

MAXIMIZING VALUE

CHIEF EXECUTIVE OFFICER F. SCOTT BALL



**1.
EVOLVING
RETAIL
ENVIRONMENT**

**2.
STABLE
BUSINESS
MODEL**

**3.
IMPROVING
SHORT-TERM
PERFORMANCE**

**4.
LONG-TERM
DENSIFICATION
OPPORTUNITIES**

EVOLVING RETAIL ENVIRONMENT



RETAIL HEADWINDS – LESS PRONOUNCED IN THE NORDICS

UNITED STATES

2,300

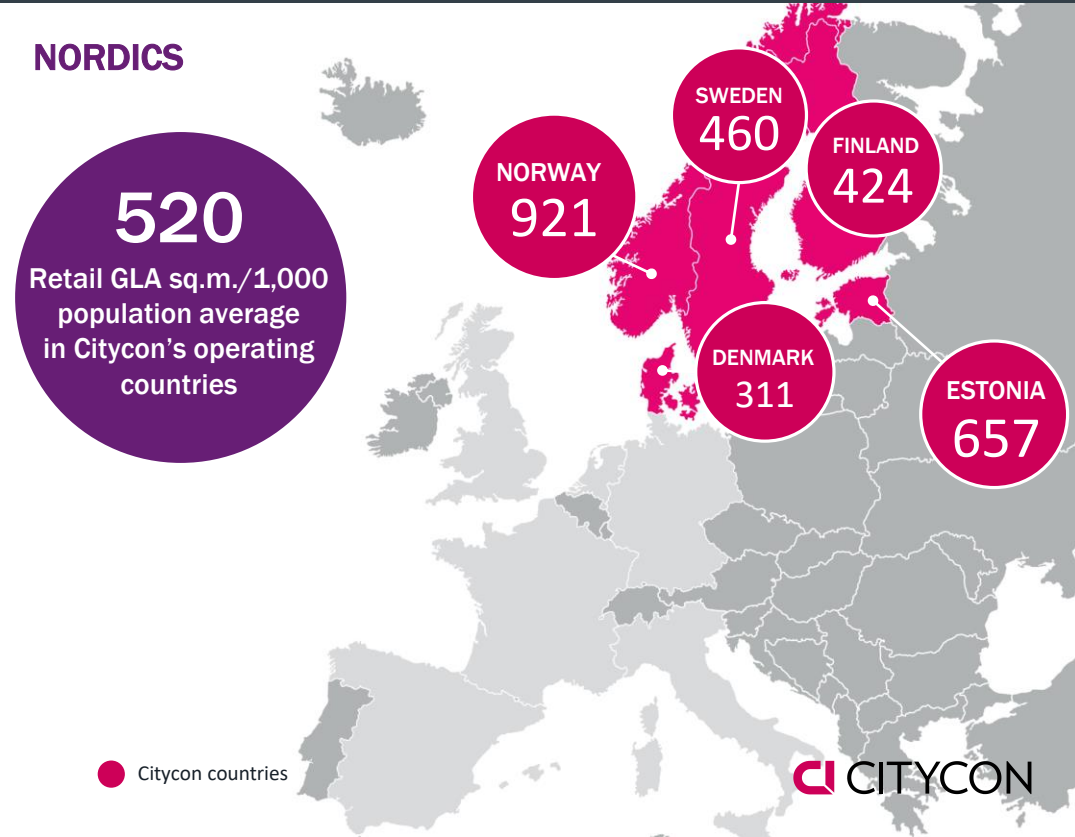
Retail GLA
sq.m./1,000
population



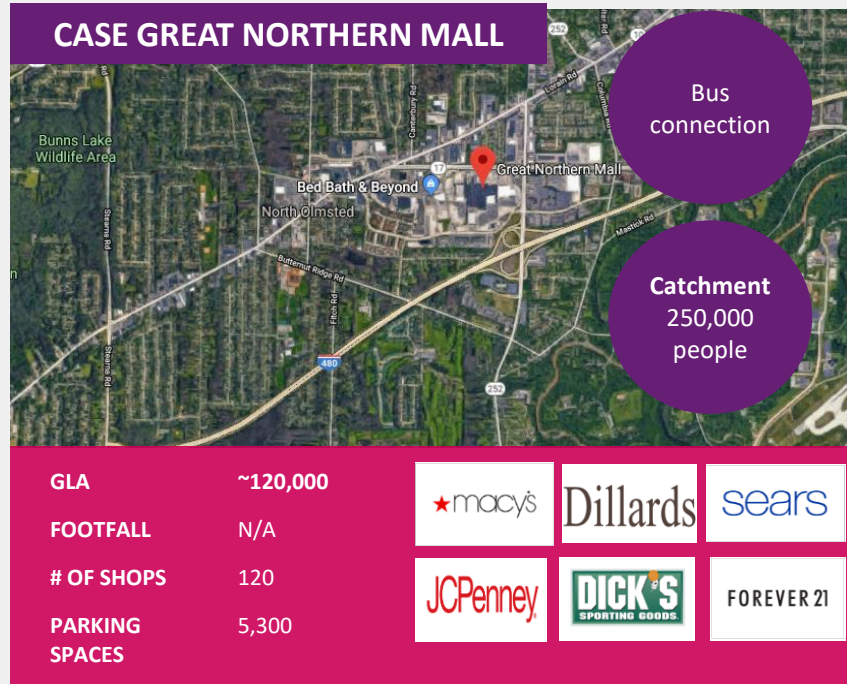
NORDICS

520

Retail GLA sq.m./1,000
population average
in Citycon's operating
countries

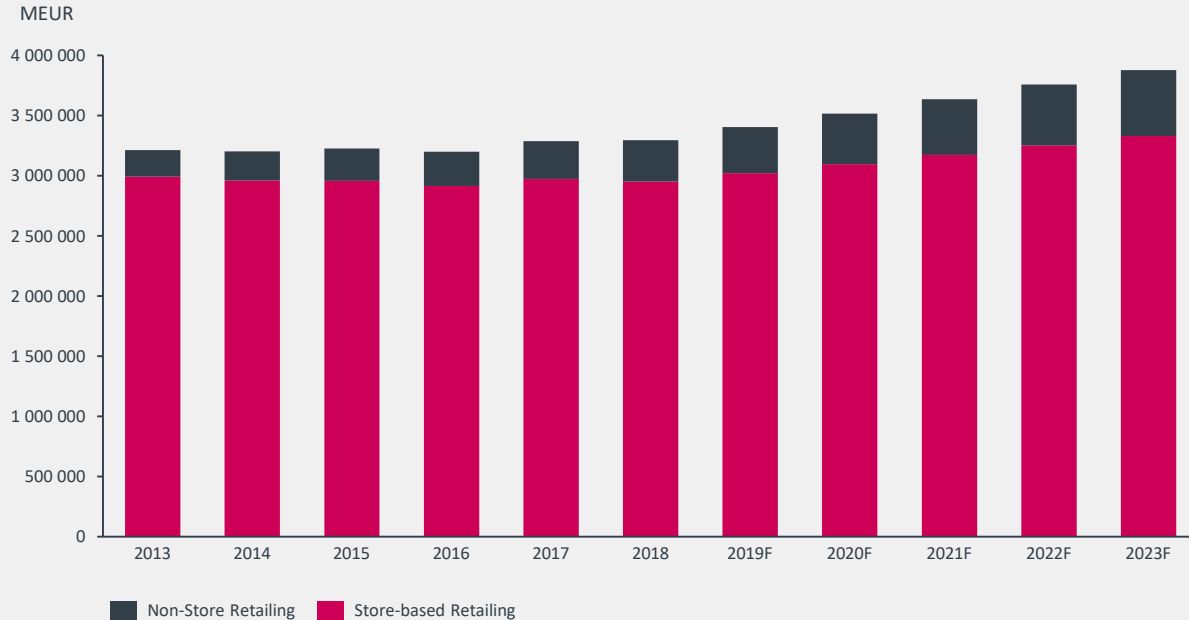


CITYCON – DIVERSIFIED TENANT MIX



BRICK AND MORTAR SALES STILL ACCOUNT FOR THE OVERWHELMING MAJORITY OF RETAIL SALES

RETAIL SALES FORECAST IN EUROPE 2013-2023

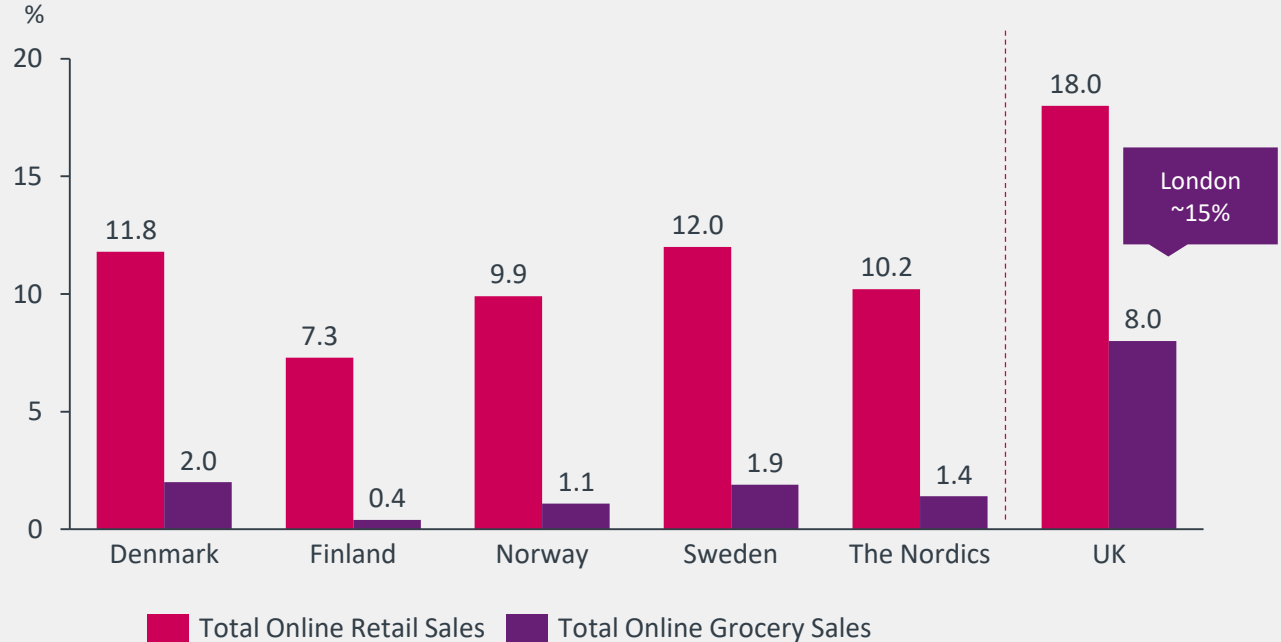


ONLINE – OFFLINE RETAIL IS NOT A MARKET SHARE QUESTION AS BOTH SEGMENTS HAVE CONTINUED TO GROW IN RECENT YEARS



ONLINE RETAIL ACCOUNTS FOR AROUND 10% OF TOTAL RETAIL SALES IN THE NORDICS

ONLINE PENETRATION IN GROCERIES REMAINS VERY LOW ACROSS THE NORDICS



Source: Ocado, Dansk Erhverv Analyse, Nielese and Svensk Digital Handel, Nordea



PHYSICAL STORES REMAIN ESSENTIAL

CUSTOMER EXPERIENCE

- Nearby physical stores are important when making online purchases

PROFITABILITY

- Retailers lose business when they close a store

BRAND AWARENESS

- Physical stores generate brand awareness and trust

DIFFERENTIATION

- Opening a store boosts online traffic

STABLE BUSINESS MODEL





CONNECTION TO PUBLIC TRANSPORTATION PROVIDES NATURAL FOOTFALL

100%

OF OUR SHOPPING CENTRES CONNECTED TO PUBLIC TRANSPORTATION

- We are focused on grocery-anchored shopping centers that are integrated with public transportation.
- All of our centres are accessible by bus, 10 centres are directly connected to metro lines, 17 to train lines and 6 to tram lines.

54%

OF VISITORS ARRIVE BY PUBLIC TRANSPORTATION, FOOT OR BICYCLE

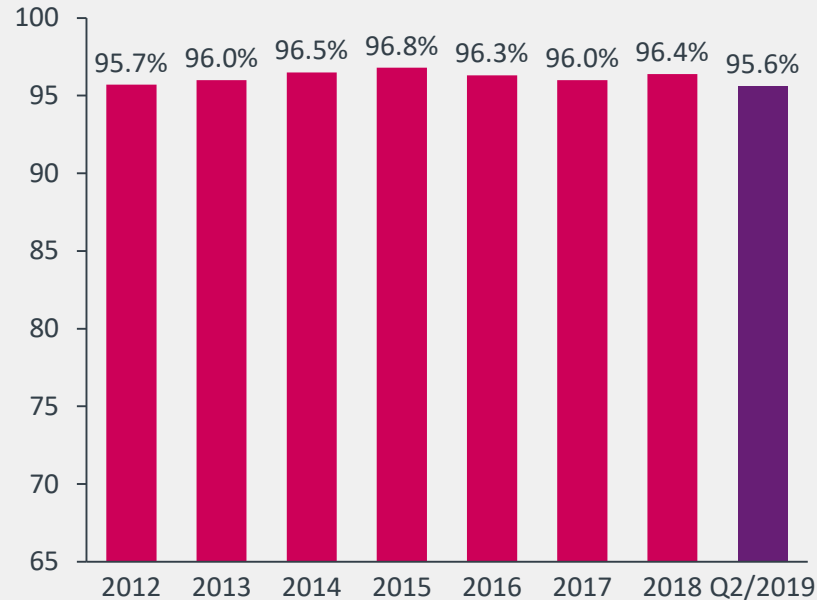
- Almost 4,000 dedicated bicycle parking spaces.
- Almost 90% of our shopping centres have dedicated areas for secure bicycle parking.

ISO OMENA IS A GREAT EXAMPLE OF POWERFUL PUBLIC TRANSPORTATION

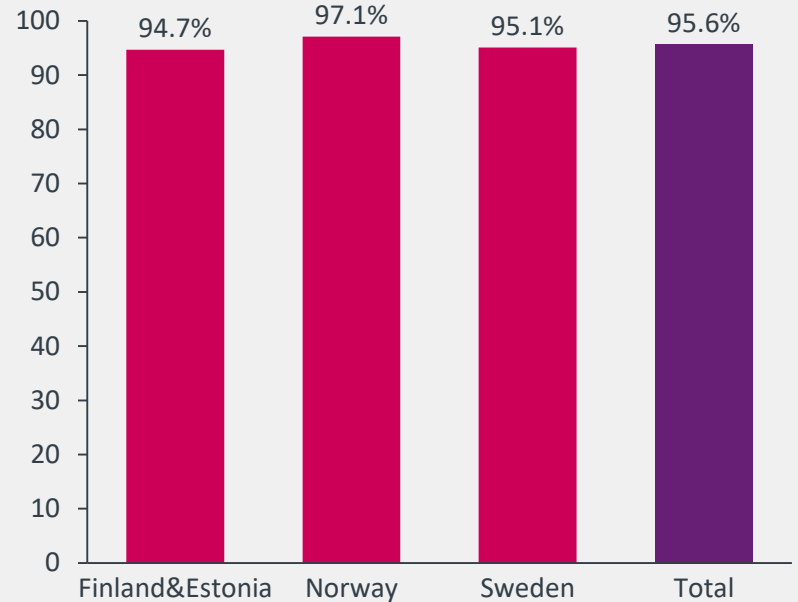
- Footfall increased +74 % to 20 million annual visitors after metro opening.
- Tenant sales +17%, same-store sales +7%.

STABLE AND HIGH OCCUPANCY RATE

OCCUPANCY RATE DEVELOPMENT



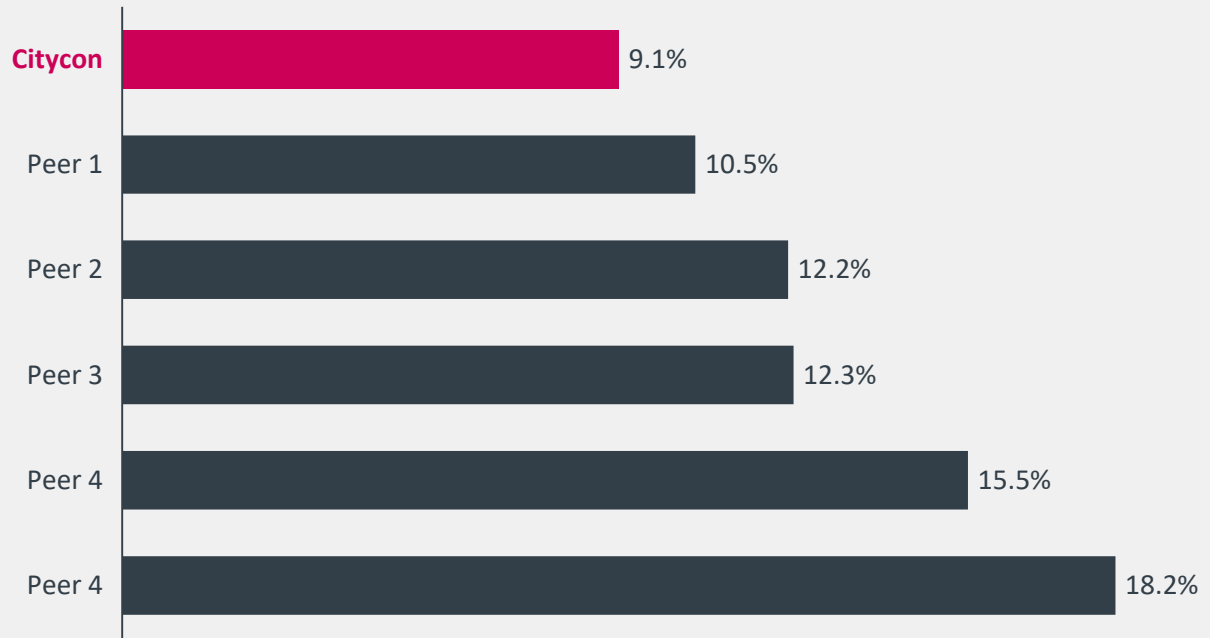
OCCUPANCY RATE BY COUNTRY H1/2019





OUR OCCUPANCY COST RATIO PROVIDES ROOM FOR FURTHER GROWTH COMPARED TO PEERS

OCCUPANCY COST RATIO VS PEERS (2018)

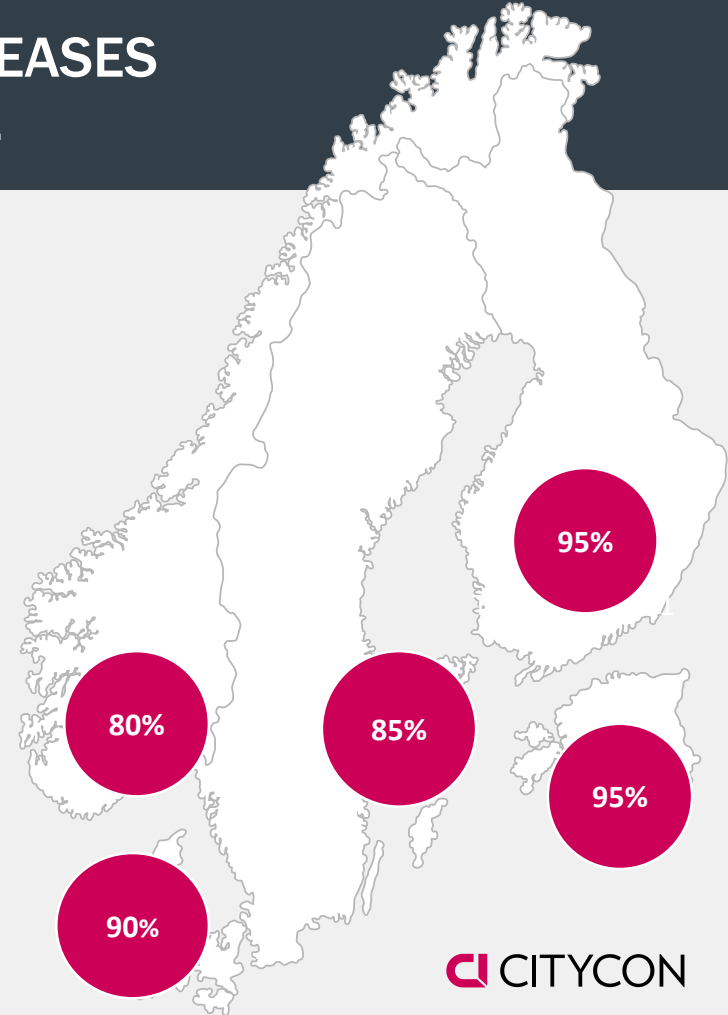


Peer group: Hammerrson, Klepierre, Mercialis, Unibail-Rodamco-Westfield, Wereldhave

Source: Companies' annual reports

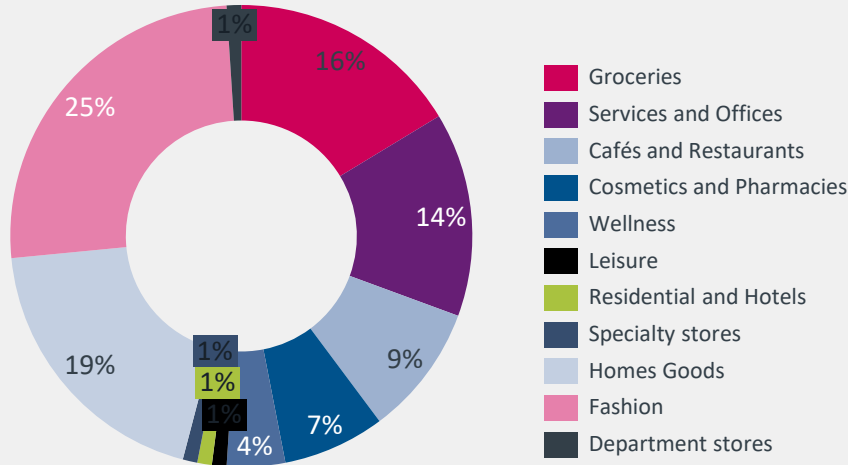
HIGH INDEXATION LEVEL ON RENTS INCREASES THE STABILITY OF OUR BUSINESS MODEL

	SWEDEN	NORWAY	FINLAND	ESTONIA	DENMARK
Leases indexed based on rental income	85%	80%	95%	95%	90%
Average indexation based on rental income	2.2%	3.4%	2.1%	3.3%	1.6%



CITYCON'S TENANT MIX IS GEARED MORE TOWARDS DAILY CONVENIENCE

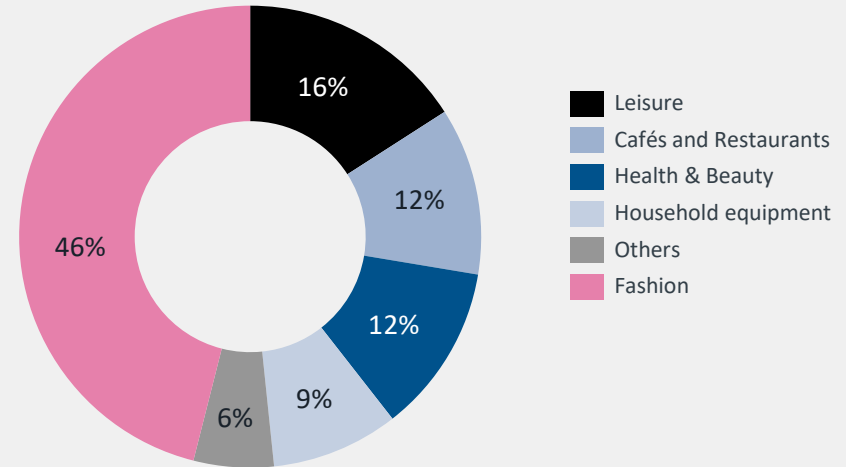
OUR REVENUE IS MORE DIVERSIFIED



As per 31 December 2018

¹⁾Including Kista Galleria (50%)

MANY OF OUR PEERS FOCUS MORE ON FASHION



Source: Klepierre Annual Report 2018



LESS EXPOSURE TO FASHION

WE ARE MORE FOCUSED ON CONVENIENCE

TOP 10 TENANTS IN H1/2019	PROPORTION OF RENTAL INCOME, %
Kesko	4.9
Varner-Group	4.3
S-Group	3.9
ICA Group	2.2
H&M	2.2
Coop	2.1
Stockmann Group (Lindex)	1.8
NorgesGruppen	1.8
Clas Ohlson	1.7
Tryg Forsikring	1.6
TOP 10 TOTAL	26.5%

LARGEST PEERS ARE MORE FOCUSED ON FASHION

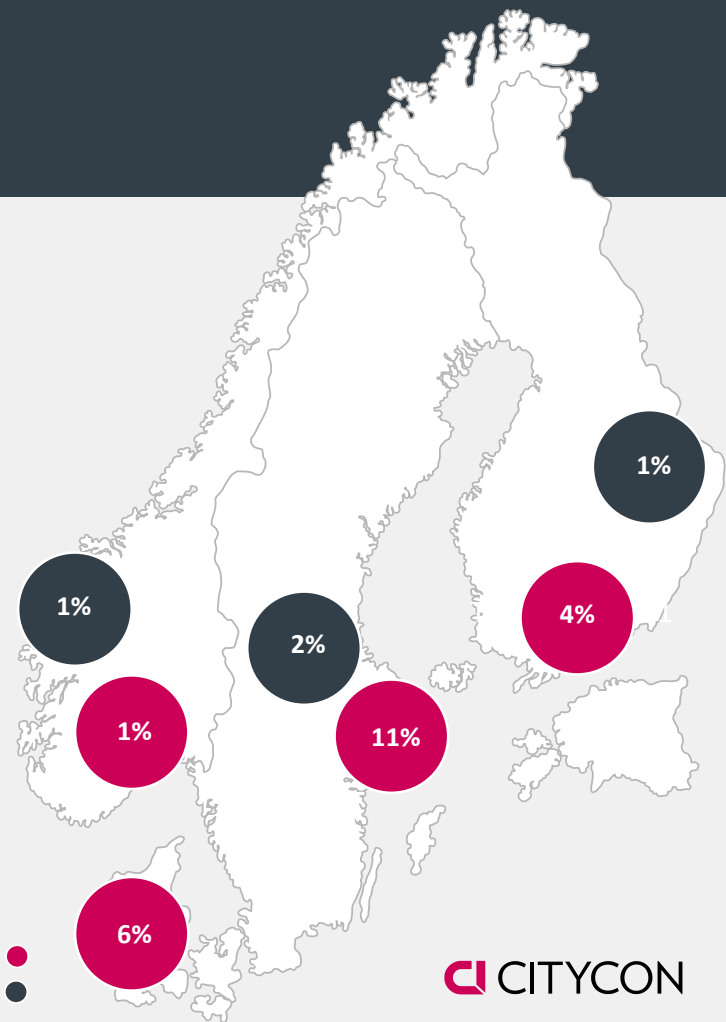
PEER 1 TOP 10 TENANTS	PEER 2 TOP 10 TENANTS
H&M	Victoria's Secret
Zara	H&M
Sephora	AMC
Primark	Zara
Bershka	Express
Celio	Macy's
Media World	Forever 21
McDonald's	Sephora
C&A	Apple
FNAC	American Eagle Outfitters
TOTAL 11.6%	TOTAL 14.8%

Source: Unibail-Rodamco-Westfield (top 10 US tenants), Klepierre Annual reports

PUBLIC SECTOR TENANTS - A GROWING PART OF OUR BUSINESS

	SWEDEN	NORWAY	FINLAND	ESTONIA	DENMARK	TOTAL
CREDIT RATING*	AAA	AAA	AA+	AA-	AAA	
MUNICIPAL/GOVERNMENTAL TENANTS						
Leased GLA	~35,000	~3,000	~14,000	~100	~3,000	~55,000
Share of total GRI %	11%	1%	4%	0%	6%	~4%
ALCOHOL MONOPOLY (ALKO, SYSTEMBOLAGET, VINMONOPOLET) TENANTS						
Leased GLA	~8,000	~6,000	~2,000	-	-	~16,000
Share of total GRI %	2%	1%	1%	-	-	~1%
SHARE OF TOTAL GLA%, MUNICIPAL AND ALCOHOL MONOPOLY TENANTS						~6%

*Source: S&P



Share of GRI (municipal tenants) ●
Share of GRI (alcohol monopolies) ●

IMPROVING SHORT-TERM PERFORMANCE





ACCELERATING OUR PERFORMANCE

WHAT WORKS WELL?

- Excellent and stable business model
- Talented and motivated personnel
- Excellent portfolio with densification opportunities

WHAT CAN BE FURTHER IMPROVED?

- More harmonized and structured processes
- More focus on asset management
- More focus on specialty leasing
- Capex allocation

FOCUS AREAS OF THE NEW MANAGEMENT FOR THE PAST 9 MONTHS

- Identifying asset management initiatives
- Reviewing development project organization and capital expenditure
- Ramping up specialty leasing organization

FOCUS ON IMPROVED ASSET MANAGEMENT ESSENTIAL FOR IMPROVING PERFORMANCE

INCREASED FOCUS ON ASSET MANAGEMENT

- First step: new organization introduced and implemented in H1/2019 to improve accountability and asset-level focus
- Second step: harmonize processes and procurement on a Nordic level to reduce costs
- Third step: maintain strict cost control going forward

1-6/2019

HEADCOUNT REDUCED TO 239 (250)

INCREASED FOCUS ON CAPITAL EXPENDITURE

- First step: Rigorous process implemented to review capital expenditure at all assets
- Second step: Optimize capital expenditure spend and allocate money based on need / return. Thorough post-mortem review of results.
- Third step: maintain strict capex control going forward

1-6/2019

CAPEX SPEND -18%

WE WILL GROW OUR SPECIALTY LEASING BUSINESS

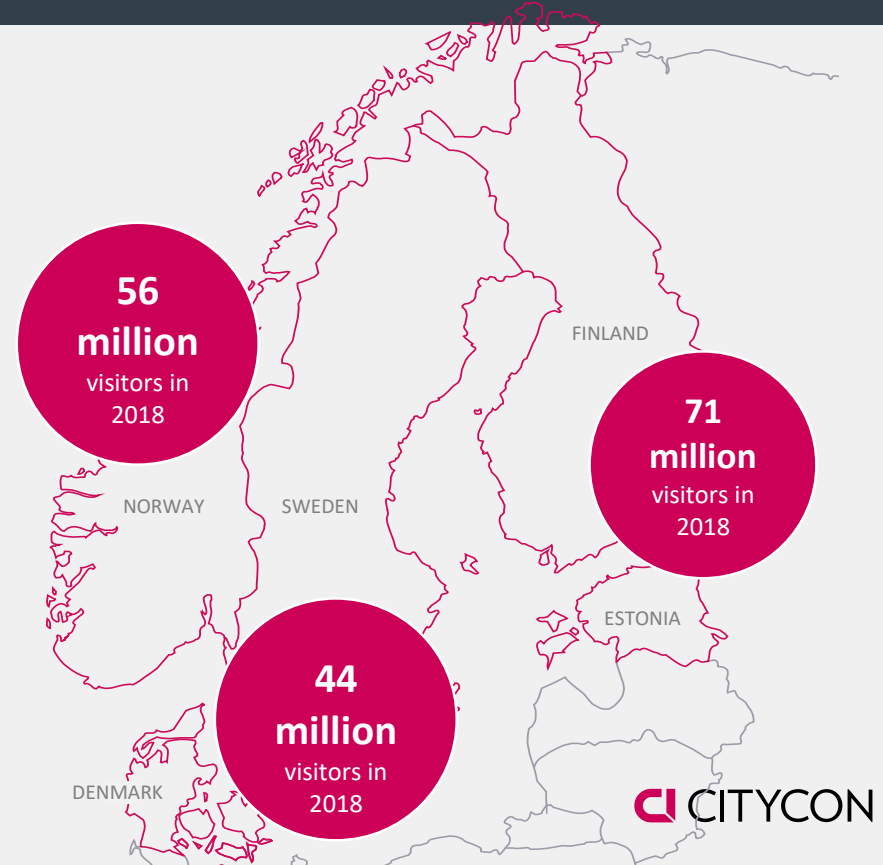
SPECIALTY LEASING

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

SALES SPLIT

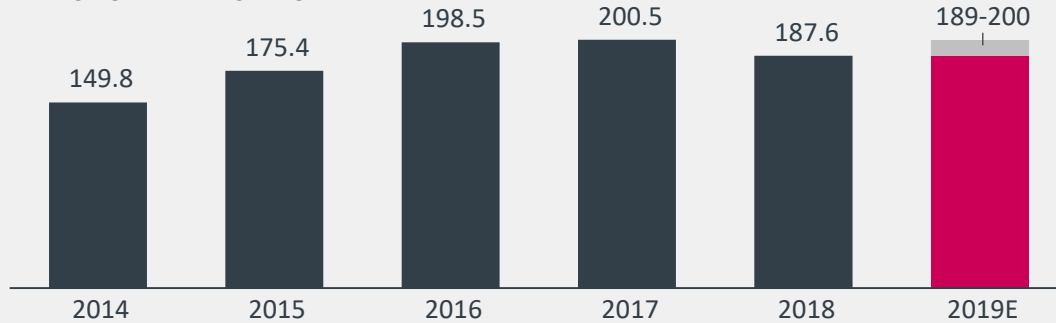
~50% MEDIA SALES / ~50 % COMMON AREA LEASING

170 million annual visitors offer significant potential to grow specialty leasing income

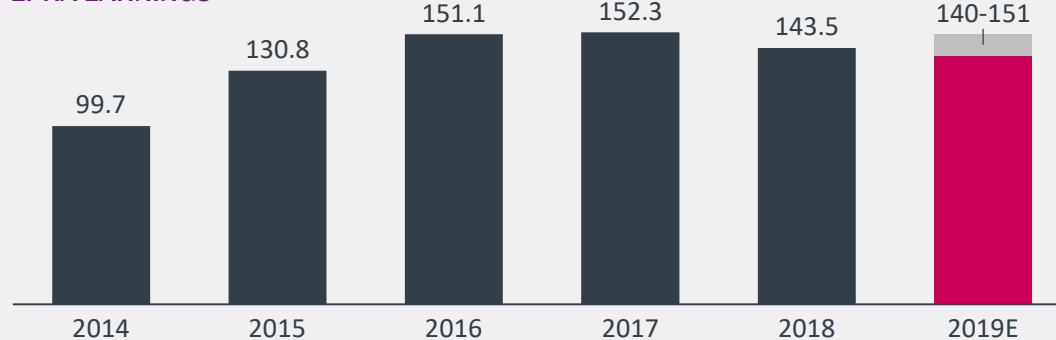


OUTLOOK FOR 2019 – INCLUDES THE ESTIMATED IMPACT FROM THE DIVESTMENT OF DUO AND ARABIA

DIRECT OPERATING PROFIT



EPRA EARNINGS



Direct operating profit
MEUR 189-200

EPRA Earnings
MEUR 140-151

EPRA EPS (basic)
EUR 0.785-0.850

Based on existing property portfolio. Guidance includes estimated impact from IFRS16.

LONG-TERM DENSIFICATION OPPORTUNITIES



ISO OMENA

METROASEMA
METROSTATION

LINJA-AUTOASEMA
BUSSTATION

PALVELUTORI
SERVICETORGET



CORE ASSET CRITERIA FOR CITYCON

NRI POTENTIAL OVER 5 YEARS

TOP 1 OR 2 CITY IN THE COUNTRY

VALUE-ADD POTENTIAL

IRREPLACEABLE LOCATION

CAPEX REQUIREMENTS

AREA DEMOGRAPHICS

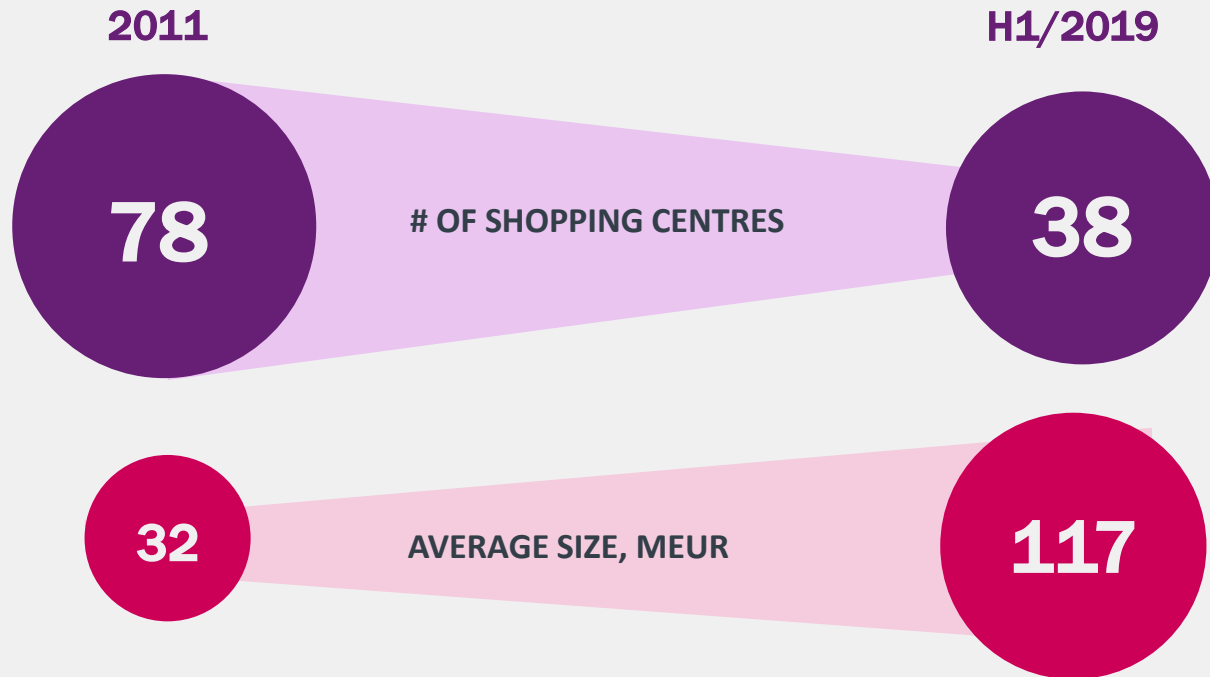
MINIMUM SIZE

DOMINANT CENTRE WITHIN ITS
CATCHMENT AREA

TENANT MIX

CONNECTION TO PUBLIC
TRANSPORTATION

A DRAMATICALLY DIFFERENT PORTFOLIO



OUR PERFORMANCE INDICATORS ARE SHOWING THE POSITIVE EFFECT OF OUR TRANSFORMATION AND DISPOSITION STRATEGY.

WE WILL CONTINUE OUR REPOSITIONING STRATEGY ALTHOUGH THE MAJORITY OF DISPOSALS HAVE ALREADY BEEN DONE.

THE SEVEN LARGEST ASSETS ACCOUNT FOR ~50% OF THE PORTFOLIO



ISO OMENA,
HELSINKI AREA



**LILJEHOLMSTORGET
GALLERIA, STOCKHOLM**



KISTA GALLERIA,
STOCKHOLM



OASEN,
BERGEN



ROCCA AL MARE,
TALLINN



HERKULES
SKIENS

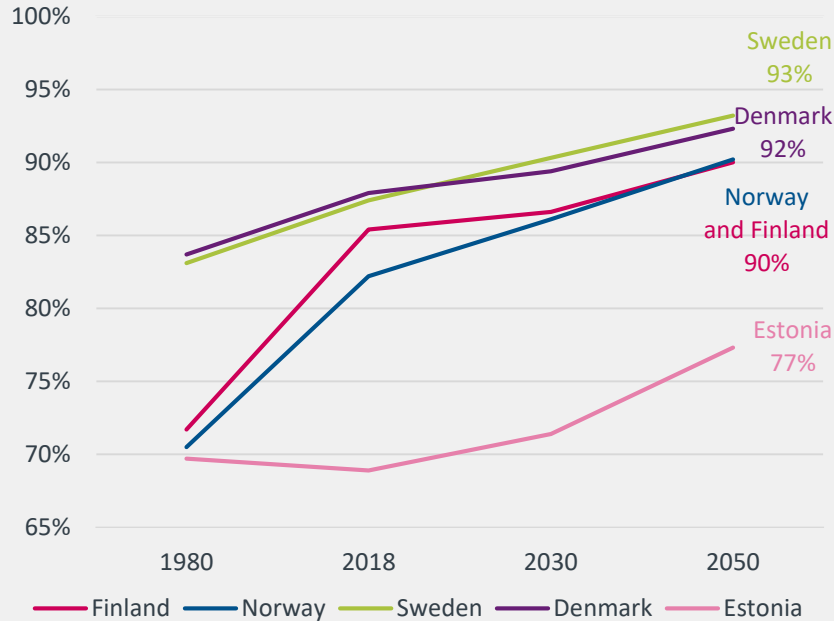


MYYRMANNI
HELSINKI AREA

GLA, sq.m.	100,900	41,100	92,500	57,000	57,600	49,300	40,400
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	~180

WE OPERATE IN THE FASTEST GROWING CITIES IN EUROPE WITH CONTINUED DEMAND FOR HOUSING

PERCENTAGE OF POPULATION IN URBAN AREAS



POPULATION GROWTH 2015–2035



LOCATIONS, WHICH PROVIDE GREAT DENSIFICATION POTENTIAL

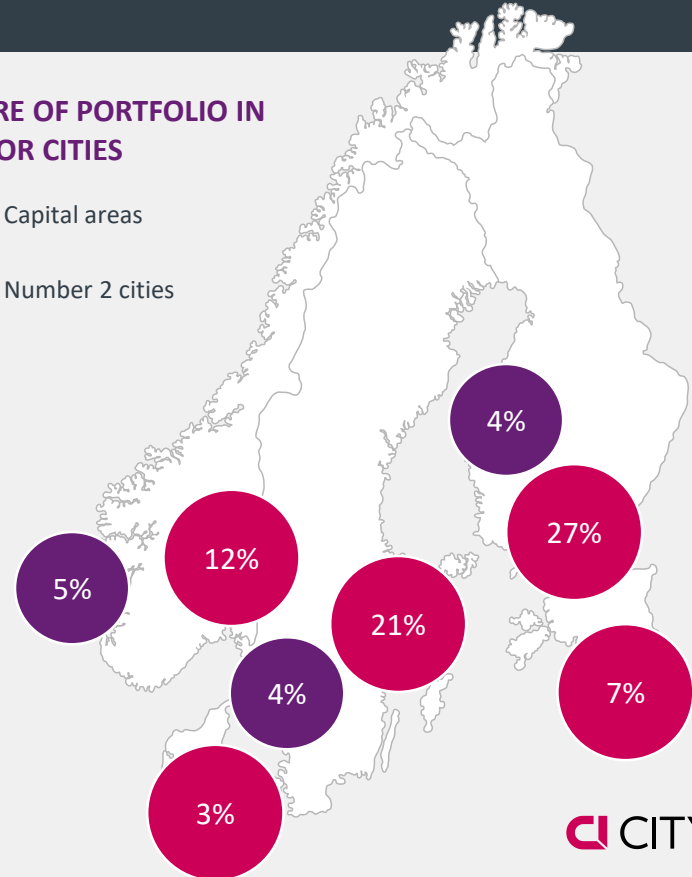
WE HAVE UNIQUE LOCATIONS IN THE MAJOR CITIES IN THE NORDICS

- 70% of assets* located in Nordic capital cities
- ~85% of assets* located in capital / second largest cities
- 160,000 people living within 10 minutes of each asset on average
- Purchasing power index is 106%

WEALTHY AND URBAN CATCHMENT AREAS PROVIDE SIGNIFICANT POTENTIAL DENSIFICATION POTENTIAL IN THE FORM OF RESIDENTIAL OR OFFICES

SHARE OF PORTFOLIO IN MAJOR CITIES

- Capital areas
- Number 2 cities



WE HAVE SIGNIFICANT OPPORTUNITIES TO CREATE FURTHER VALUE THROUGH DENSIFICATION

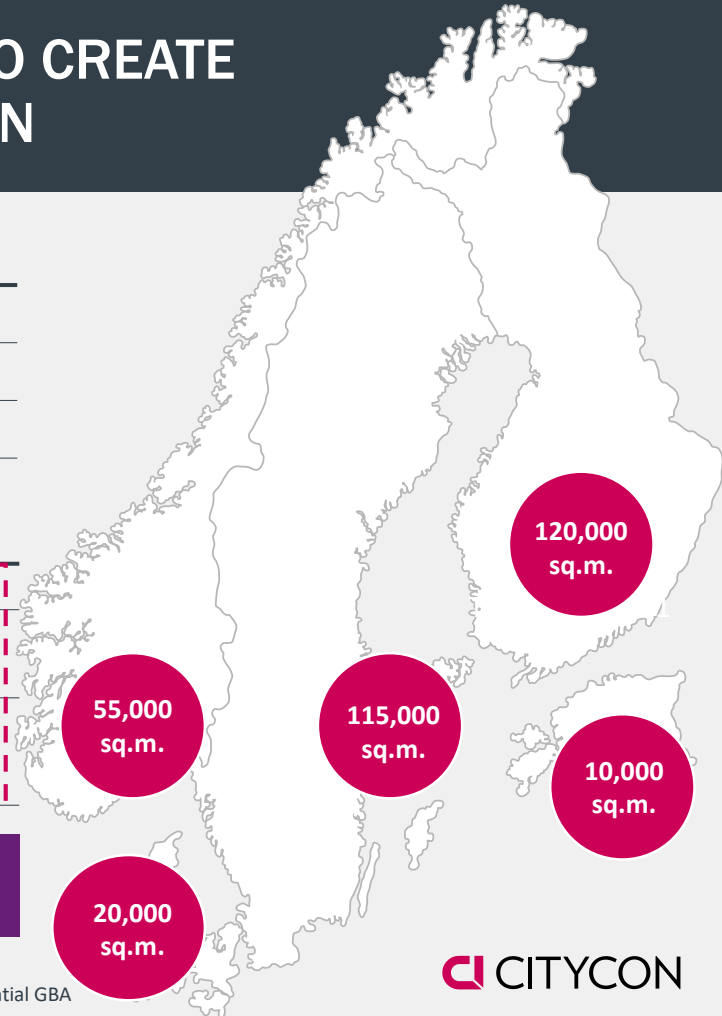
CURRENT RESIDENTIAL EXPOSURE

	SWEDEN	NORWAY	FINLAND	ESTONIA	DENMARK	TOTAL
Total GLA	~18,500	~400	~1,100	0	0	~20,000
Number of Units	539	3	28	0	0	570

POTENTIAL RESIDENTIAL EXPOSURE

	SWEDEN	NORWAY	FINLAND	ESTONIA	DENMARK	TOTAL
Potential Gross Building Area (approx.)	~115,000	~55,000	~120,000	~10,000	~20,000	~320,000
Number of potential Units if developed as apartments*	~1,560	~500	~2,000	~150	~300	~4,500

POTENTIAL GBA CAN EITHER BE DEVELOPED AS RESIDENTIAL OR OFFICES DEPENDING ON DEMAND AND MARKET SITUATION



OPTIONS TO REALIZE DENSIFICATION POTENTIAL

OWN DEVELOPMENT

- + Control of project planning and execution
- + Access to entire upside
- Execution risk
- Resource and capital requirements

JOINT VENTURE

- + Exchange of expertise
- + Risk distribution
- Shared upside

DIVESTMENT TO THIRD PARTY

- + Reduced capital risk
- + Minimized execution risk
- Handover of potential profit
- Losing control over general development of the site

OPTIMAL SOLUTION TO BE DECIDED CASE-BY-CASE

CASE: LILJEHOLMSTORGET GALLERIA IN STOCKHOLM HAS SIGNIFICANT DENSIFICATION POTENTIAL



LILJEHOLMSTORGET TODAY

- 10 minutes from central Stockholm in a growing neighbourhood
- 9.8 million visitors annually
- Integrated to public transportation
- Significant service and health care offering



LILJEHOLMSTORGET AFTER DENSIFICATION

- Mixed-use urban development project for office, hotel, F&B with complementary residential and retail
- Planned extension over rail tracks to increase size
- Up to 170 apartments
- Zoning estimated to be approved in 2021

LIPPULAIVA IS A GREAT EXAMPLE OF A MIXED-USE DEVELOPMENT

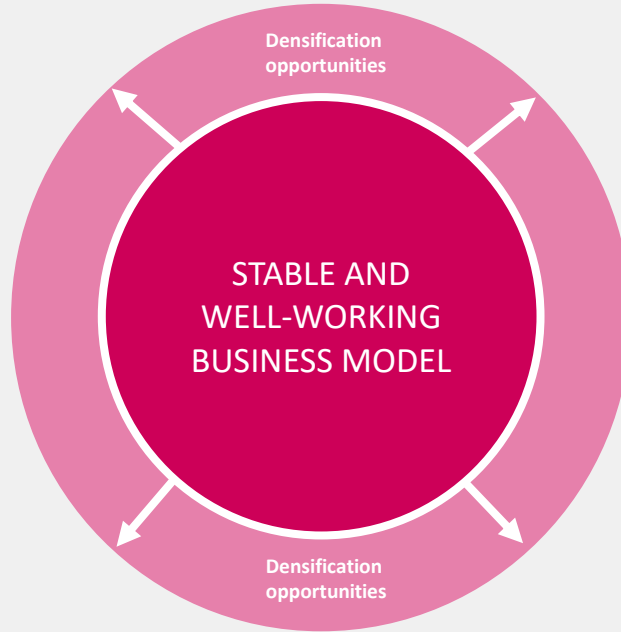
LIPPULAIVA

- Lippulaiva will become a strong convenience and service-based shopping centre in a growing neighbourhood
- Lippulaiva will be integrated to the new Western Metro and complemented by a bus terminal
- The new Lippulaiva will host around 80 different shops, cafés, restaurants and services in addition to municipal and healthcare facilities.
- Up to 8 residential buildings with around 450 apartments (~31,000 sqm of building rights).
- Shopping centre to be opened in spring 2022, residential buildings ready 2022-2024, estimated metro opening





DENSIFICATION OPPORTUNITIES ENABLE US TO MAKE GOOD EVEN GREATER



- The densification opportunities provide great additional value to our well-working and stable business model
- Densification opportunities will make our assets even stronger and diversify our income streams

An aerial photograph of a city, likely Kista, Sweden, showing a dense urban landscape with various apartment buildings and commercial structures. A large, stylized pink 'C' logo is positioned on the left side, and the word 'CITYCON' is written in large, white, semi-transparent letters across the center of the image. The background shows a mix of modern and older buildings, green spaces, and a highway on the right side.

C CITYCON

PICTURED: KISTA GALLERIA

SUMMARY





CONCLUSIONS

OPERATING ENVIRONMENT

- Retail is adapting to cater for changing consumer patterns
- Nordic countries provide a stable market environment

STABLE BUSINESS MODEL

- Diversified tenant and revenue mix, 85% of leases linked to indexation
- Growing importance of public sector tenants

SHORT-TERM PERFORMANCE IMPROVEMENT

- Increased focus on asset management. Maintain strict control on operating expenses and capital expenditure.
- Grow specialty leasing business significantly

LONG-TERM DENSIFICATION OPPORTUNITIES WITHIN THE PORTFOLIO

- Tremendous mixed-use potential by densification

THANK YOU.