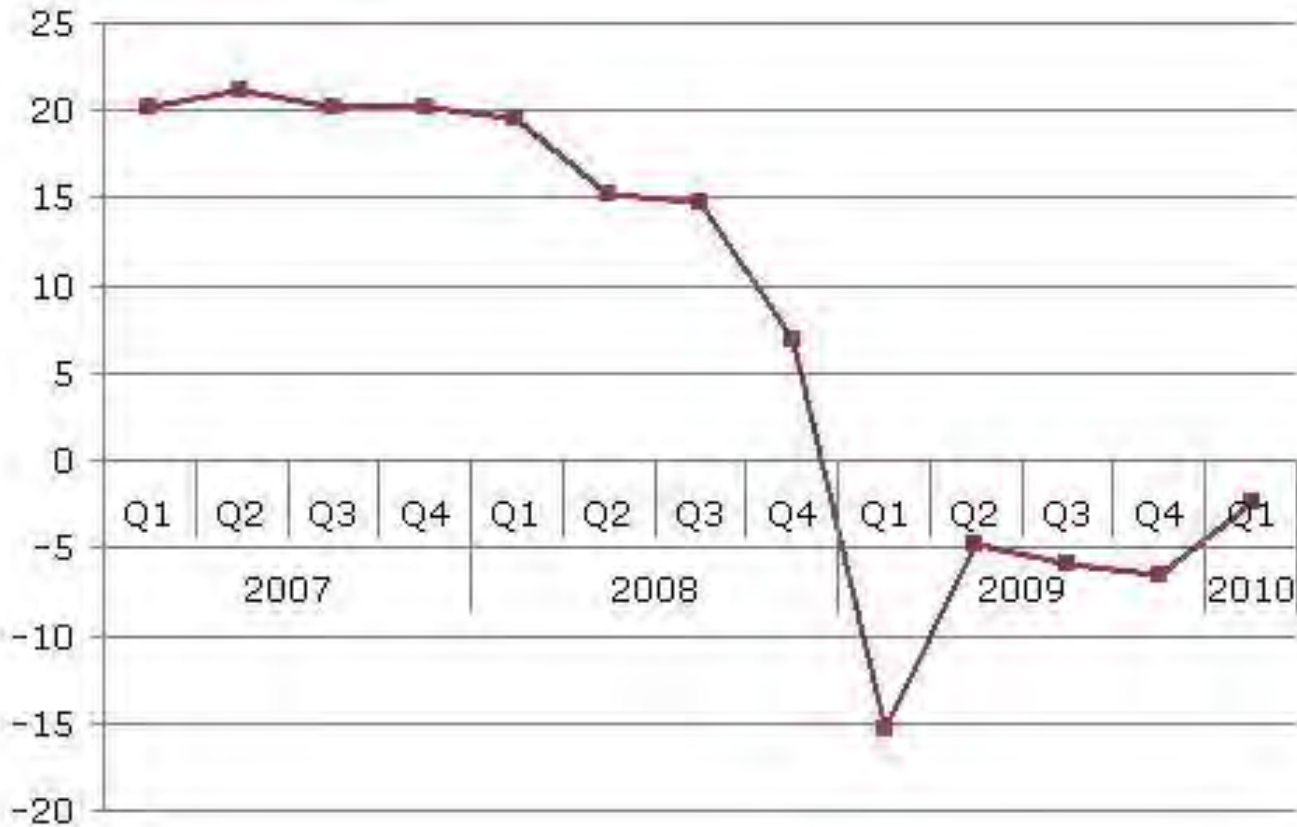
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# GPD in Northern Europe



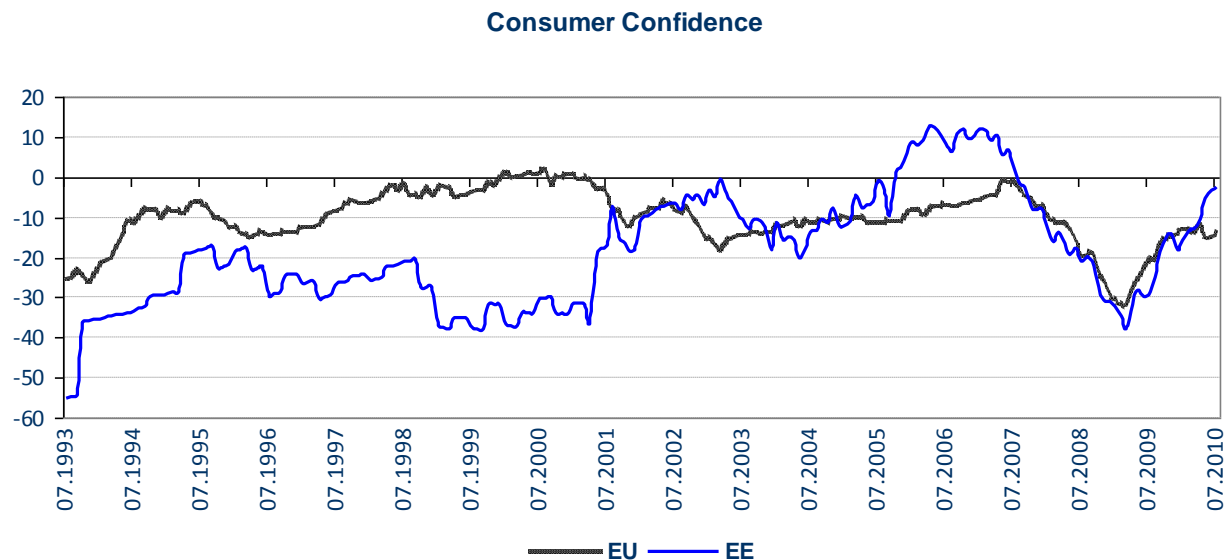
Source: Nordea

# 2007- Q1/2010 Salaries i Estonia

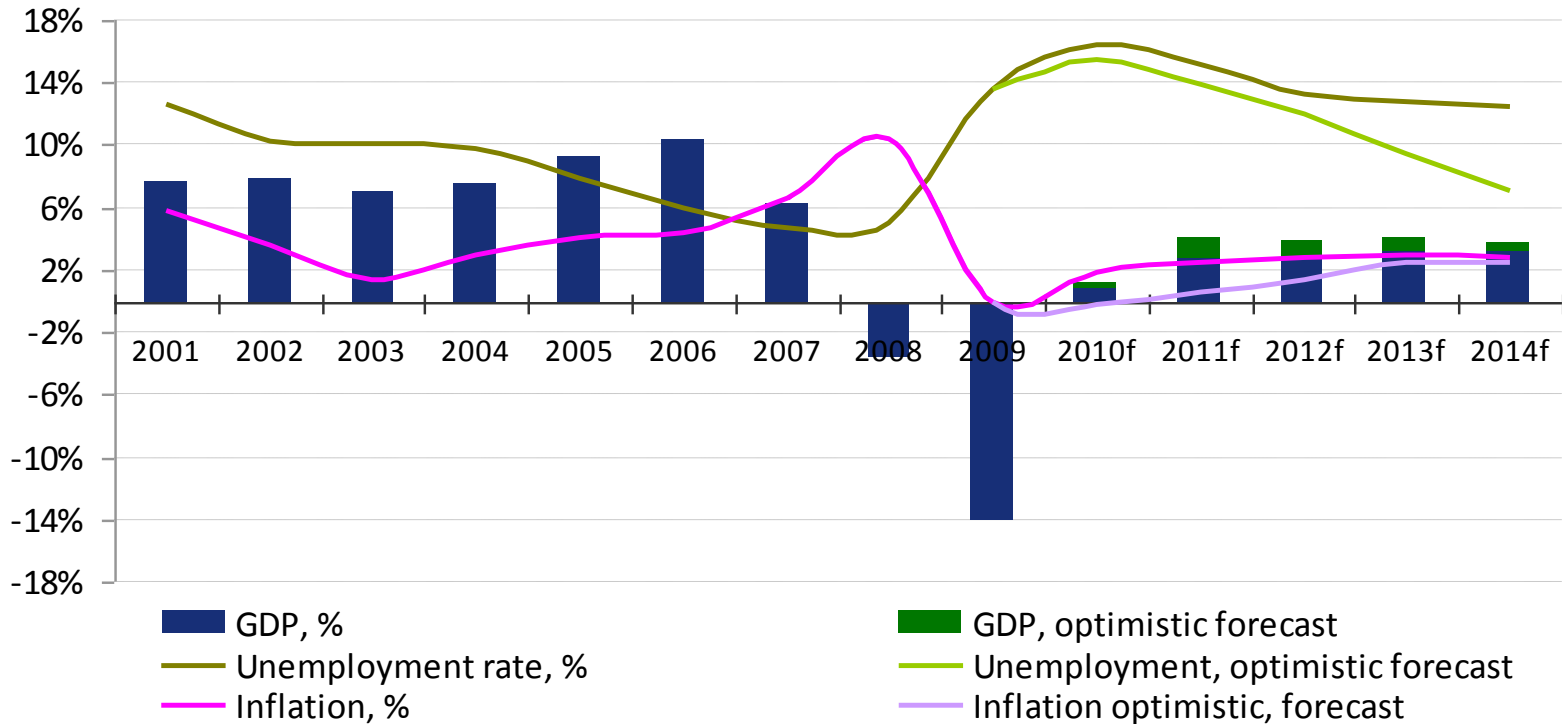


# Consumer Confidence in Estonia

Consumers' behaviour depends on overall economical performance and dominance of unemployment fears. Consumer confidence is expected to continue its improvement in both Estonia and abroad to ensure sustainable growth, it is possible to forecast consumption expenditure growth in 2011-12 by at least 2 percent.



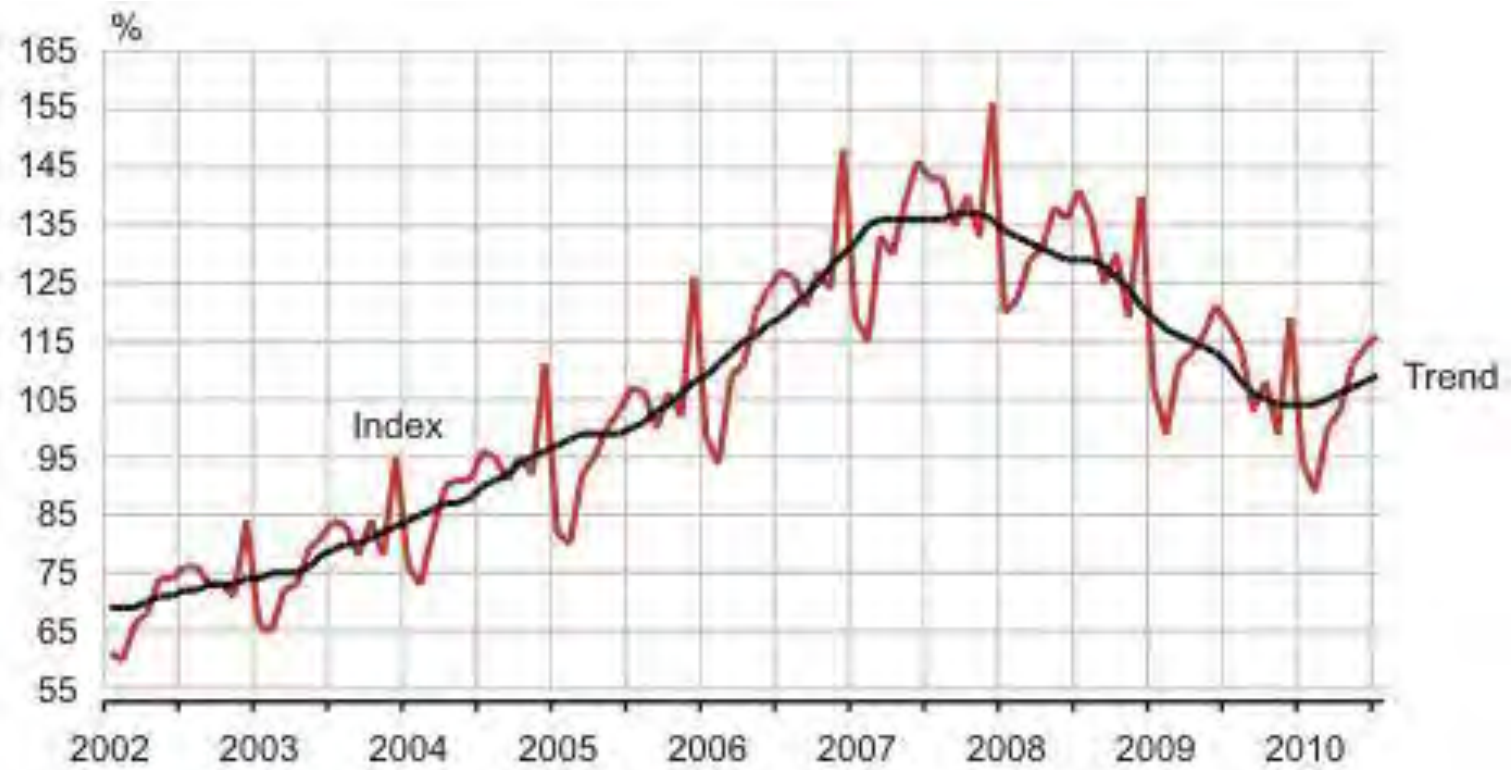
# GDP, Inflation and Unemployment Rate in Estonia



Source: Colliers



# Retail Sales in Estonia



## Recent News in Baltic countries

### **Number of accommodated tourists up 11% in a year in Estonia**

In July, 357,000 tourists including 244,000 foreign tourists used the services of accommodation establishments in Estonia, of which 57% came from Finland, 7% from Germany, and 5% from Russia.

### **Tallink carried record 8.4 million passengers in 12 months**

Estonian ferry group Tallink said that in the financial year that ended on August 31, 2010, it carried 8.4 million passengers. 3.8 million passengers travelled on Estonia-Finland route, an increase of 9%.

### **Estonian August unemployment rate falls to 11.1%**

Estonia's registered unemployment rate fell to 11.1 percent in August from 11.7 percent the previous month, the Labour Market Board said today.

Sources: various local news papers

# Recent News in Estonian Retail Sector

## **Estonia: Decrease in retail sales slowed in July**

In Estonia, the retail sales of goods of retail trade enterprises decreased 1% at constant prices in July 2010 from July 2009, according to Statistics Estonia. In January the retail sales of goods decreased 13% from the same month a year ago, in February 11%, in March 10%, in April 9%, in May 4% and in June 6%.

## **Estonia: Tallinna Kaubamaja nets EEK 77.4mn in quarterly profit**

In Estonia, the listed retailer Tallinna Kaubamaja (TK) generated net profit of EEK 77.40mn (EUR 4.95mn USD 6.28mn) for the 2nd quarter 2010, up from EEK 13.9mn in the 2nd quarter 2009. The group's quarterly sales revenue was EEK 1.58bn, down by 5% in annual comparison.

Sources: various local news papers

## News in Retail Sector

### **Baltic: Rimi closes 24 supermarkets in Lithuania; opens 2 in Latvia**

Rimi Lietuva, the operator of Rimi supermarkets and hypermarkets in Lithuania, is closing 24 supermarkets in 2010. Ten supermarkets are already closed, and the remaining 14 will be closed by the end of 2010.

### **Lithuania; Apranga breaks into profit**

Lithuania's Apranga, the biggest Baltic clothing retailer, broke into profit in the 2nd quarter 2010 after losses over five consecutive quarters. Apranga cut costs by reducing wages and closing inefficient stores, reported Bloomberg. The 2nd quarter net profit was LTL 923,000 (EUR 267,319.28 USD 342,506.24), compared with the net loss of LTL 3.45mn in the 2nd quarter 2009. **Sales fell 14% y/y** to LTL 64.95mn.

Sources: various local news papers

## Citycon Present Situation

- Citycon has established its presence in the Baltic States with three shopping centres:
  - Rocca al Mare in Tallinn
  - Magistral in Tallinn
  - Mandarinas in Vilnius
- Occupancy rate: 99.5 %
- Citycon is the market leader in Tallinn with almost 25% market share in major shopping centres.
- Temporary discounts has been given on case by case basis only for local retailers. In total approx. 15 %.

# Rocca al Mare

- Shopping Centre Rocca al Mare extension is now completed and it is **the biggest and best selling** shopping centre in Estonia.
- Rocca al Mare is also the most recommended shopping centre in Estonia.
- Every tenth customer is a Finnish tourist and depending on the sector they add 15 to 20 % to the sales figures.
- Food basket is approx. 20 % cheaper than in Finland (updated last week)



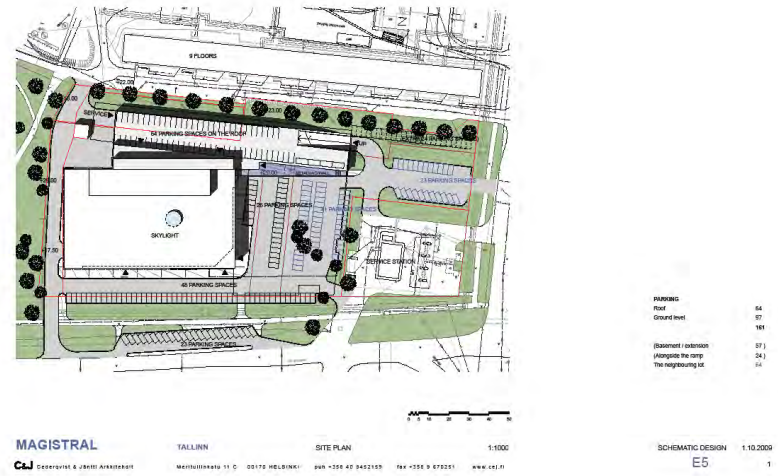
# Magistral

- Magistral is a neighbourhood shopping centre (GLA 9,500 sq.m.) in a highly populated area of Mustamäe (catchment area 60,000 inhabitants)
- Anchor tenant RIMI



# Magistral extension

- SC Magistral extension approx. 3,000 sq.m. is in pre-letting phase and we plan to start the construction in spring 2011.





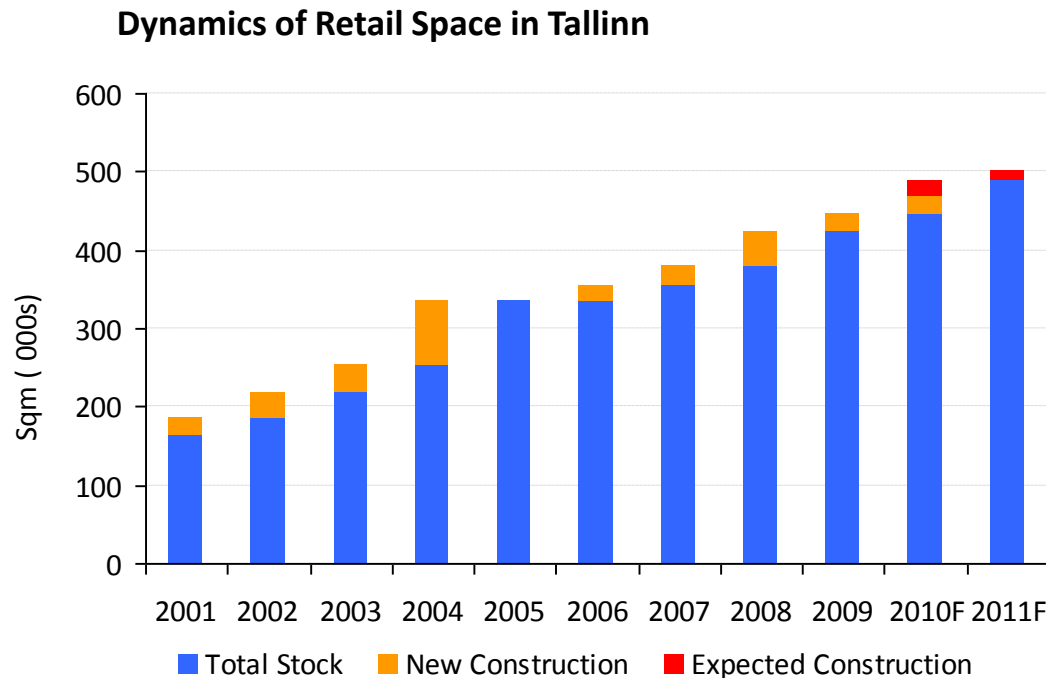
# Mandarinas

- Shopping centre Mandarinas (GLA 8,000 sq.m.) is a neighbourhood centre and it is fully let even in this deep recession where competitors struggle with 20-30 % vacancies.
- Anchor tenant RIMI



# Distribution of Retail Space in Tallinn by Size

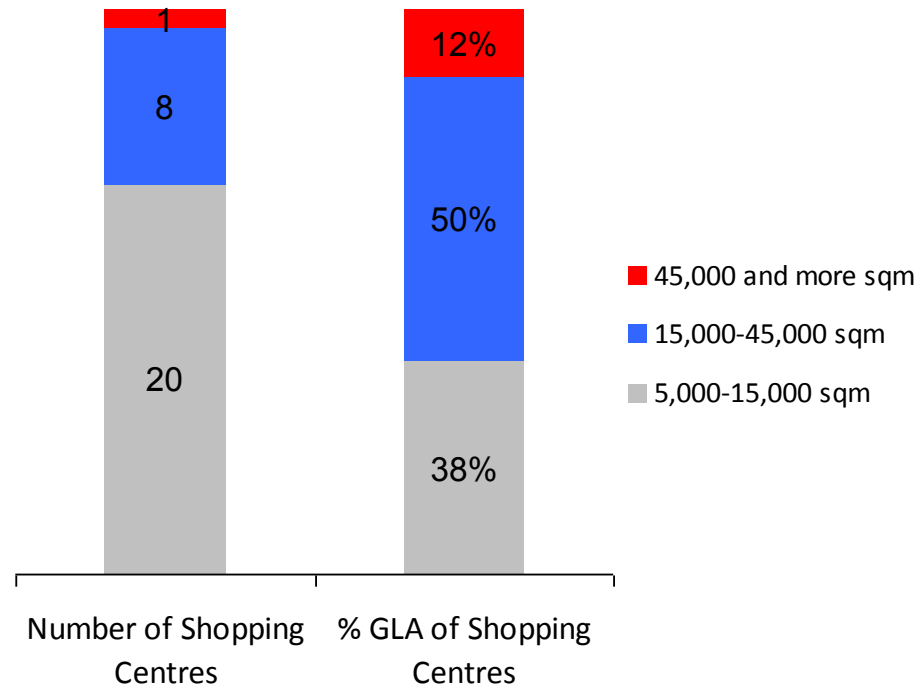
By the summer 2010, the stock of Tallinn retail space increased by approx. 20,000 sq.m., to a total of 468,800 sq.m. (1.15 sq.m. per capita).



Source: Colliers

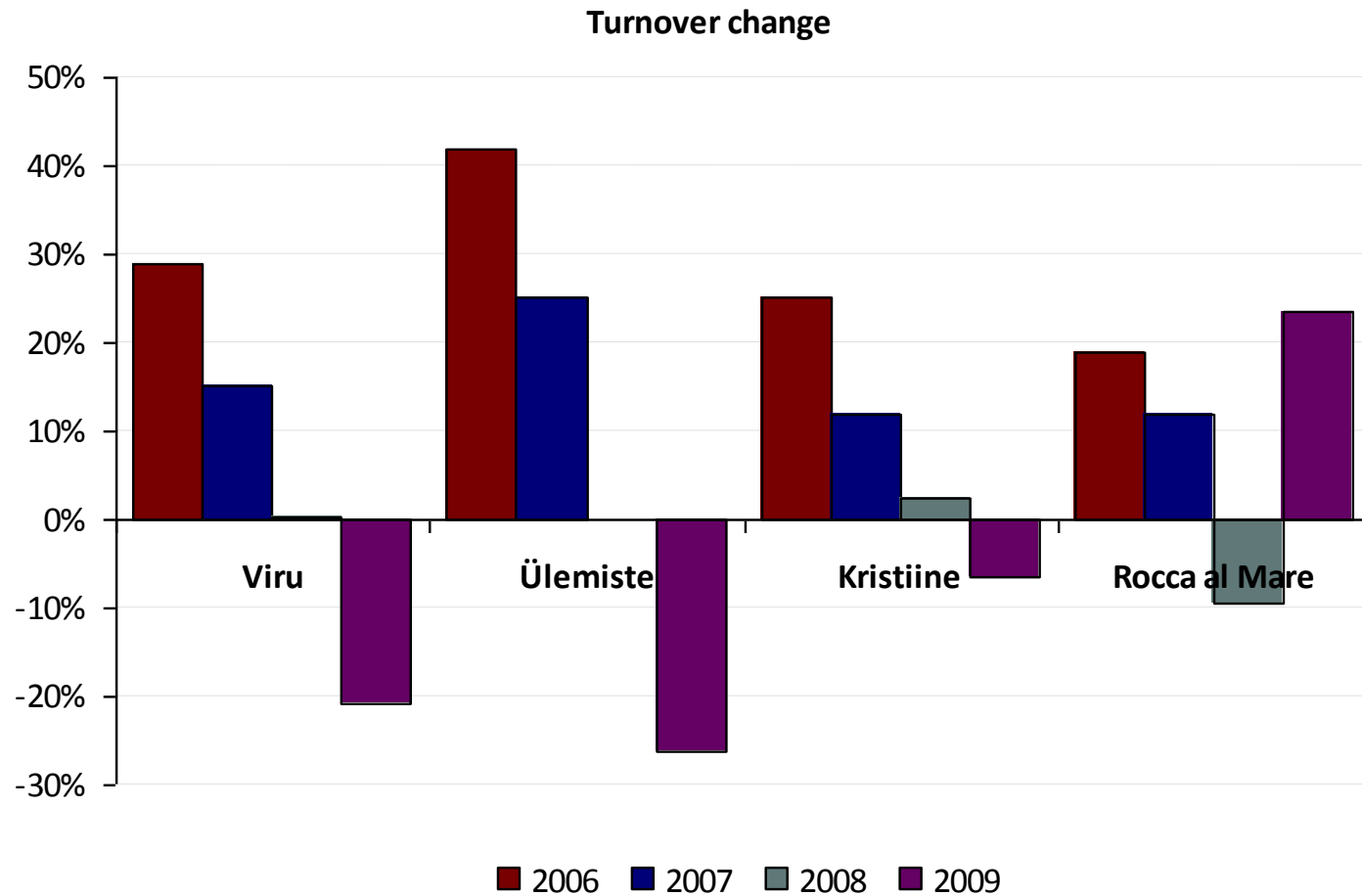
# Distribution of Retail Space in Tallinn by Size

Tallinn currently has 9 shopping centres with individual GLA of over 15,000 sq.m. These centres have a total of approx. 280,000 sq.m. of retail space (62% of total retail GLA). Tallinn's largest shopping centres are Rocca al Mare with a GLA of approx. 53,500 sq.m. Kristiine with GLA of approx 41,500 sq.m. (after completion of the development project in fall 2010), and Ülemiste with a GLA of approx. 37,500 sq.m.



Source: Colliers

# Shopping Centre Turnover in Tallinn



Source: Colliers

# Customers and Retail Markets

- Local and international retailers reported extensive decline (20-50%) in sales figures during 2009, but now there is a clear stabilising period and already some good news especially from Estonia.
- Purchasing power has suffered during recession.
- Consumer confidence is improving, but consumers are still cautious.
- Estonia will join Euro and that will attract even more tourists
- The demand for retail space is still weak and the market rents down approx. 30-40 % from the best times.
- No major changes in rents up or down are expected in a short run

## Investors in Baltic States

- Only few investors are still active in the market, many have left
- The yield levels have stabilised, however no comparables to confirm this
- There has been no distressed sales of shopping centres in capital cities.
- Only two shopping centres under construction in the Baltic capitals at the moment: Galleria Riga and Shopping Centre Kristiine extension in Tallinn.

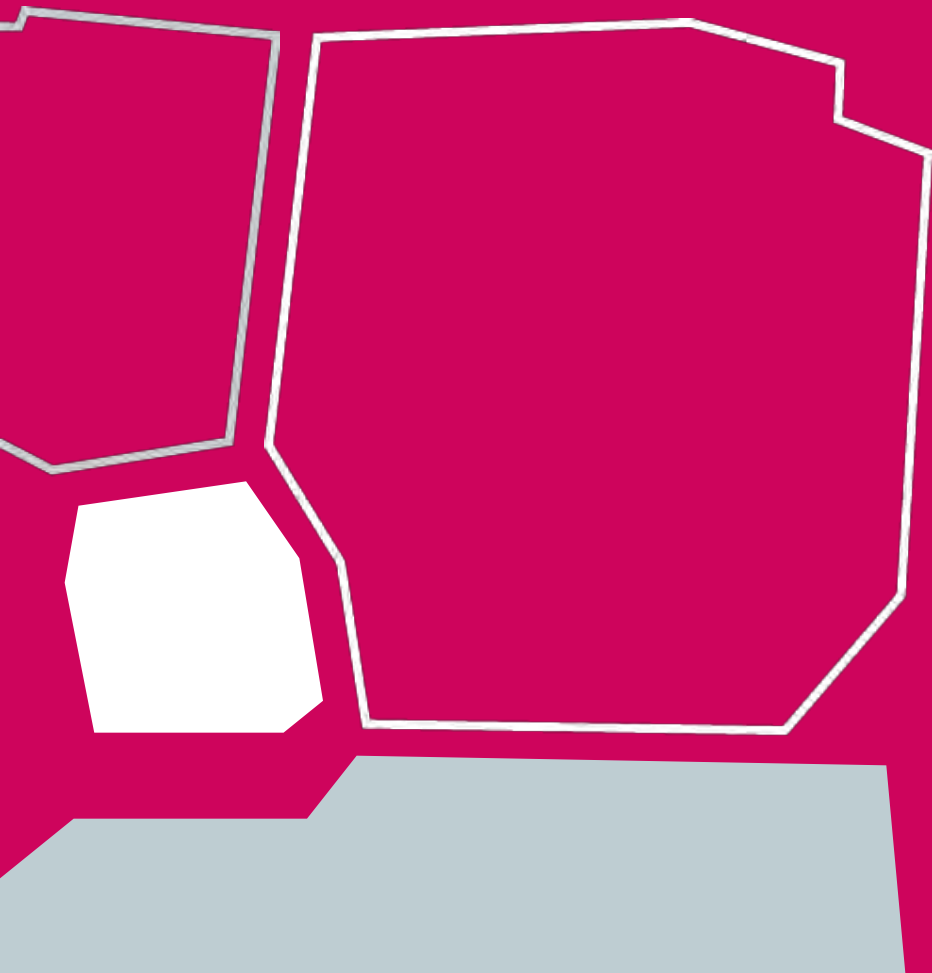
# Citycon strategy in the Baltic countries

- Citycon will focus on capital cities only
- Citycon will continue to grow in Tallinn, Estonia to gain even larger market share
- In Vilnius, Lithuania the real estate market is still unstable and there is oversupply of shopping centre space especially in major shopping centres. Stabilisation is needed before new investments.
- In Riga, Latvia the GDP is still declining this year and investors are waiting the new government to do the right, but painful decisions. Citycon is not planning to enter Latvian markets in the near future.

# General Baltic Leasing Update

## Case Study "International, new chain in Rocca al Mare"

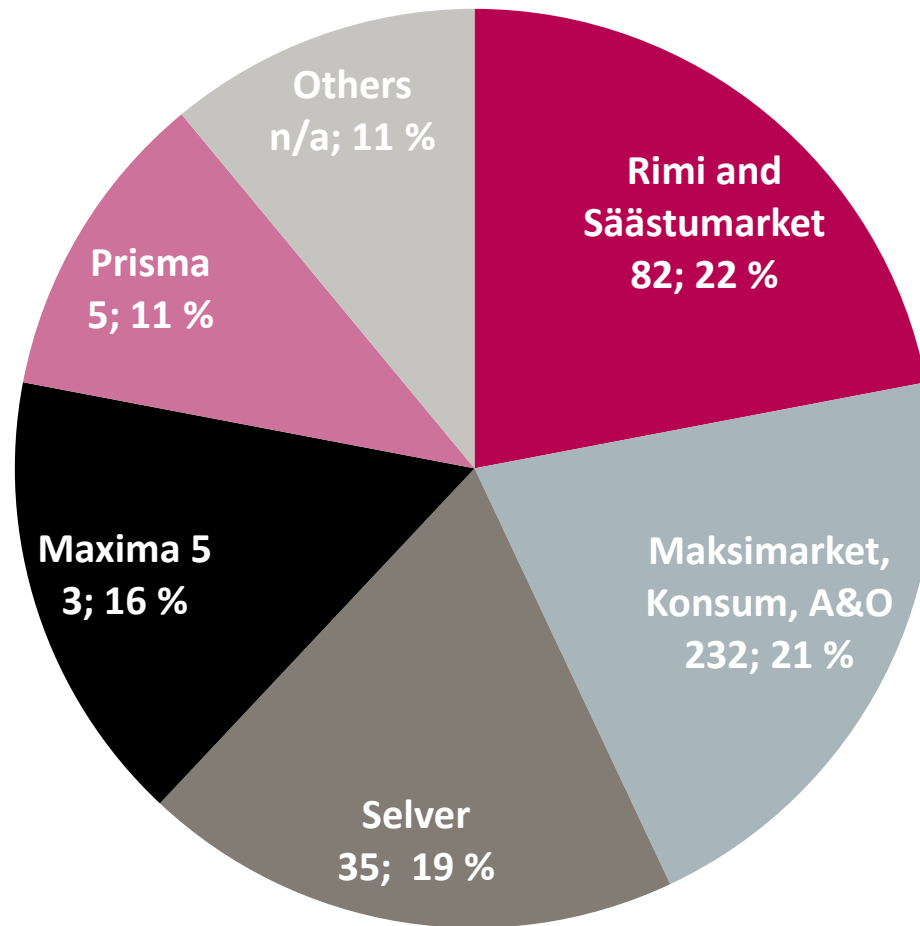
Pekka Huttunen  
Property Investment Manager



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# Major Grocery Retailers in Estonia (No. of shops, market share %)



Source: Niras AS, 2010

# Examples of International Retailers in Estonia (non food)

- Stockmann Group (27 shops)
  - Lindex, Seppälä, Stockmann department store, Stockmann Outlet
- LPP Retail Group (15 shops)
  - Reserved, CroppTown, House, Home&You
- New Yorker (5 shops)
- M&S (2 shops)
- ONOFF (4 shops)
- Expert (10 shops)
- Takko Fashion (5 shops)
- Miroglio Group (2 shops)
  - Motivi



# Examples of Local Retailers in Estonia

- Baltika Group (35 shops)
  - Monton, Mosaic, Ivo Nikkolo, Baltman
- NG Investments (27 shops)
  - Kaubamaja department store, I.L.U., ABC King, Shu!
- Sportland Group (29 shops)
  - Sportland, Timberland, O'Neill, Nike
- Sandman Group (17 shops)
  - Euronics
- Rademar (17 shops)



Ivo Nikkolo



CITYCON

# Examples of the Biggest Franchisees

- Apranga (9 shops)
  - Zara, Bershka, Pull&Bear, Stradivarius, Mexx, Mango, Armani, Boss
- Põldma Trading (27 shops)
  - Guess, Tommy Hilfiger, Tom Taylor, Energie, Miss Sixty
- A&G Trading (23 shops)
  - Esprit, Vero Moda, Jack&Jones, Broadway
- Profester Invest (23 shops)
  - Terranova, Calliope, Pepe Jeans, Snob
- Viastor SIA (5 shops)
  - Camel Active, Charles&Keith, Murphy Nye
- MOS SIA (4 shops)
  - Mango, Karen Millen, Promod
- Brandmaker (3 shops)
  - Matinique, Cottonfield, Sergio Tacchini, Tiger of Sweden, Soaked in Luxury

The ZARA logo consists of the word "ZARA" in a bold, black, serif font, positioned above a thick, solid black horizontal line.The HILFIGER DENIM logo features the word "HILFIGER" in a bold, blue, sans-serif font above the word "DENIM" in a bold, red, sans-serif font. A horizontal line with a red segment on the left and a blue segment on the right is positioned between the two words.The ESPRIT logo consists of the word "ESPRIT" in a white, sans-serif font, centered within a solid red rectangular background.The camel active logo features the words "camel" and "active" in a lowercase, black, sans-serif font, stacked vertically. A yellow curved line underlines the word "active".The SERGIO TACCHINI logo features a stylized blue logo consisting of a circle with a vertical line and a horizontal line, positioned above the name "SERGIO TACCHINI" in a bold, black, sans-serif font.The MANGO logo consists of the word "MANGO" in a bold, black, sans-serif font.The CITYCON logo consists of the word "CITYCON" in a bold, black, sans-serif font.

# What Makes Rocca al Mare Different?

- The widest offering
- No. 1 in total sales
- Strong anchor tenants
- Several flagship shops
- The first proper restaurant area
- Attractive neighbours
- Tourists & Rocca al Mare shuttle bus
- No. 1 in customer satisfaction



## Key facts

GLA, sq.m.	53,500
Built in	1998
Extended/renovated	2007-2009
No. of stores	165
No. of parking	1,300
Anchor tenants	PRISMA, Marks&Spencer, New Yorker, Reserved, Lindex, Stockmann Outlet, Euronics
Homepage	<a href="http://www.roccaalmare.ee">www.roccaalmare.ee</a>

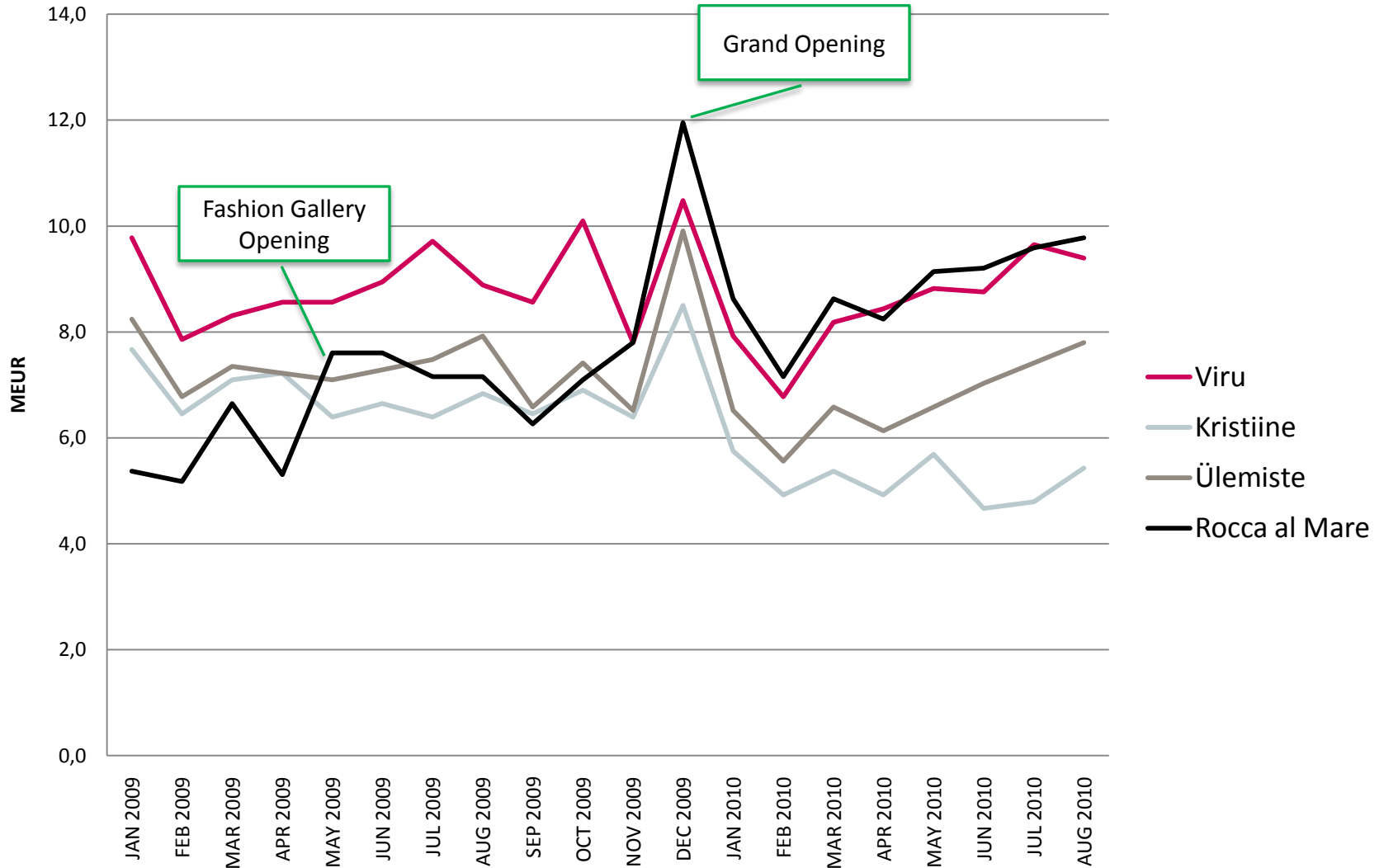
# Rocca al Mare Catchment Area and Competition



Shopping centre	GLA sq. m.	Profile
Rocca al Mare SC	53,500	Regional sc
Ülemiste Centre	40,000	Regional sc
Järve Centre	39,000	Furniture/interior goods oriented sc
Kristiine SC	35,500	Regional sc
Viru Centre	25,000	City centre sc, fashion oriented

- The total catchment area population is over 340,000 people.

# Sales of TOP Four Centres in Tallinn (2009-2010, MEUR)



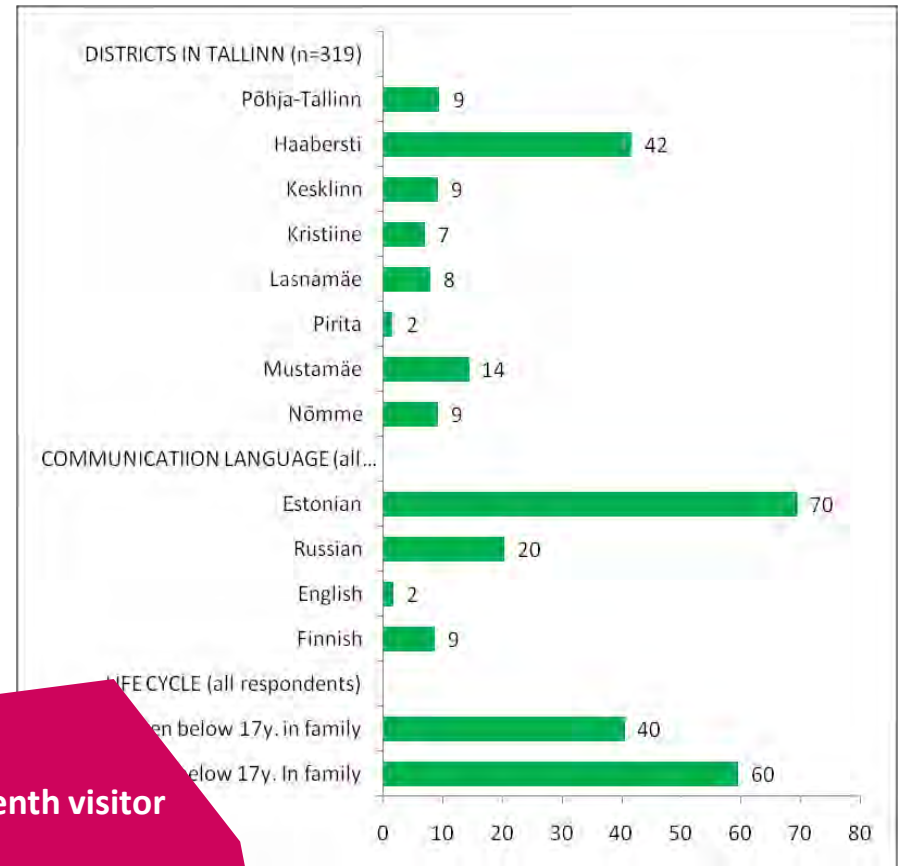
# Foot fall in Rocca al Mare (2009-2010)

## Footfall





# Customer Survey 03/2010: Customer Profile



**Almost every tenth visitor from Finland.**

**20 % of customers Russian speaking (first language)**

**(n=502)**

# Rocca al Mare Shuttle Bus



# Rocca al Mare Ranked the most Customer Friendly Shopping Centre in Estonia!

- An independent survey by Tallinn Technical University on February 2010
- Respondents were asked on question: “ How likely are you to recommend the company or product your friend or acquaintance on a scale of 0 to 10?”
- Rocca al Mare got overwhelming victory among the shopping centres and was in the fourth place among all the Estonian companies ranked!



Print

www.bbn.ee

## Estonia's most customer-friendly companies ranked

09.02.2010, 17:15

Estonia's most customer friendly companies are Rocca al Mare and Ülemiste shopping centres, Selver supermarket chain and Rahva Raamat and Apollo book stores, writes Äripäev.

The survey was made by Tallinn Technical University and was based on interviews with 1,400 people by the so-called Net Promoter Score method where respondents name companies that they would recommend to others.

The NPS score is calculated by the formula where the score is the percentage of respondents who recommend the company less the percentage of respondents who don't recommend the company.

Shopping centre	Score
<b>1. Rocca al Mare</b>	<b>9,71</b>
2. Ülemiste keskus	0,55
3. Kristiine keskus	-3,96
4. Viru keskus	-9,86
5. Lõunakeskus	-12,66
6. Järve keskus	-21,59
7. Solaris	-32,69
8. Rotermanni keskus	-42,32
9. Forumi keskus	-50,27



3D visualization may not represent the final design

# Extension possibility (approx. 4,000 sq. m.)



3D visualization may not represent the final design

# Case: Marks & Spencer



## THE FIRST STORE IN ESTONIA

- Operated by Marks & Spencer Czech Republic
- Was operating stores in Czech Republic, Poland and Slovakia and in Lithuania before entering Estonia.
- First contact on February 2010
- Signing on 19 December 2009
- Opened at Rocca al Mare in May 2009
- Expanded and opened a M&S food store in May 2010.



CMD 2010

CITYCON

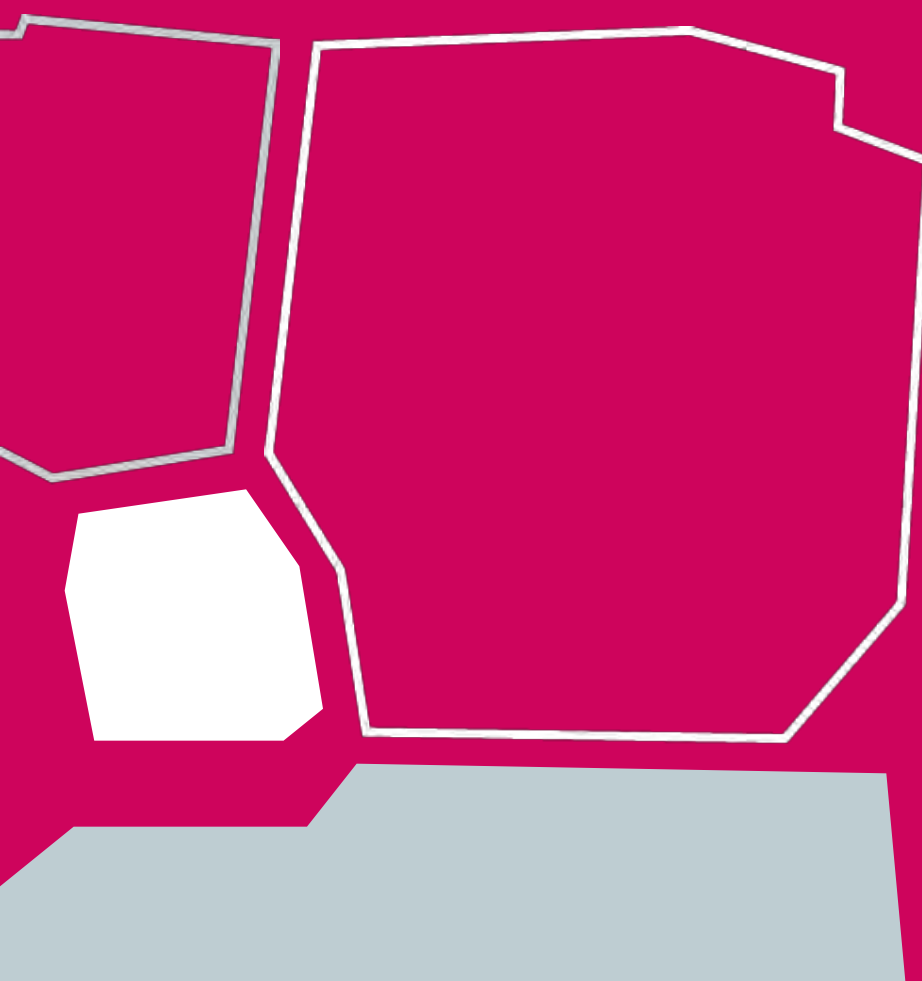
# Citycon in Sweden

Ulf Attebrant

Vice President, Swedish operations

Jonas Tapio

Leasing and Commercial Dev. Director



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creating success for retailing

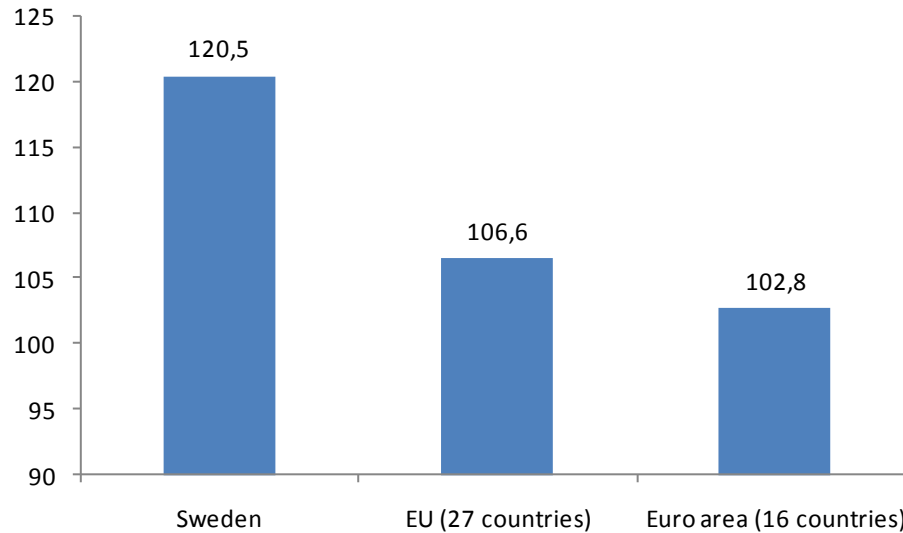
# How is the Swedish SC market?





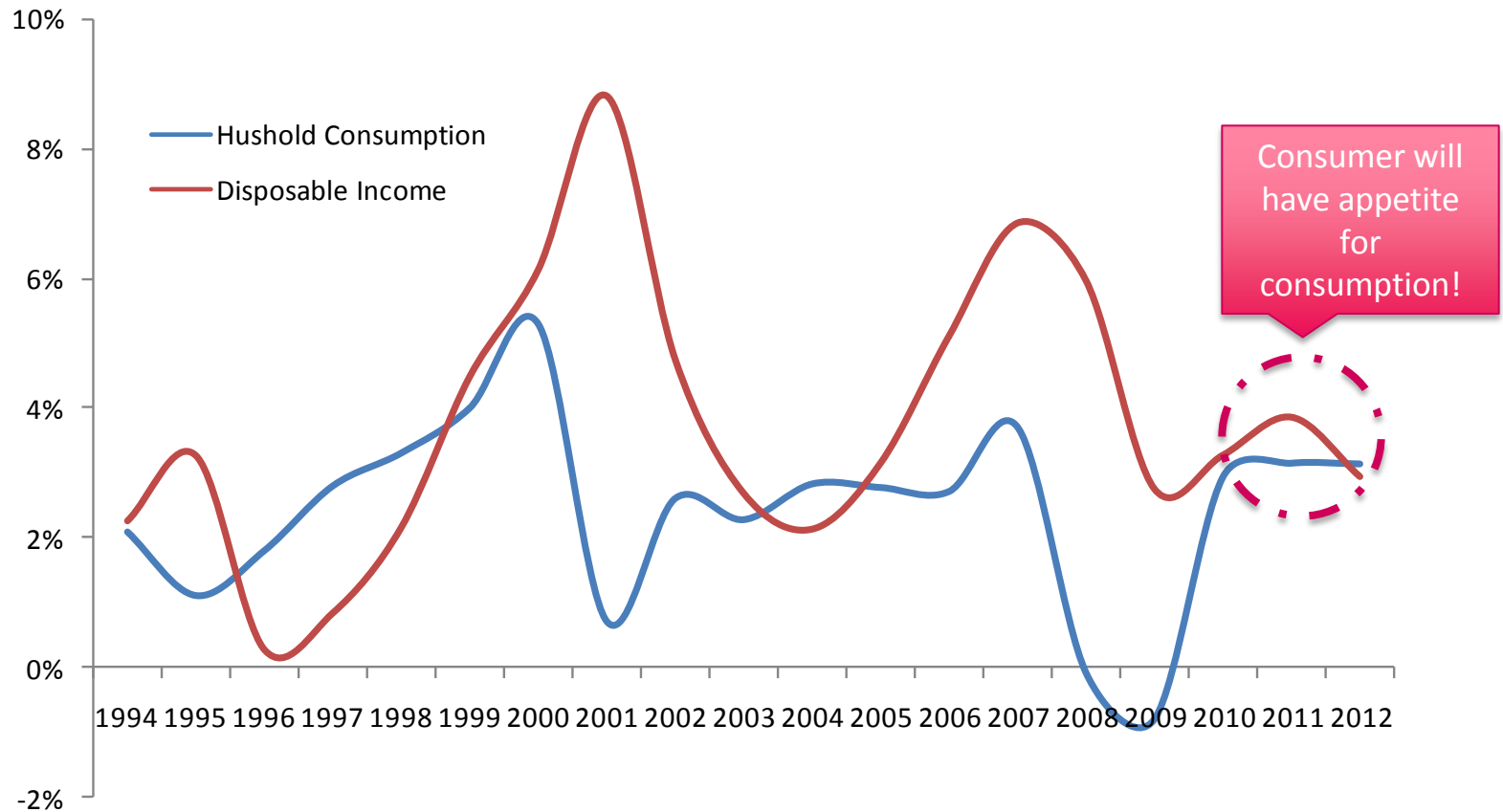
# Sweden at Fourth Place in European Growth League

*Retail growth since 2005*

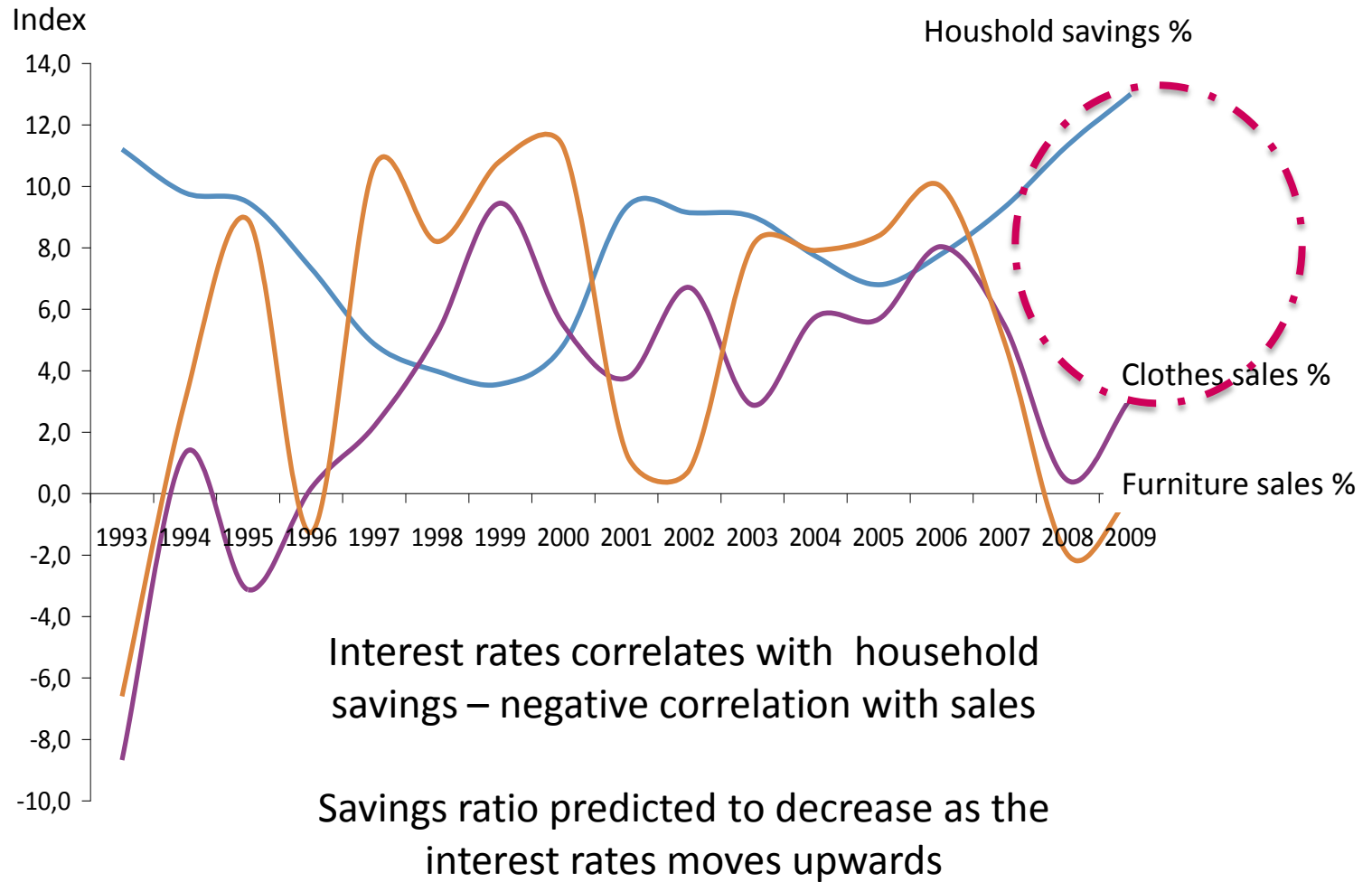


Poland	141,2
Romania	138,5
Bulgaria	127,5
Sweden	120,5
Czech Republic	120,4
Norway	120,3
Switzerland	116,8
Slovakia	116,4
Finland	115,5
United Kingdom	115,4
France	115
Ireland	109,4
Austria	108,1
Slovenia	107,4
Belgium	107
EU (27 countries)	106,6
Portugal	105,4
Euro area (16 countries)	102,8
Netherlands	102,8
Estonia	101,8
Germany	98,1
Italy	97,7
Croatia	96,7
Denmark	96,7
Greece	94,5
Lithuania	91,6
Spain	91,2
Latvia	91,1
Malta	90,6
Hungary	90,1

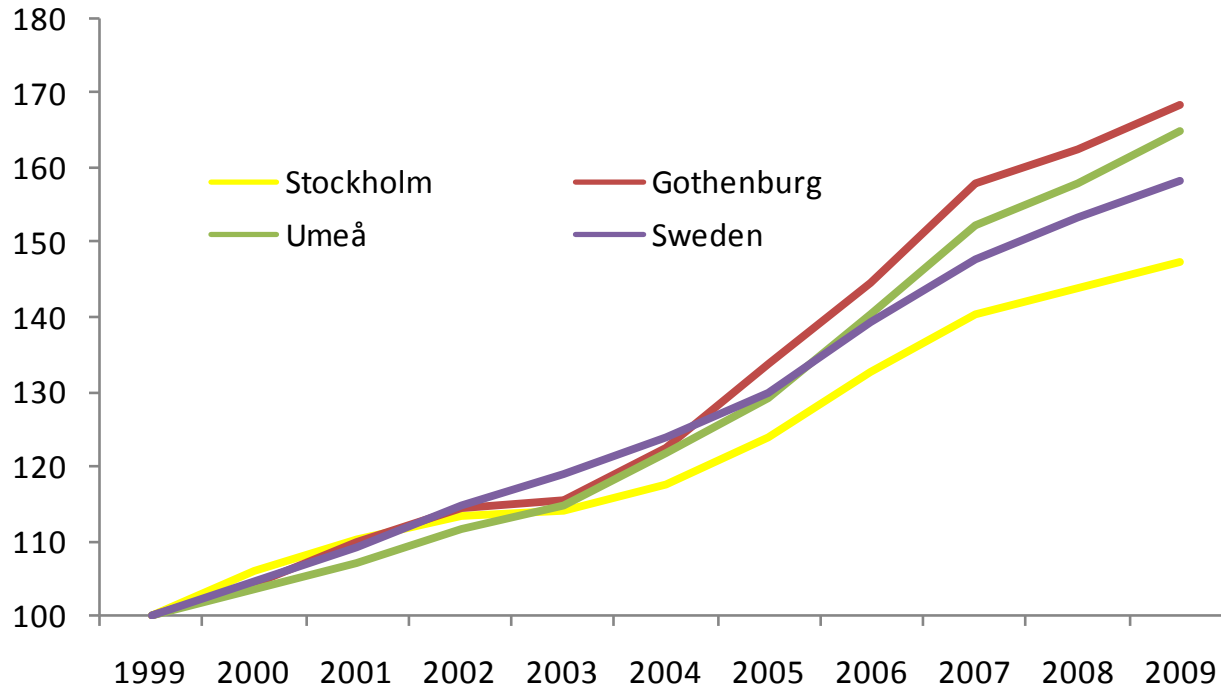
# Good Opportunity for Consumption among Swedish Consumers



# Households Savings Will Decrease as Interest Costs Increase

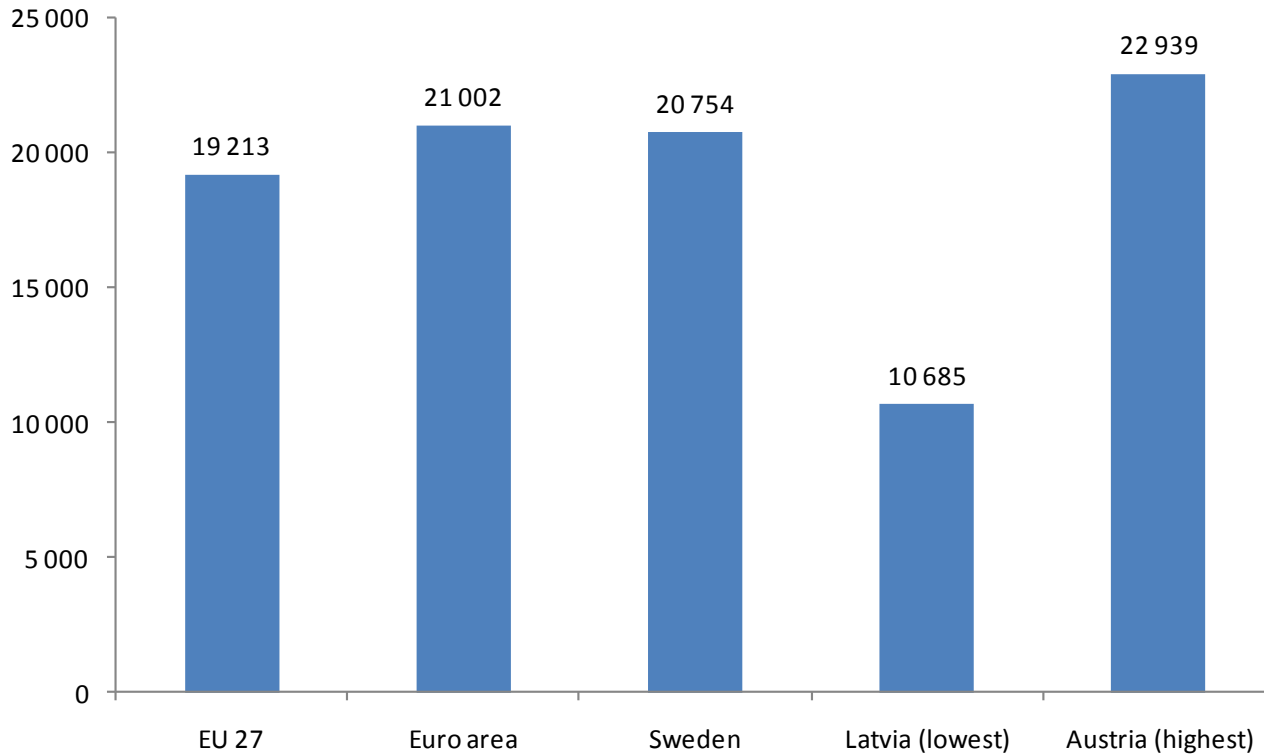


# Citycon's Markets: Growth above Average



Stockholm falls behind because of weaker municipalities outside the city. Stockholm is above average when the county is measured.

# Real adjusted Gross Disposable Income of Households per Capita (€)



# Swedish SC Market - Effects of 2008-2009: Recovery

- **Competition, Current Project pipeline:**

- 1.1 million sq.m. planned, over 50% postponed

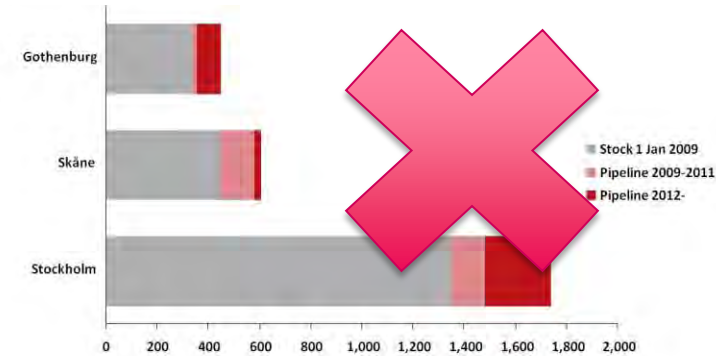
- **Center performance:**

- ***Location, location, location.***

- Clear difference - attractive/less attractive centers (owners).

- ***Transactions***

- Low activity so far, but is becoming more vital. (Yield gap narrows)



# Retailers

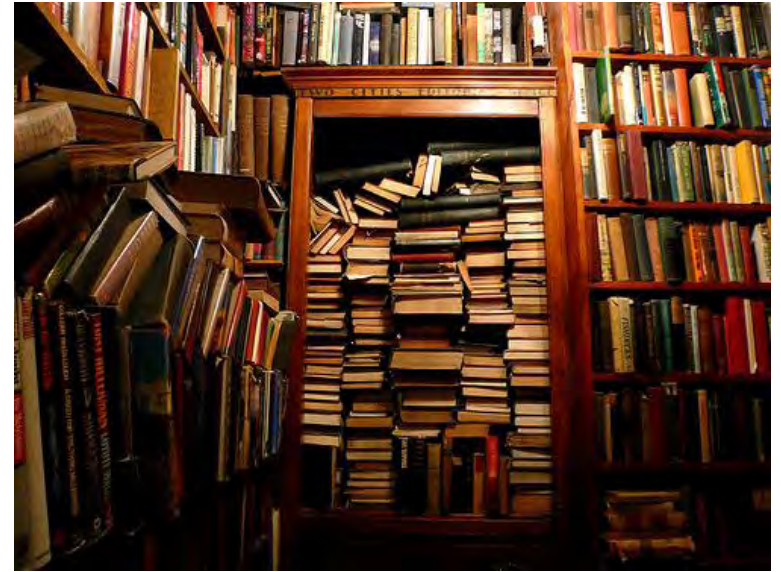


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MD 2010

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# Retailers





Retailers



# Retailers



# Retailers



# Retailers



## Outlook - Sweden

- Consumption will grow 2011 – 2012: +3.0% p.a. (source: HUI, inflation 1 % p.a.)
- Retailers are very selective, agreements back to market level
  - Back to fundamentals: Well located centers with good catchment areas and natural traffic flow and can increase profitability.
- Increased activity among developers
- Competition in some sub markets will be tougher
- Transaction market – growing activity, yield levels down
- ***Citycon centers are well located with increasing footfall & sales - possibilities to attract the right retailers and increase revenues***



**JAKOBSBERG  
CENTRUM**



**STRÖMPILEN**



**ÅKERSBERGA  
CENTRUM**



**ÅKERMYNTAN  
CENTRUM**



**LILJEHOLMSTORGET  
GALLERIA**



**STENUNGSTORG  
CENTRUM**



**FRUÄNGENS  
CENTRUM**



**TUMBA  
CENTRUM**



**BACKA 3,  
BACKAPLAN**



# LILJEHOLMS TORGET GALLERIA



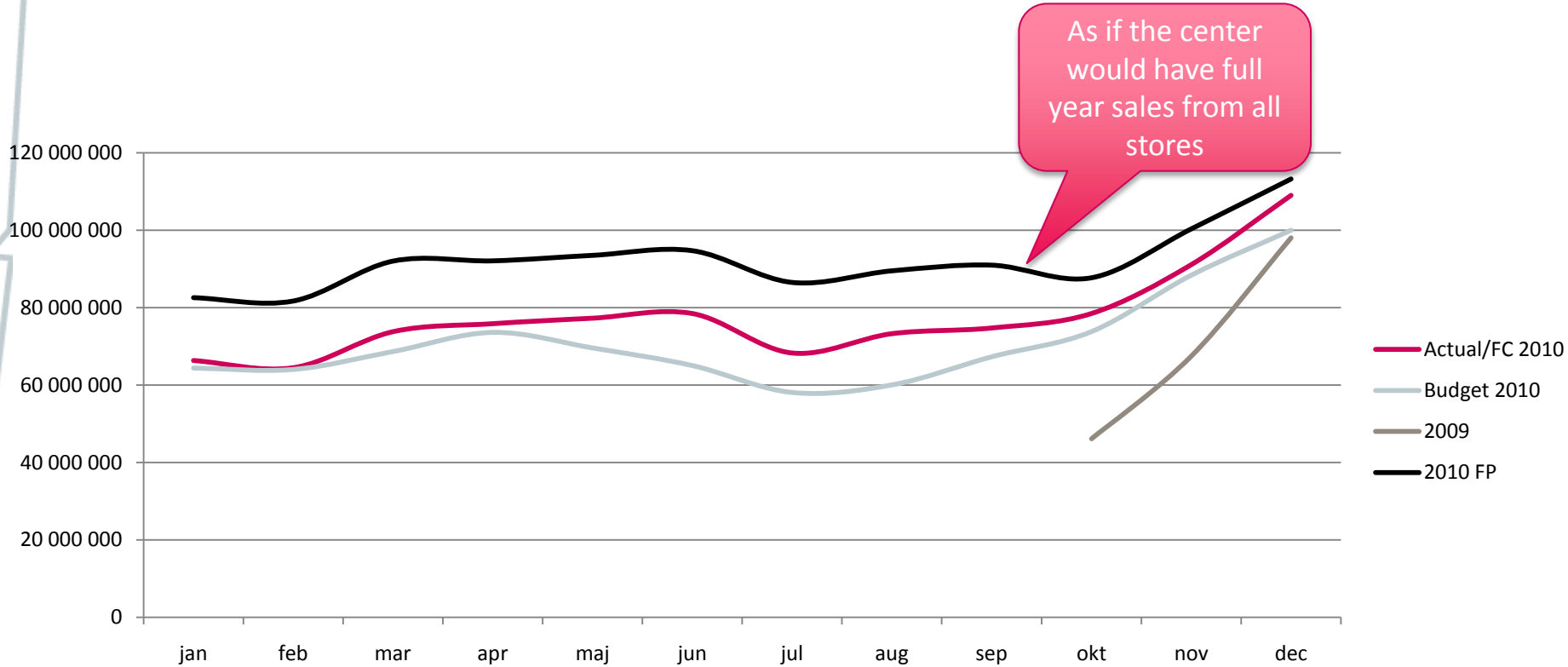


***2010 has been a challenging year:***

- Cold winter, tough technical start
- Delayed occupancies from signed retailers
- More bankruptcies than expected (restaurants)
- Higher substitution rate:
  - Weaker concepts needed more attention.
- Increased start up Marketing.
  - Not enough success in attracting visitors that come by car



# Performance - Convincing Sales

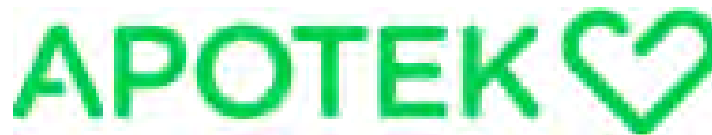


<b>Target 2010</b>	850 MSEK	<b>Result:</b>	+ 900 MSEK (F.P 1,100 MSEK)
<b>Target 2012</b>	1,200 MSEK	<b>Result:</b>	Will be reached 2011

# How Has This Been Addressed and What Is the Outlook?

- **Leasing**

- All anchors are in place
- Five new restaurants
- Substituted concepts: 10 new stores
- Healthcare center/office: new tenants signed



# How Has This Been Addressed and What Is the Outlook?

- **Stabilized costs:** trimmed systems, marketing, security and cleaning down to normal.
- **Business plan 2011: Increase sales and footfall further**
  - *Target to increase the traffic to the garage by attracting missing customers in target groups.*
- ***Center will get stabilized in 2011 –sales & footfall higher than expected***



# Europe's most Green SC!

Q1/2010

Platinum

Core & Shell



# LILJEHOLMS TORGET



# Developments

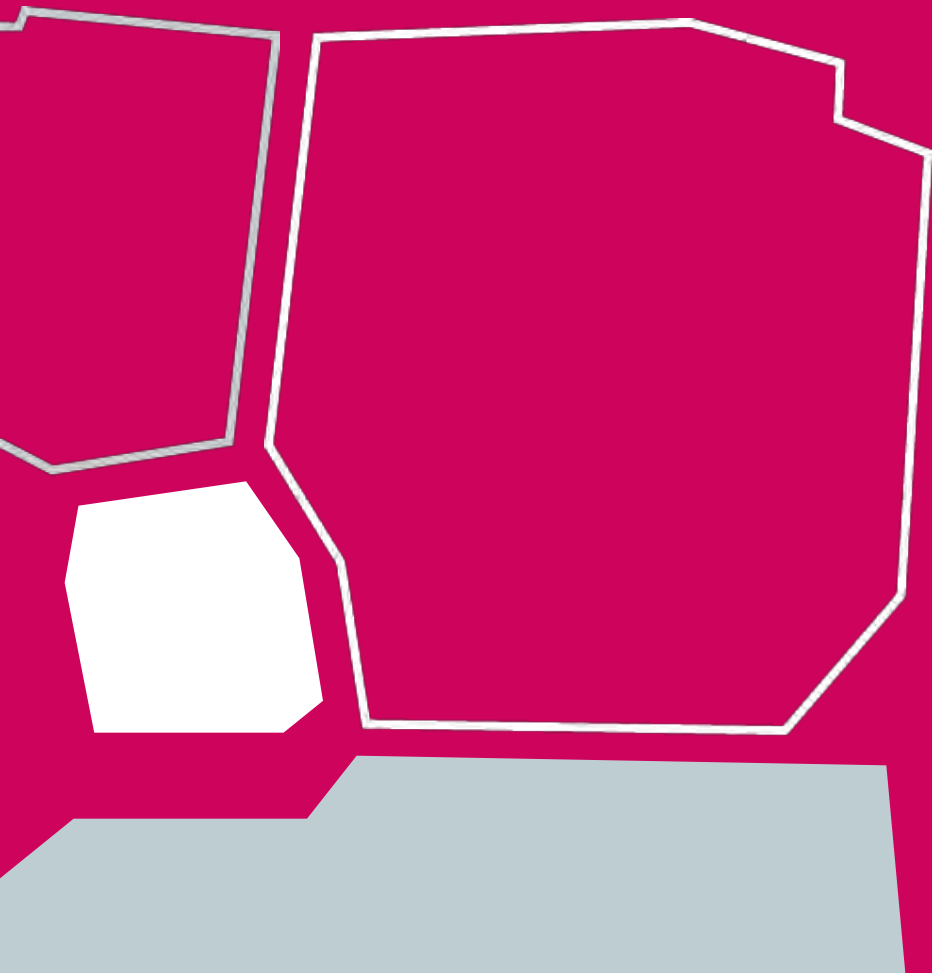
- **Åkersberga SC**
  - *On budget*
  - *In time*
  - *Phase one opens 21 October*
- **Stenungstorg SC**
  - *Phase one completed*
  - *Phase 2 (Planning and design)*
- **Strömpilen SC**
  - *Ongoing (Planning and design)*
- **Planning and design for re-development : Jakobsberg SC, Tumba SC, Åkermyntan SC, Lindome and Fruängen.**



# Citycon in Finland

Kaisa Vuorio, Vice President, Finnish operations

Pekka Helin, Commercial Director



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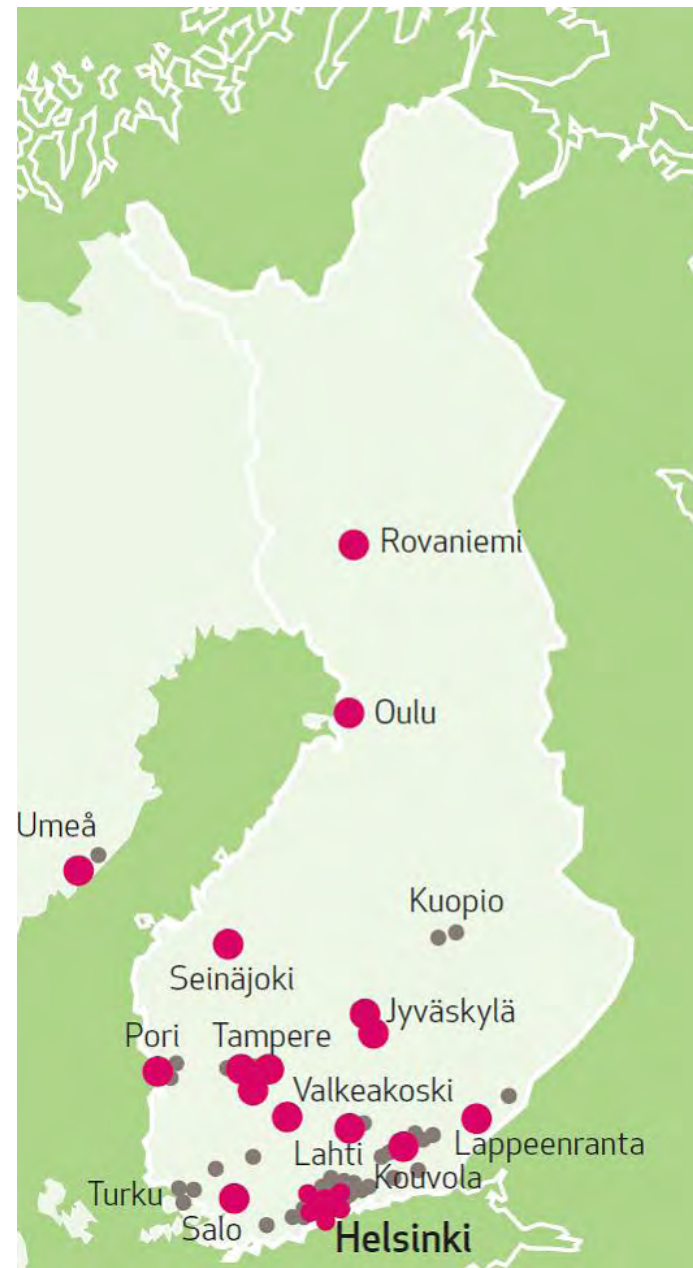
# Citycon Finland

## Leasing

- Measures
- Update of The Maturity Issue
- Leasing Situation
- Clusters and Leasing Development

## Property Development

- Ongoing projects
- Development projects under preparation
- Additional information about developments and development possibilities





# Overview of Leasing Situation



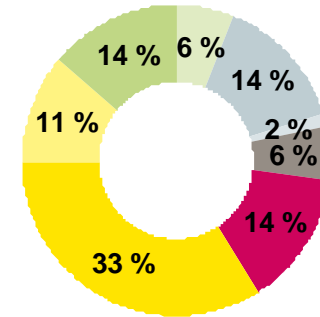
# Retail Market in Finland

- In 2009
  - The turnover of the retail sector was **down by 1.6%**
  - The daily consumer goods turnover was **up by 2.1%**
- In Jan-July 2010
  - The turnover of the retail sector was **up by 3.4%**
  - The daily consumer goods turnover was **up by 3.7%**
- Consumer confidence was very strong in August 2010
  - Confidence indicator at **21.9**, when the average since 1995 is at 13.1
  - There are more expectation for price increase than earlier
  - Finnish households think time is favorable for buying durable goods, however the indicator is somewhat lower than a year ago
- Retailer confidence improving, the level in Q1/ 2010 is at the same level as in Q2/2008 and slightly above EU average

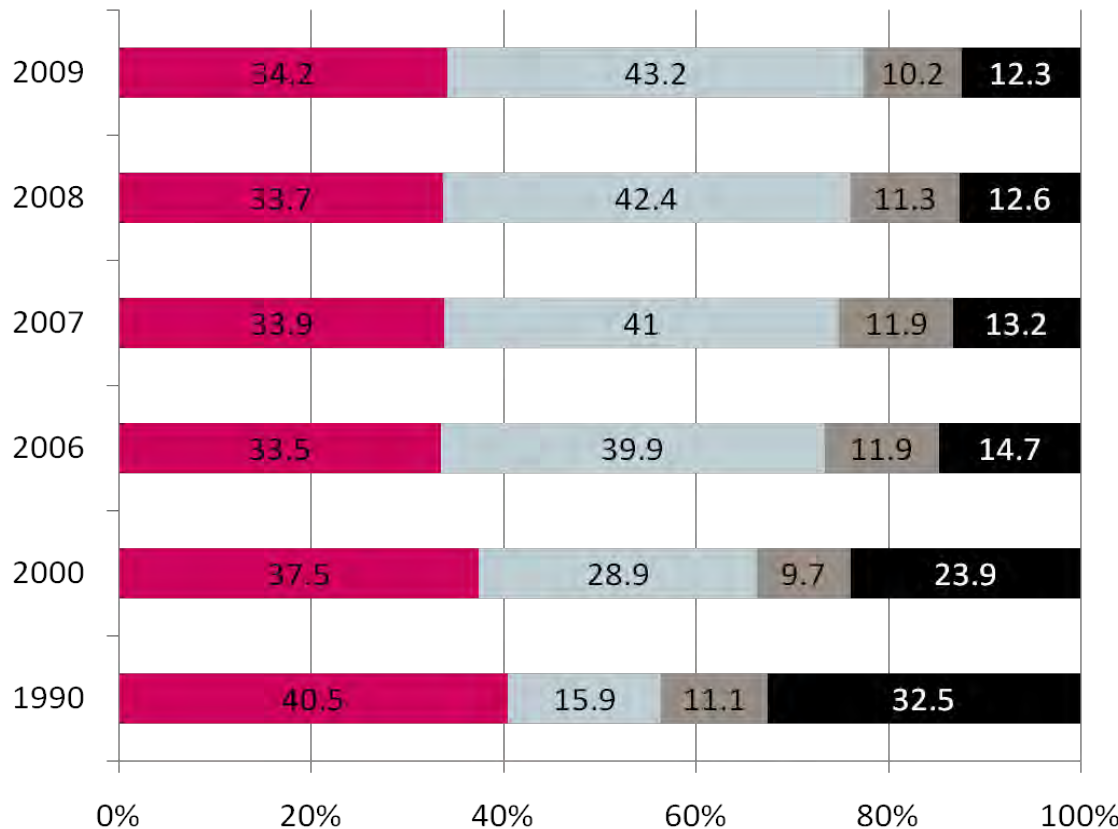
# Grocery Market in Finland

2009 Sales 14.5 billion euros

Citycon SC Sales by Branch 2009



- Cafes & Restaurants
- Health & Beauty
- Other Specialty Stores
- Services & Offices
- Clothes & Fashion
- Groceries
- Department Stores
- Leisure & Home Supplies



- Kesko
- S-Group
- Lähikauppa
- Others

# Citycon Leasing



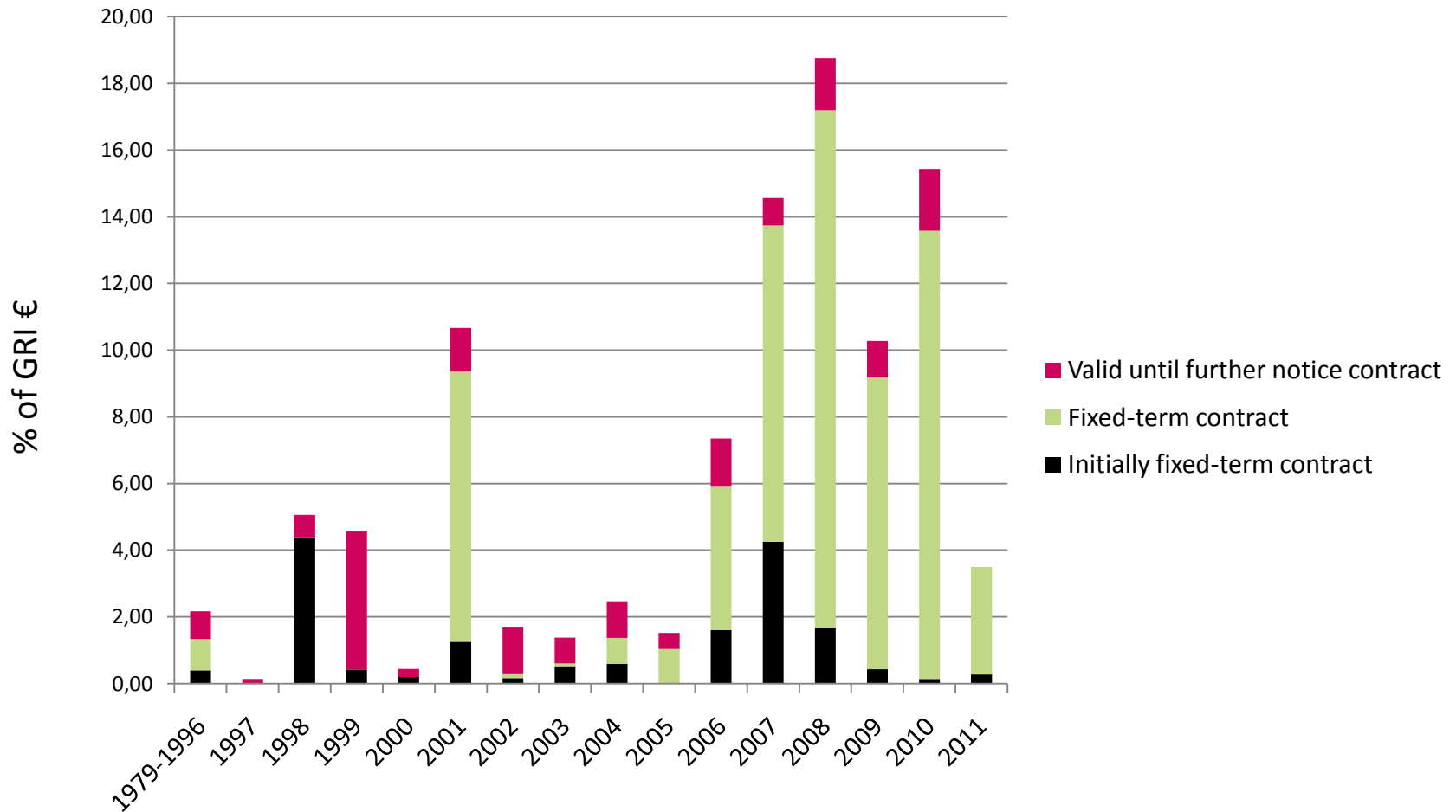
# Leasing Measures

## Finnish Operations

Number of leases started during the period					
	Q1	Q2	Q3	Q4	Q1-Q4
2008	100	93	66	193	452
2009	66	72	65	84	295
2010	99	103			
Total area of leases started during the period, sq.m.					
	Q1	Q2	Q3	Q4	Q1-Q4
2008	21 800	14 310	11 090	31 930	79 130
2009	9 190	9 080	20 530	18 420	57 220
2010	30 840	27 200			
Average remaining length of lease portfolio in the end of the period, year					
	Q1	Q2	Q3	Q4	Q1-Q4
2008	3.2	3.1	3.1	3.2	3.2
2009	3.0	2.9	2.9	2.8	2.8
2010	3.0	3.2			

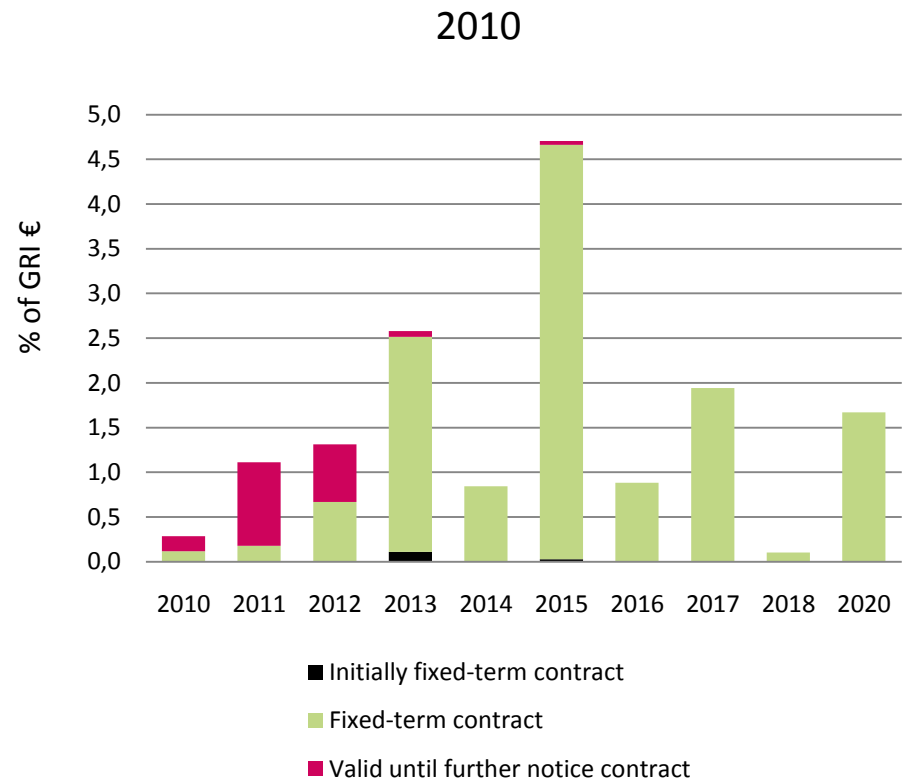
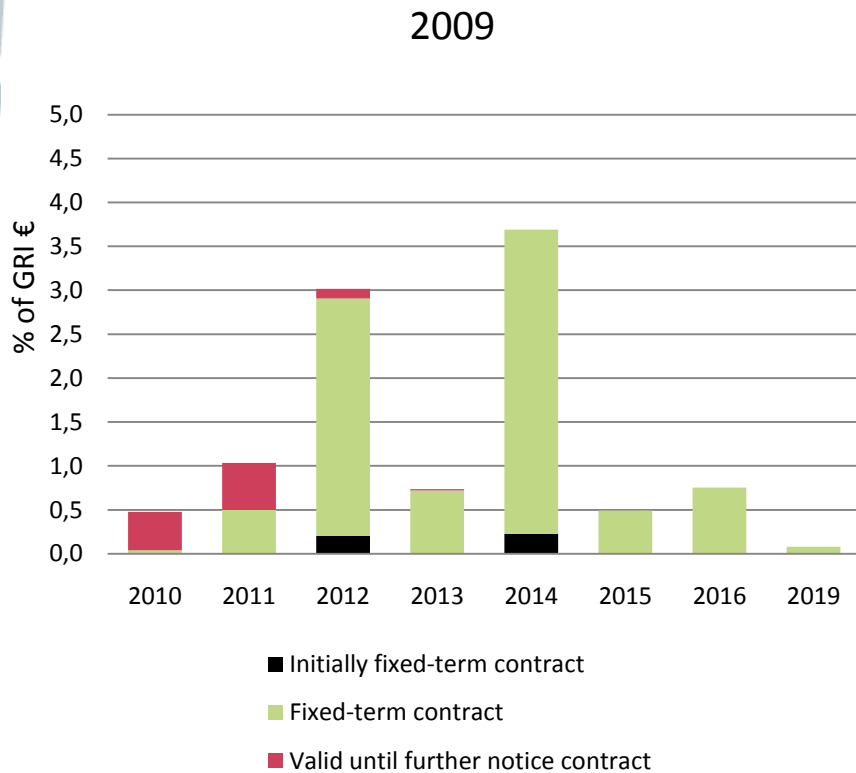
# Total Lease Portfolio

by contract type and start year, Finnish Operations

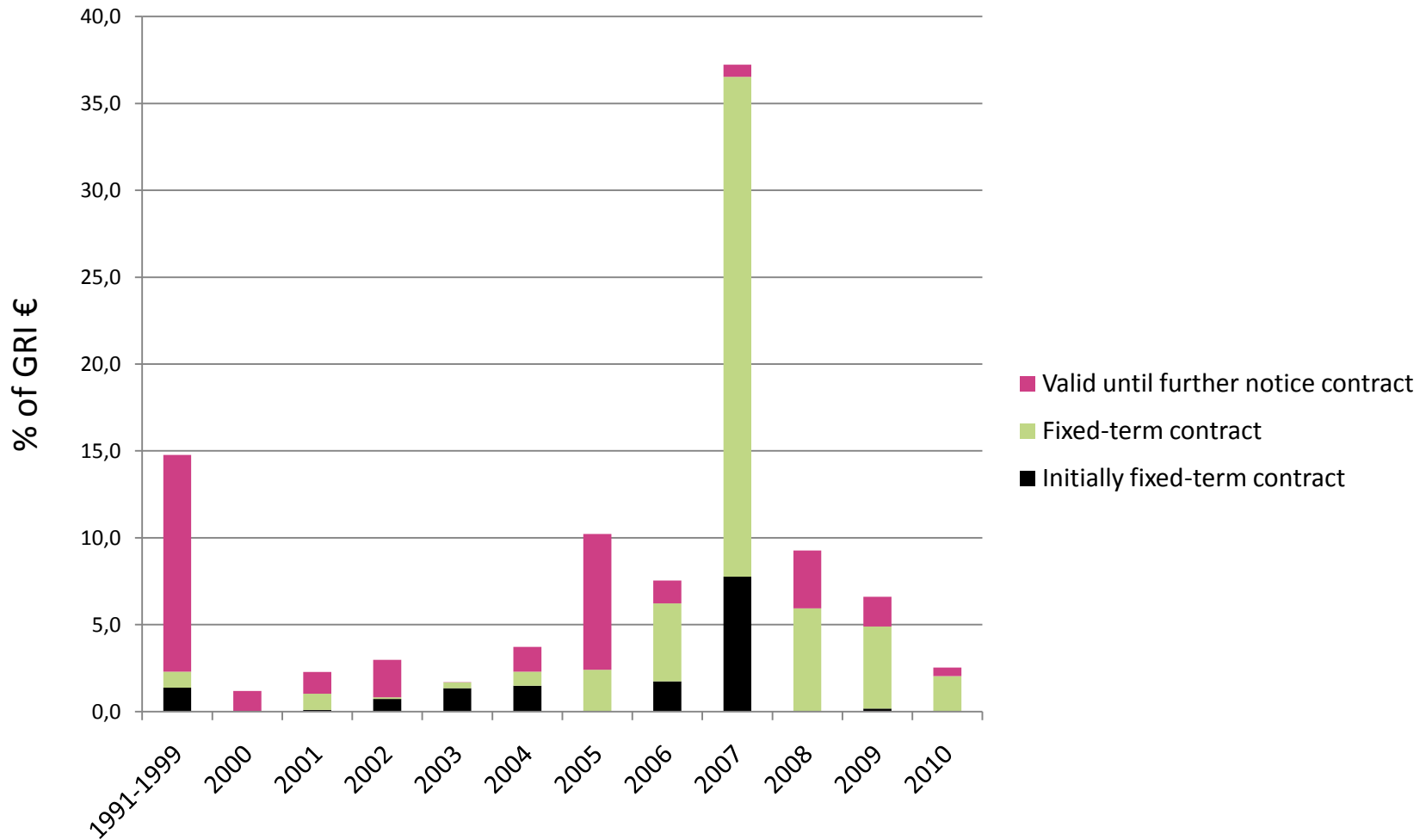


# First Possible Termination Year of The Leases

by contract type, contracts started 2009-2010, Finnish Operations

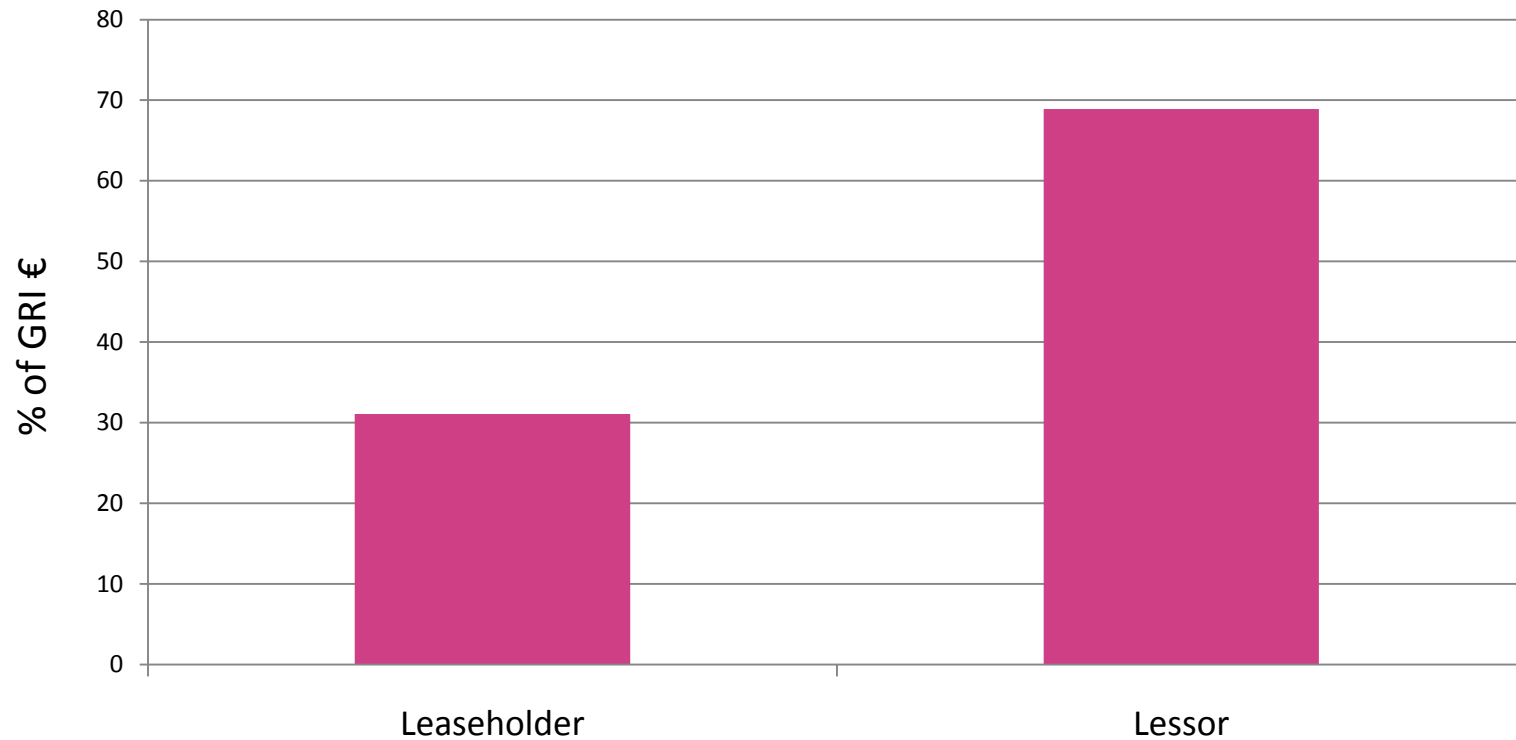


# Leases Terminated/Terminating in 2010 by contract type and start year, Finnish Operations





# Until-Further-Notice Contracts Terminated/Terminating in 2010 by Party Giving Notice, Finnish Operations



# Leasing Situation

- Market situation
  - Market has gradually improved during 2010
  - Grocery market continued duopoly
  - Within fashion there is constantly more demand for shopping centres and new chains have re-opened their plans for Finland
  - Finnish entries announced / initiated e.g. by XXL Sport, MQ, Mekonomen
  - Private services e.g. in health and beauty are actively looking for retail space in shopping centres
- Lease terms
  - No issues in maturity
  - Rent levels generally unchanged, pressure for some lower rents in mid-market shopping centres
- Citycon objectives
  - Diversify tenant mix, including the grocery business
  - Introduce new retailers in the market
  - Increase occupancy in the improved market situation

# Clusters - Retail Branch and Citycon Development Opportunities

	Meeting Points in City Centres	Local Shopping Centres	Partners in Everyday Life SCs
Brand's role in life	Pulsing heart of the city, offering irresistible satisfaction of shopping	"Close" to its community, fulfilling all basic family needs	Everyday service centre for busy people
Character	Exciting, spontaneous and urban	Close, trustworthy and jovial	Swift, funny and witty
Retail branch development	<p>Fashion and leisure dominate Growing demand amongst retailers</p> <p>Health and beauty gradually increasing</p> <p>Potential for good quality cafés and restaurants</p>	<p>Grocery and department stores dominate</p> <p>Growing demand amongst Fashion and leisure retailers</p> <p>Private and public consumer services (e.g. post office, Library) gradually increasing</p> <p>Potential for health and beauty</p>	<p>Grocery dominates</p> <p>Growing demand amongst private services (hairdressers, mobile phone operators)</p> <p>Potential for fast food, health and beauty and public services</p>
Shopping Centre development	<p>Interior design to enhance atmosphere</p> <p>Food courts / restaurant areas</p>	<p>Recycling</p> <p>Bicycle parking</p> <p>Services for families</p>	<p>Enhancing local presence and Neighbourhood services</p>



# Development projects

100

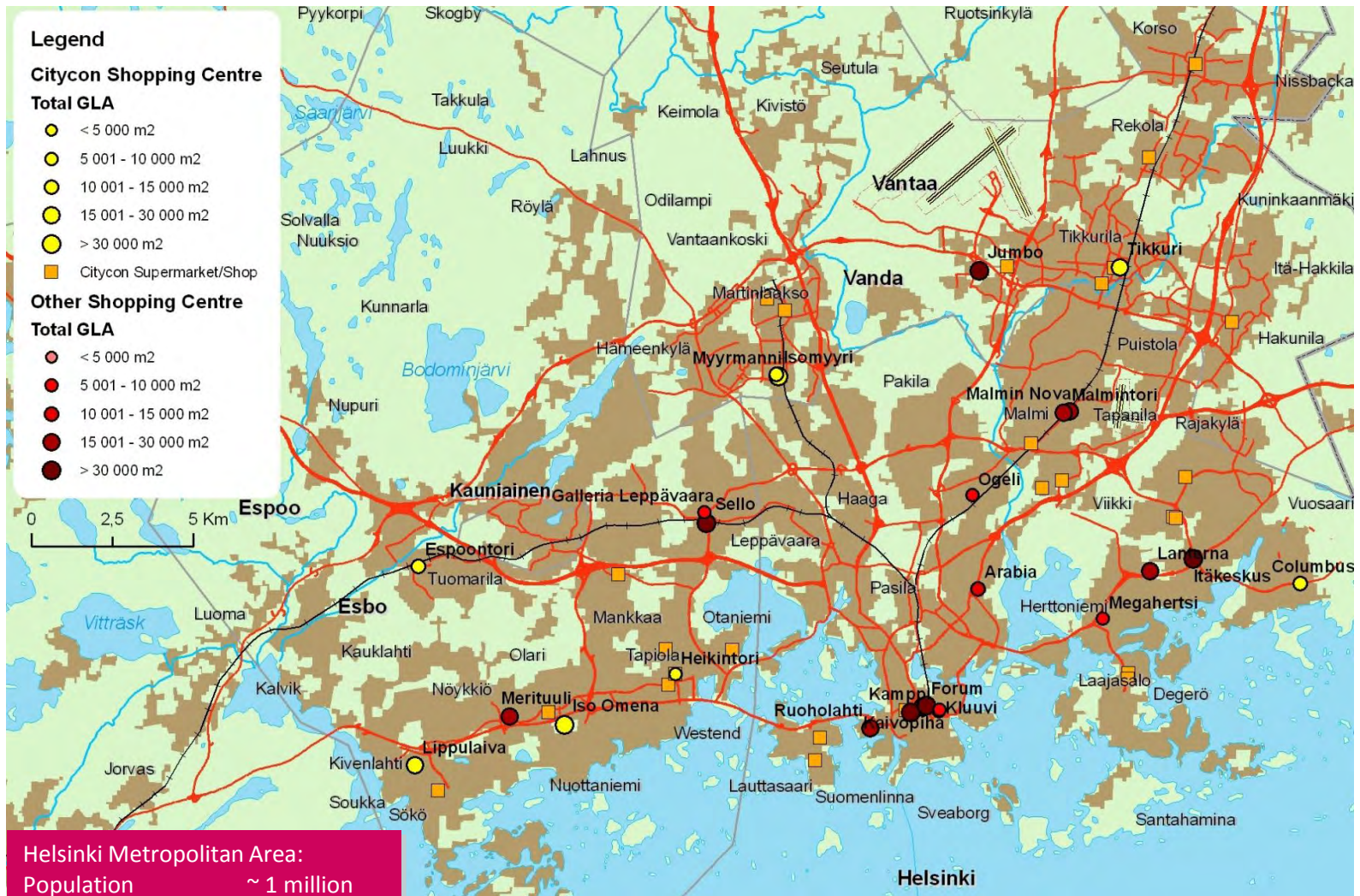
CMD 2010

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# Ongoing (Re)development Projects

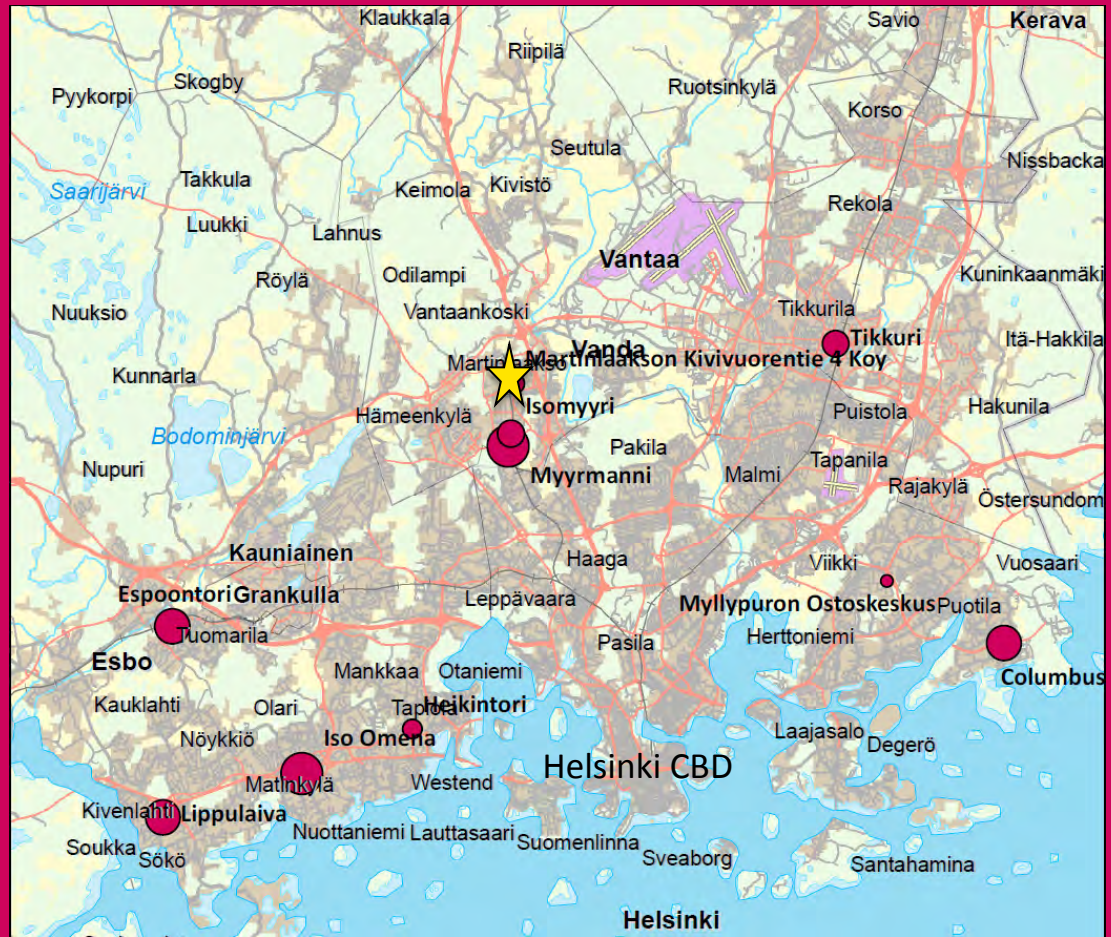
PROPERTY	LOCATION	AREA, sq.m. before and after	TOTAL ESTIMATED INVESTMENT NEED, MEUR	ACTUAL CUMULATIVE CAPEX, by the end of 10Q2, MEUR	EST. FINAL YEAR OF COMPLE TION	
<b>New constructions</b>						
<b>Martinlaakso</b>	Vantaa, FIN	3 800 7 300	26.3	2.7	2011	Building of a new retail centre replacing the existing one next to the Martinlaakso railway station.
<b>Myllypuro</b>	Helsinki, FIN	7 700 7 300	20.0	7.6	2012	Building of a new retail centre replacing the existing one next to the Myllypuro subway station.
<b>Total refurbishment (internal)</b>						
<b>Espoonatori</b>	Espoo, FIN	16 500 16 400	18.0	9.6	2010	Refurbishment of 10400 sq.m. of interior premises and the parking facility.
<b>Forum</b>	Jyväskylä, FIN	15 100	16.0	3.5	2010	Refurbishment of interior premises (12 000 sq.m) of the shopping centre.
<b>Hansa (Trio)</b>	Lahti, FIN	8 000	8.0	2.2	2010	The refurbishment of Hansa property located next to Trio.
<b>Refurbishment (part of the centre)</b>						
<b>Myrmanni</b>	Vantaa, FIN	8 400	4.8	2.6	2010	Refurbishment of the first floor premises and tenant improvements on the ground floor.
<b>Torikeskus</b>	Seinäjäki, FIN	11 300 11 500	4.0	2.7	2010	Refurbishment of the interiors of the shopping centre underway.
<b>Isolinnankatu</b>	Pori, FIN	7 600	3.0	1.5	2010	Refurbishment of the retail premises in two phases.

# Citycon Assets in Helsinki MA



Helsinki Metropolitan Area:  
 Population ~ 1 million  
 Households 500 000  
 Purchasing Power ~ 16.5 billion

# Martinlaakso

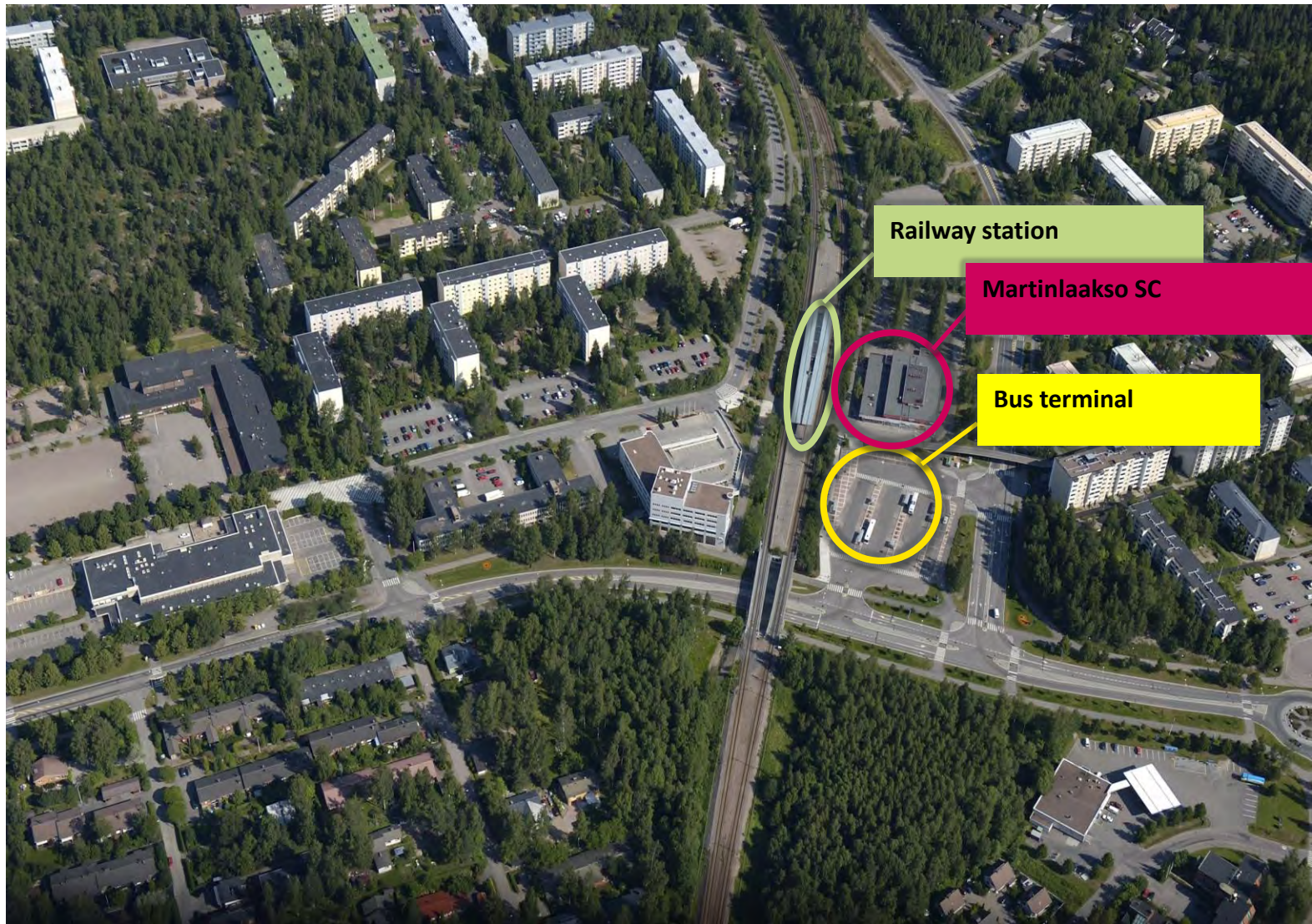


# Martinlaakso Shopping Centre

- Excellent location next to Martinlaakso train station
- Partner in Everyday Life – cluster shopping centre
- Mixed use project
  - Retail GLA 7,400 sq.m.
  - 67 apartments (sold to Skanska)
  - 475 parking places (roof, basement)
- Anchored by two supermarkets
  - Anchor tenants: two groceries (S-Market and Lidl), off-licence store Alko, pharmacy, R-kioski
- Total investment EUR 26.3 million
- Project started Q2/10, completion Q4/11



# Martinlaakso Shopping Centre



# Martinlaakso Old Retail Centre





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CMD 2010

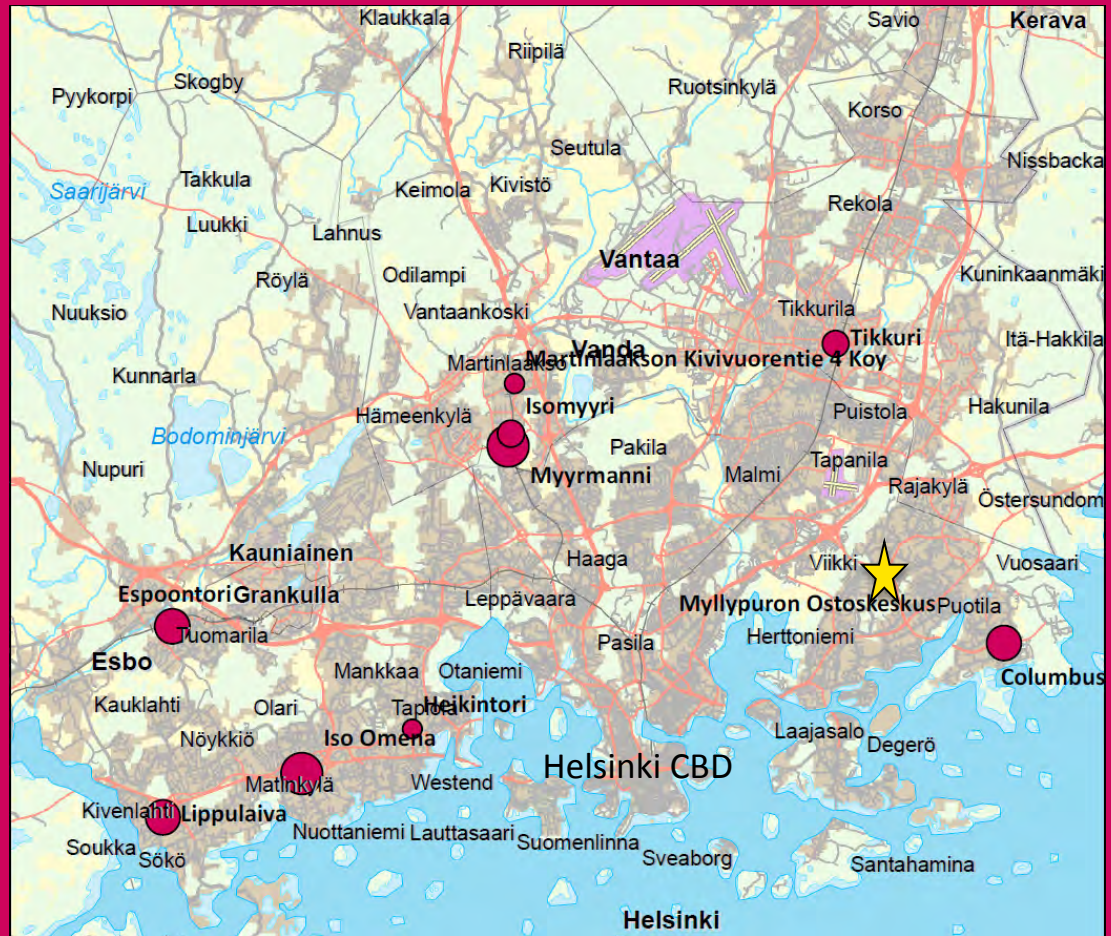
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# Martinlaakso Shopping Centre



# Myllypuro



# Myllypuro Shopping Centre

- Excellent location next to Myllypuro metro station
- Project started 10/Q1, opening in several phases 6/11-5/12
- Partner in Everyday Life - cluster SC
  - Grocery driven tenant mix, strong service
    - Anchor tenant S-market
- Mixed use development
  - GLA 7.300 sq.m.
  - 255 apartments (sold to residential investors)
  - 270 parking places
- Investment
  - Additional investment EUR 20 million

# Myllypuro Before





# Myllypuro Shopping Centre

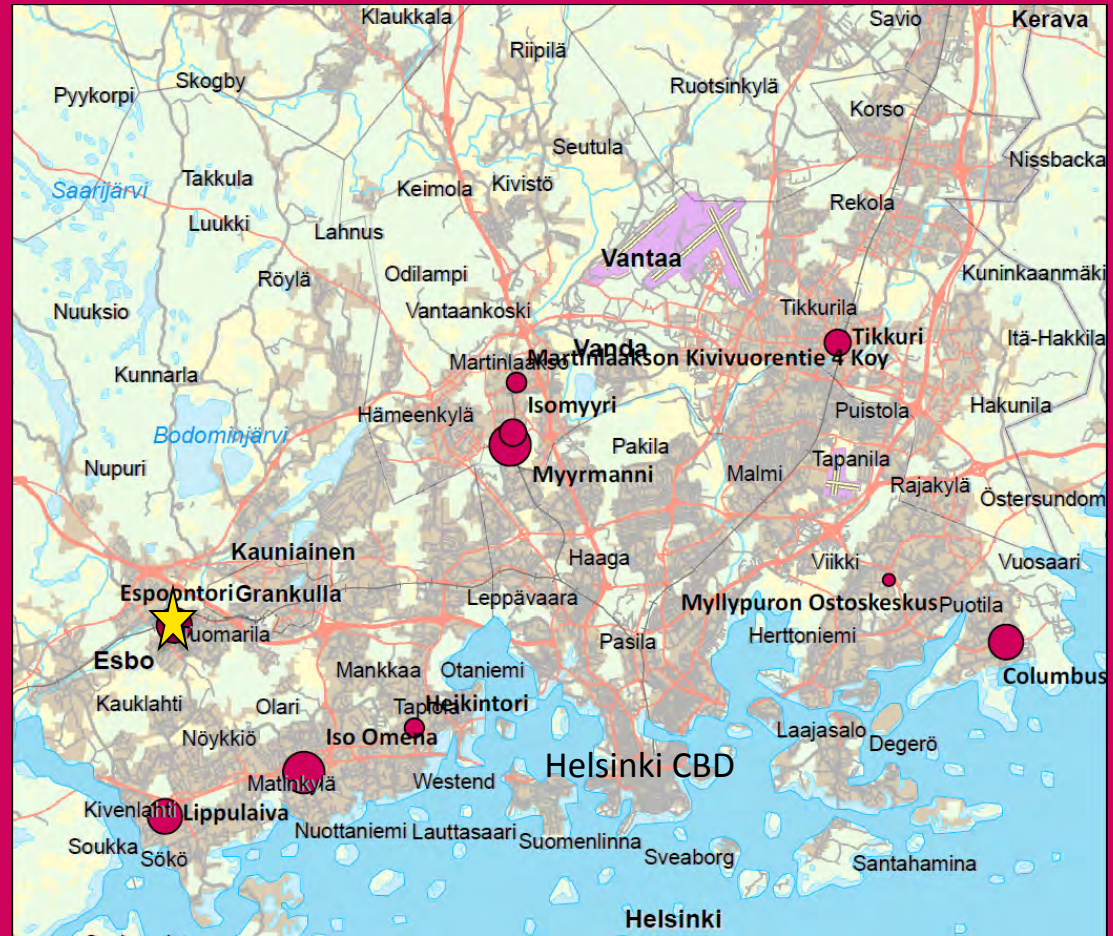


# Myllypuro Shopping Centre





# Espoontori



# Espoontori

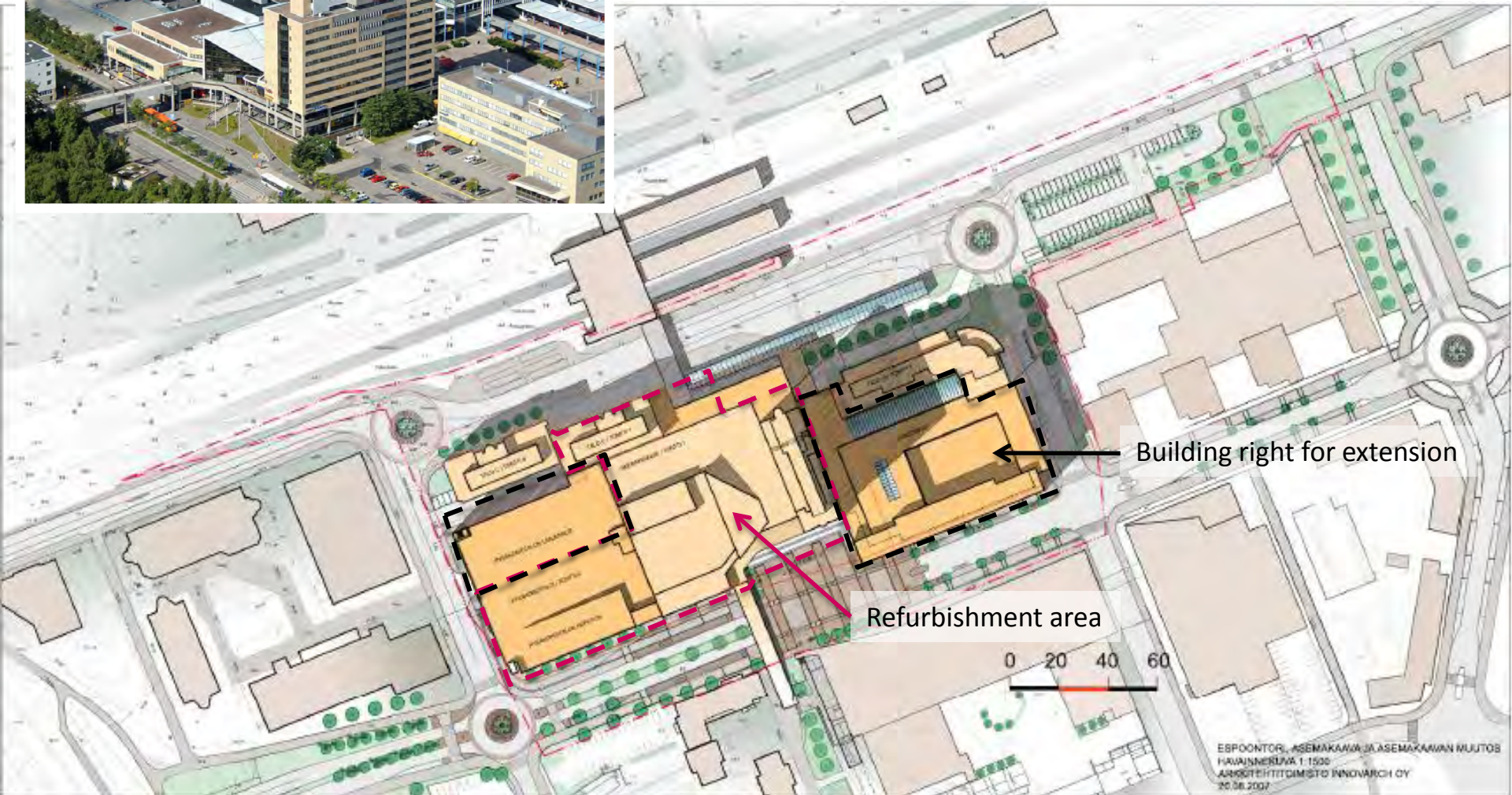
- Excellent location next to railway station, offices and residential areas. Population is growing.
- Before project centre was commercially and technically outdated
- Competing SC Entresse opened 2008

## Aim of refurbishment:

- Strengthen position as a Partner in Every Day Life - centre
- Basic services for everyday needs; grocery anchored centre with varying service and retail offering
  - Anchor tenant Kesko Grocery, Nordea and Sampo banks
- Retail GLA 10,400 sq.m.

Additional Investment EUR 18 million

Centre has been partly open during the project, project will completed Q4/10



# Espoonitori Before Renovation



# Espoontori Shopping Centre

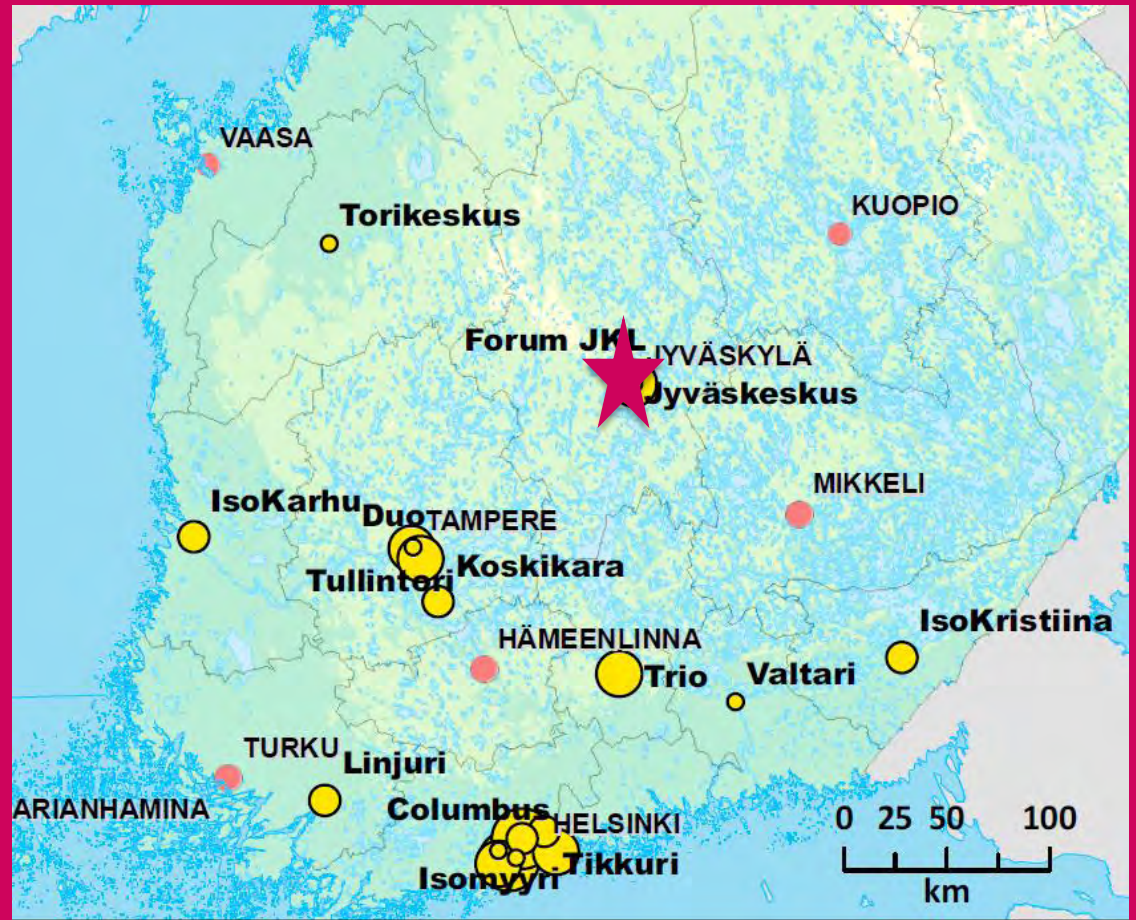




# Espoonitori Shopping Centre



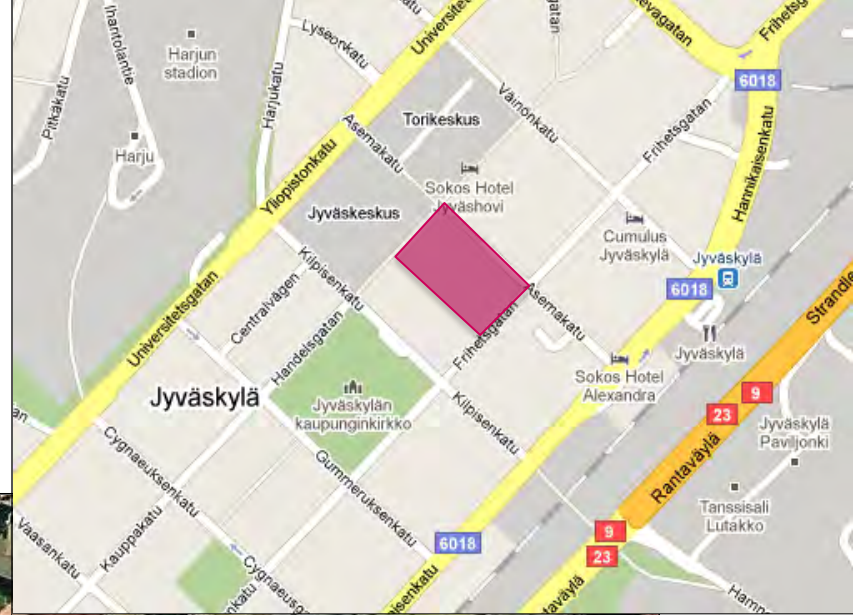
# Forum



## Forum

- Meeting place of City centre – cluster Shopping centre in the heart of Jyväskylä
  - GLA ~17.000 sq.m.
  - 138 parking places
- Forum is the best Shopping Centre in Jyväskylä market area
- Renovation project highlights:
  - Increasing retail GLA
  - Fashion and leisure oriented tenant mix
  - Commercial refurbishment and technical update
- Additional investment EUR 16 million
- Total refurbishment started Q1/10, completion 12/10

# Forum



# Situation before, Kauppakatu Street Level View



# Forum, Kauppakatu Street Level View after Refurbishment



# Situation before, Asemakatu Street Level View

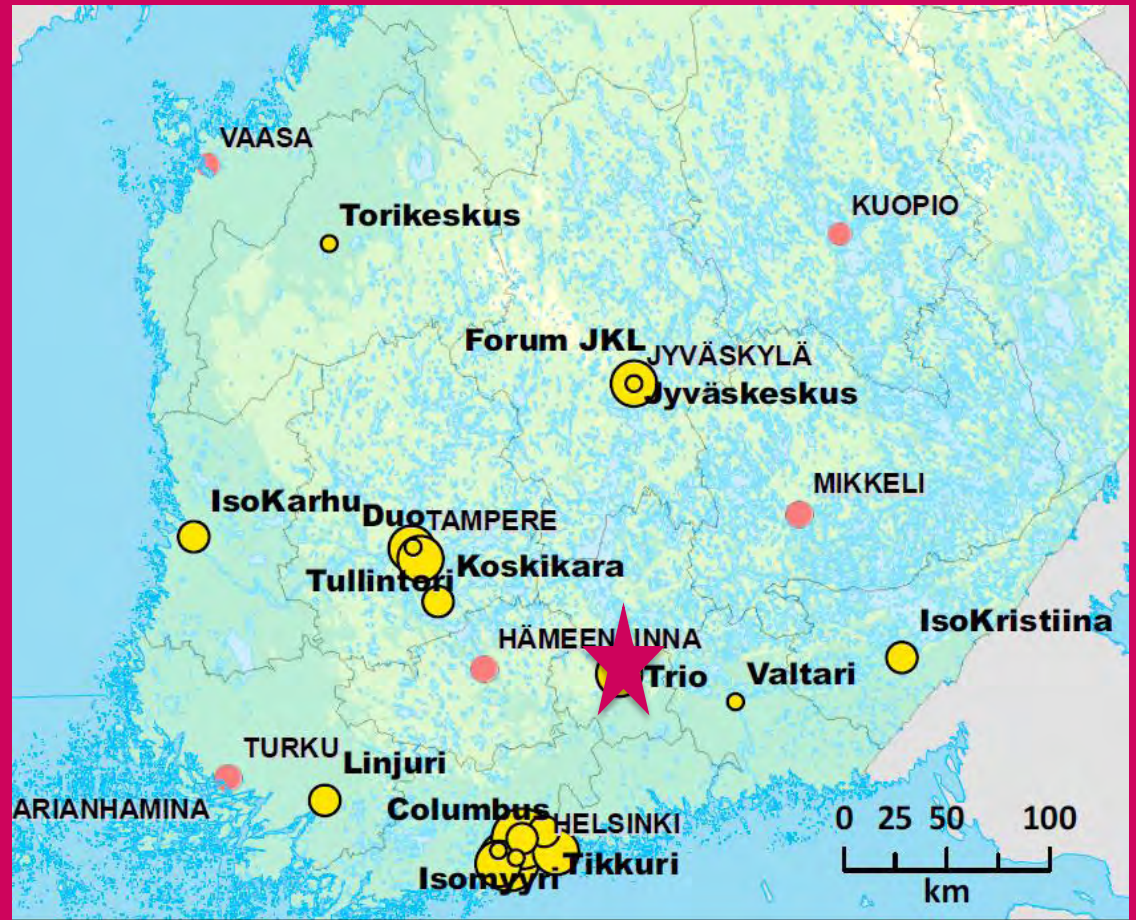


# Asemakatu Street Level View after Refurbishment





# Trio / Hansa



# Trio in brief

- Meeting point in City Centre  
– cluster shopping centre in excellent location in Lahti CBD
- Consists of two MREC's:
  - MREC Lahden Trio
    - Total turn-around project between 2007-2008
    - Opened in two phases: 11/2007 and 11/2008
  - MREC Hansa
    - Acquired 1/2007 to be integrated as a part of Trio SC
- Hansa development project:
  - Integrate Hansa to Trio
  - Commercial outlook upgrading
  - Diversify Trio's fashion oriented tenant mix; anchor tenants (discount department store, grocery) under negotiation
- Hansa additional investment ~ EUR 8 million
- Completion of the project Q1/11



# Trio and Hansa



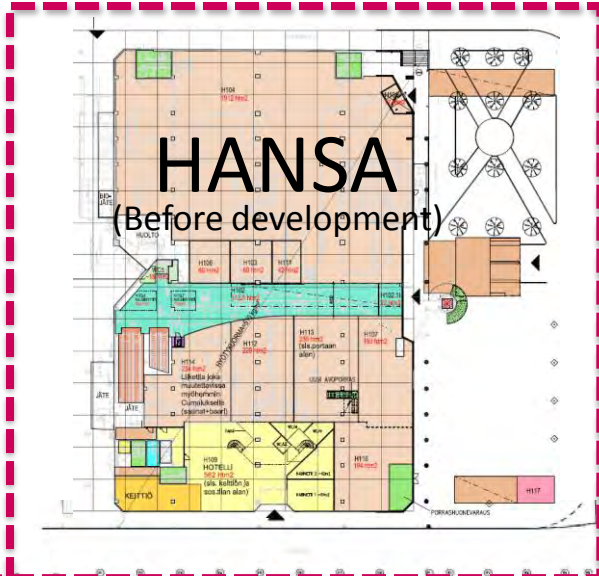
131

CMD 2010

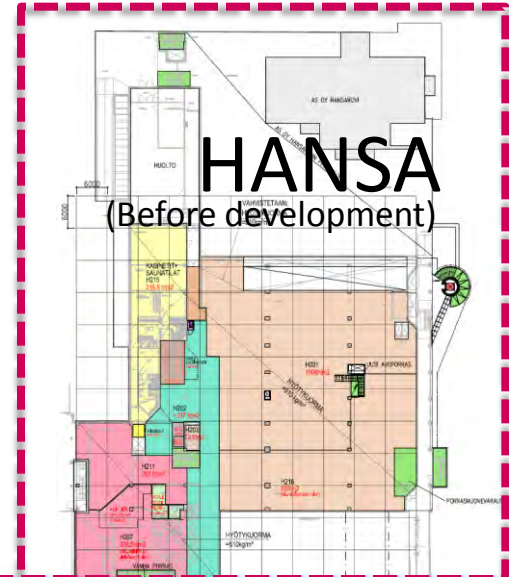
**CITYCON**

# Trio and Hansa

## Ground floor



## 1. floor



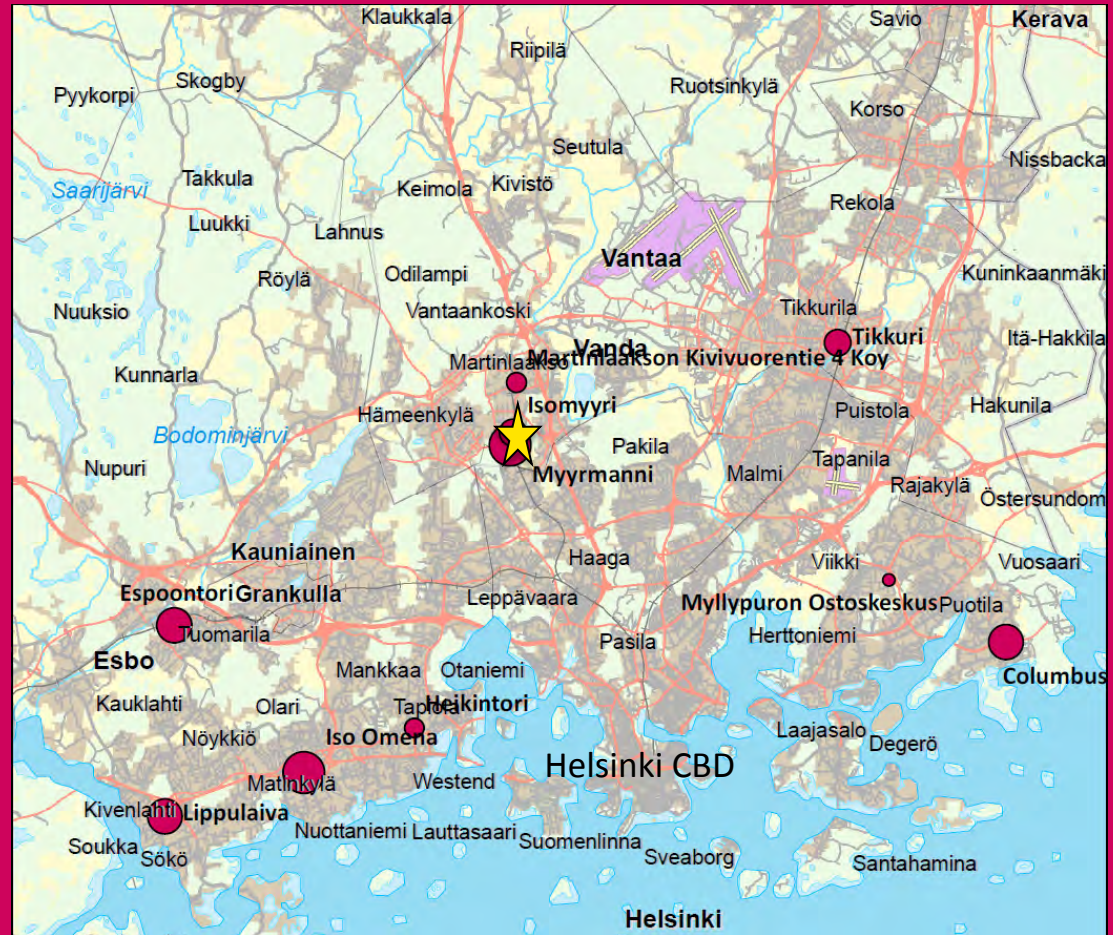
# Trio / Hansa - Before



# Trio / Hansa - After



# Myyrmanni



# Myyrmanni

- Local centre- cluster shopping centre next to railway station in Myyrmäki, Vantaa
- Part of the centre renovated; department store Anttila space reforming created excellent possibility to diversify Myyrmanni tenant mix
- Refreshing Myyrmanni commercial outlook
- Additional investment EUR 4.8 million
- Project started 2/2010, completion Q1/11
- Myyrmanni refurbishing will continue, extension under preparation



# Myyrmanni



# Myyrmanni



# Myyrmanni extension potential



# Torikeskus and Isolinnankatu

- Torikeskus SC: tenant fitting 1<sup>st</sup> floor
- Isolinnankatu (former Anttila department store) 1<sup>st</sup> floor tenant fitting
- Projects are pending due to leasing

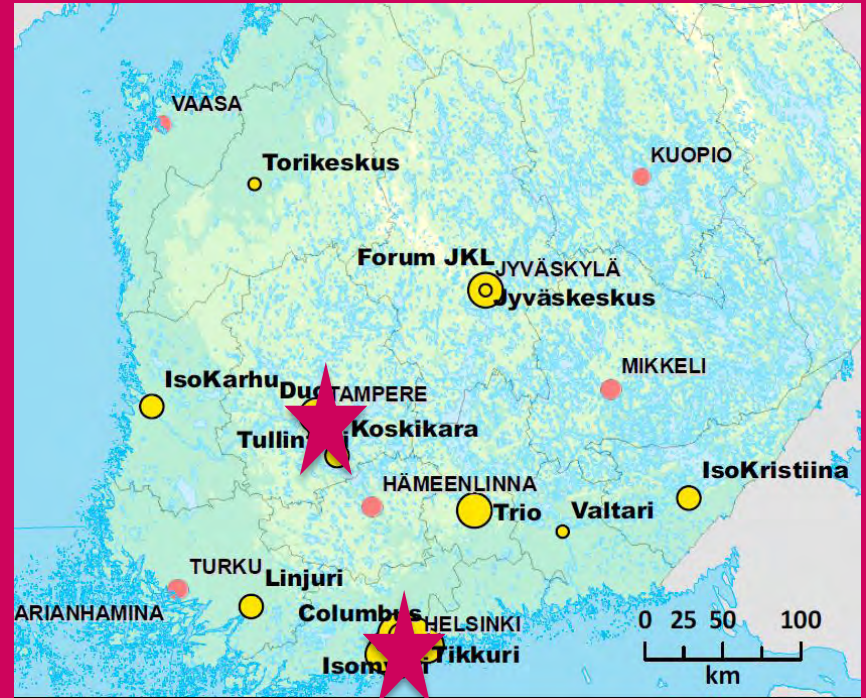


# Torikeskus in Seinäjoki



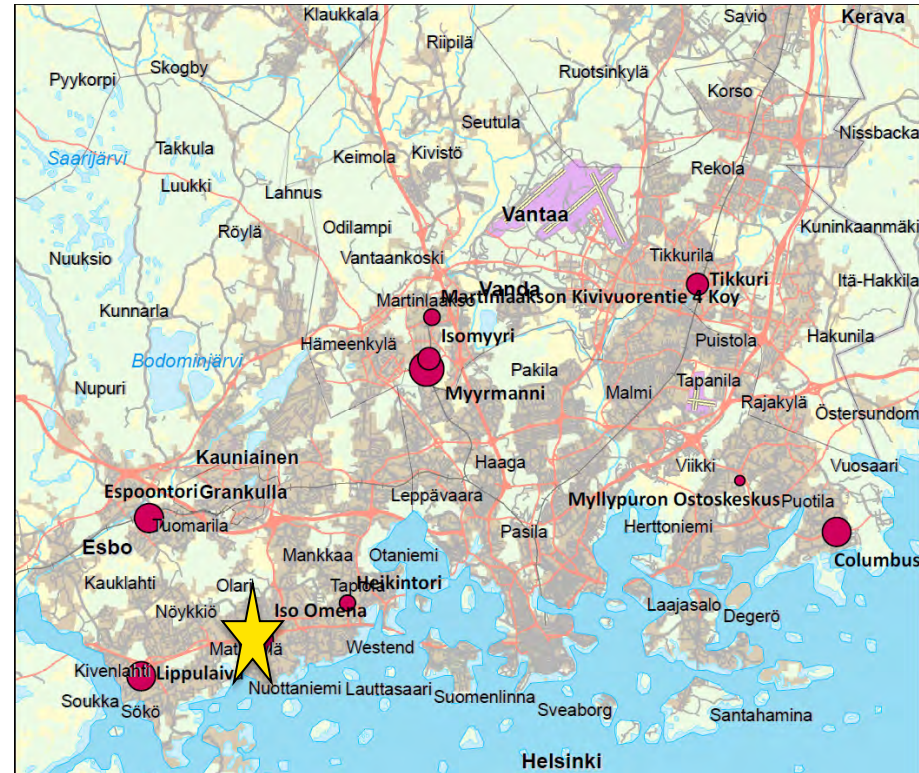
# Development Pipeline

Iso Omena – extension + metro station  
Koskikeskus – redevelopment  
(Myrmanni – extension)



# Matinkylä Metro in 2015 and Iso Omena Extension

- Helsinki western metro line will be expanded to Espoo and it will open in 2015
- Citycon has a planning reservation together with NCC to plan Iso Omena extension on top of metro station
- City planning starting
- Opening target 2015



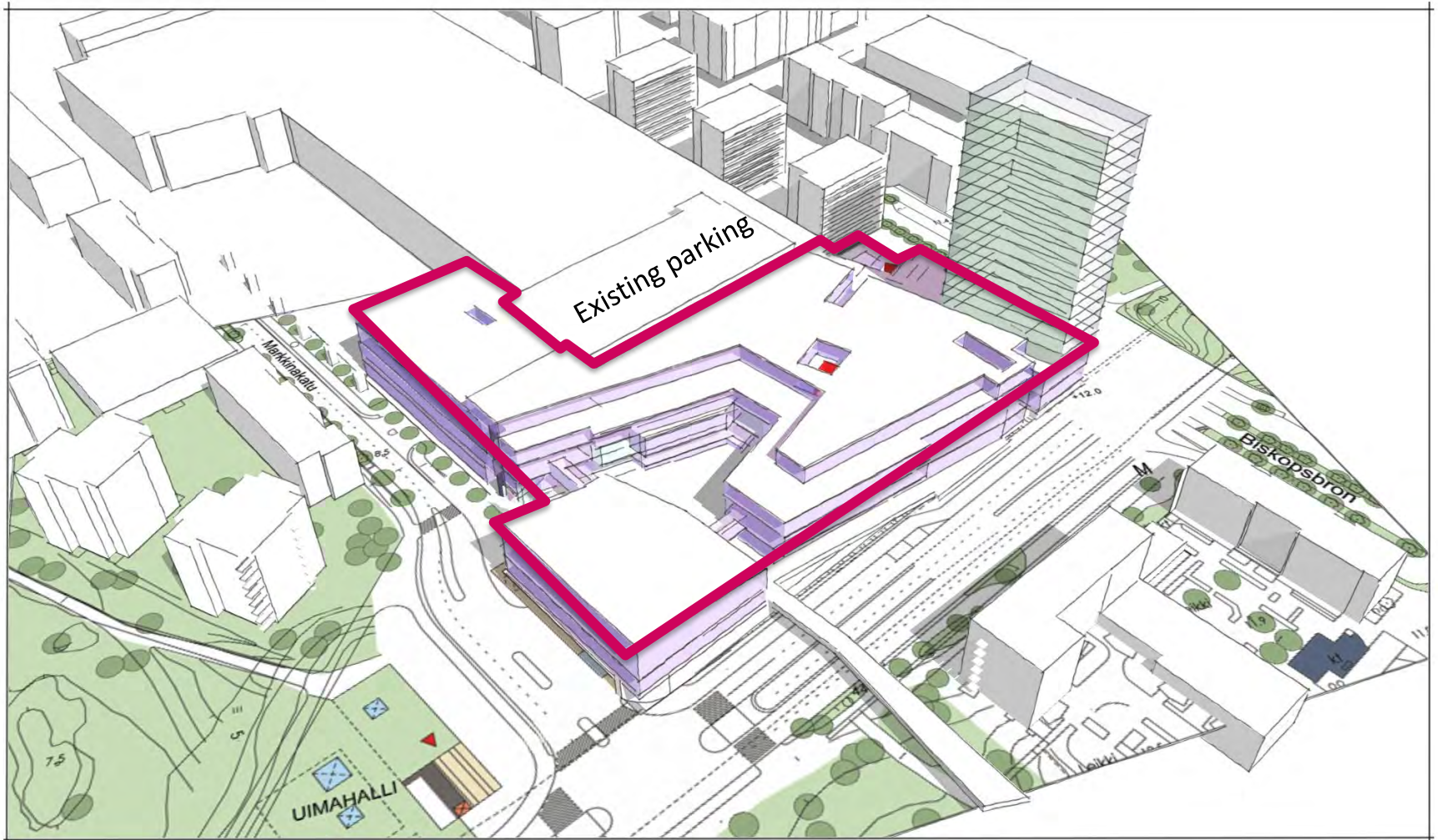
# Iso Omena – “The Big Apple”

Future extension potential

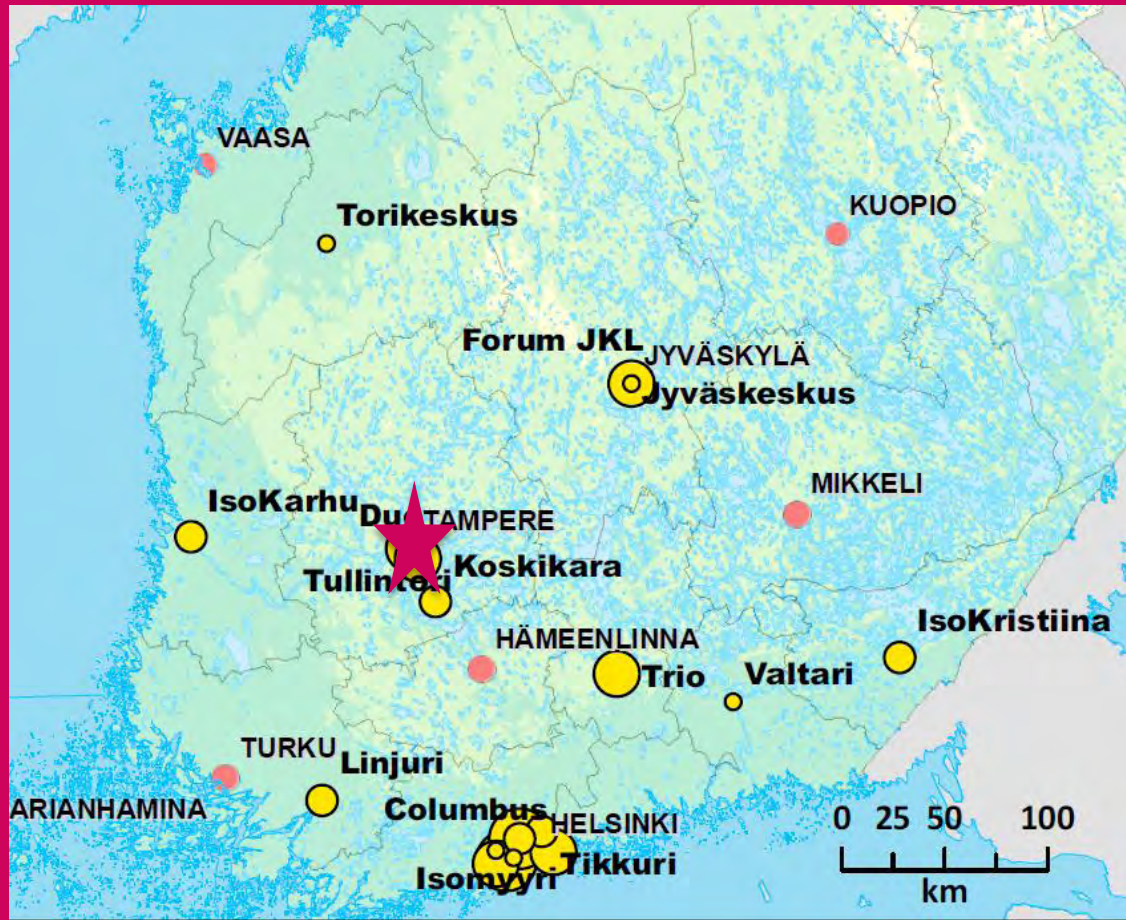




# Iso Omena & Matinkylä Metro Station



# Koskikeskus



# Koskikeskus

- Meeting point of City centre SC in an excellent location in a best ranked city
- Established market position, highest top-of-mind ranking among customers
- Aim of the project:
  - Improve quality of the centre
  - Increase retail GLA
  - Commercial outlook facelift
  - Technical investments under preparation
  - Sustainability improvements; glass roof insulations etc.
- Part of the development is carried out as a part of normal daily operations
- Estimated starting time Q1/11

# Koskikeskus



# Koskikeskus



AAMULEHTI

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sa

Riihimäki KIOSKI

SÄURAAVAUT  
PÖYTÄ  
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TUUS

MUSTA PORSSSI

# Koskikeskus



# Koskikeskus



# Pipeline

## Filling vacancy – ongoing leasing projects

- Supermarket property, Kirkkonummi and Asema-aukio, Pori; tenant changes ongoing, both will be upgraded as Everyday Life shopping centres

## Pipeline

- Pori Citymarket conversion to shopping centre
- Kirkkonummi supermarket/mixed use conversion to shopping centre
- Lippulaiva extension
- Espoontori extension
- Iso Kristiina extension
- Oulu Galleria extension
- Porvoo Citymarket conversion to shopping centre
- Laajasalo Helsinki new small shopping centre
- Lauttasaari metro station/shopping centre
- Fish Harbour Helsinki new shopping centre (competition)