

INCREASED FOCUS ON ASSET MANAGEMENT

CHIEF OPERATING OFFICER HENRICA GINSTRÖM

HENTEX

X

VÅRDHUSET

 CITYCON

**1.
IMPROVED
ASSET
MANAGEMENT
WITH NEW
ORGANIZATION**

**2.
MORE
DIVERSIFIED
TENANT
STRUCTURE**

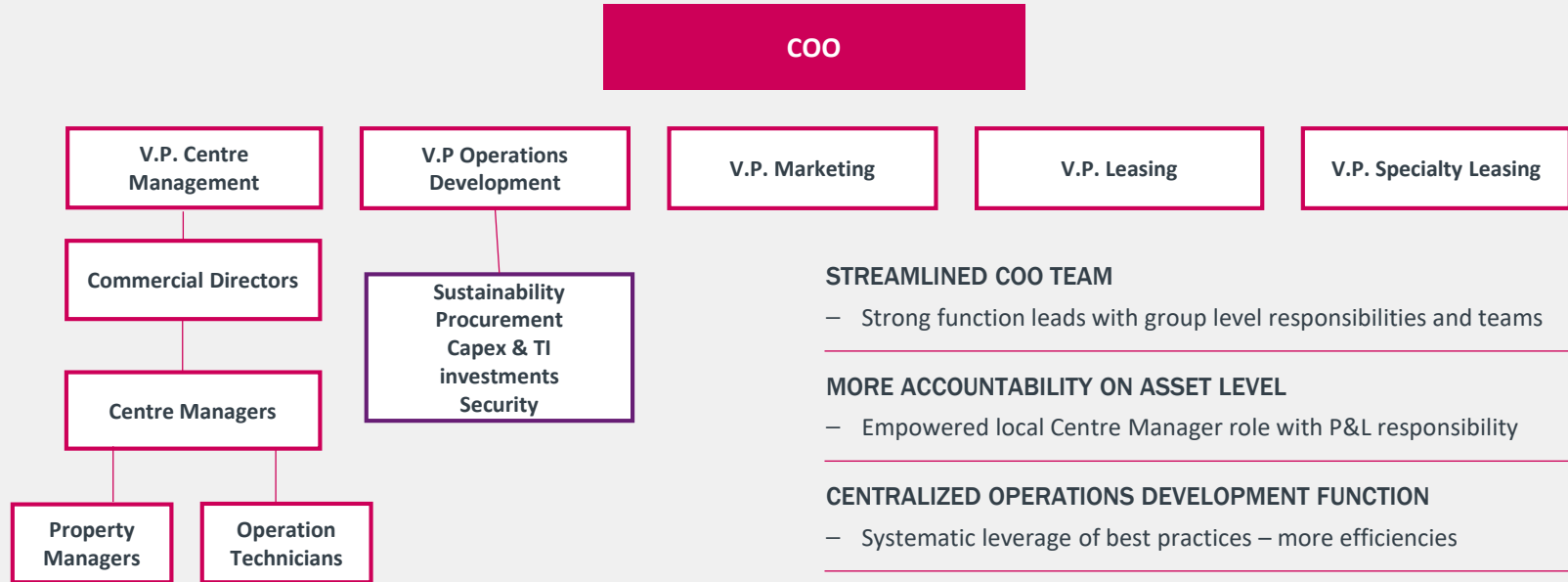
**3.
SPECIALTY
LEASING AS A
STRATEGIC DRIVER
FOR FUTURE
GROWTH**

**4.
CREATING
FUTURE VALUE
WITH CONCEPT
CHANGES**

NEW COO ORGANIZATION INTRODUCED



NEW COO ORGANIZATION – A COMBINATION OF GROUP LEVEL MANAGEMENT AND EMPOWERED LOCAL INSIGHT



STREAMLINED COO TEAM

- Strong function leads with group level responsibilities and teams

MORE ACCOUNTABILITY ON ASSET LEVEL

- Empowered local Centre Manager role with P&L responsibility

CENTRALIZED OPERATIONS DEVELOPMENT FUNCTION

- Systematic leverage of best practices – more efficiencies

LEASING AND SPECIALTY LEASING SEPARATED TO OWN FUNCTIONS

- Dedicated Nordic specialty leasing team

HIGHLY SKILLED AND EXPERIENCED PAN-NORDIC COO TEAM



**Sanna Yliniemi,
V.P. Operations
Development**

- Vast experience from the retail industry and shopping centre management
- Previously Commercial Director for the Iso Omena Cluster



**Jussi Vyyryläinen,
V.P. Leasing**

- Long experience in Nordic and international leasing
- Previously Head of Leasing for Citycon Finland and Sweden



**Magnus Bergman, V.P.
Center Management**

- Several decades of experience in shopping centre management and property development
- Has previously held several senior positions in Citycon Sweden



**Kathrine Knudsen Tilrem,
V.P. Specialty Leasing**

- Strong background in the Norwegian shopping centre business
- Previously Head of Leasing for Citycon Norway



**Peter Dimulkas,
V.P. Marketing**

- New recruitment, starting 9/2019
- More than 20 years of experience in marketing and sales in leading, global roles. Worked with implementing commercial strategies for e.g. Absolut Vodka, Elektrolux and Coca-Cola



OPERATIONAL EXCELLENCE – MORE THAN COST SAVINGS

TARGET: HARMONIZE PROCESSES, POLICIES AND PRACTICES

- One Citycon way of working
 - Improved customer journey. Common standards for e.g. security & safety, cleaning and maintenance
 - Shared best practices
-

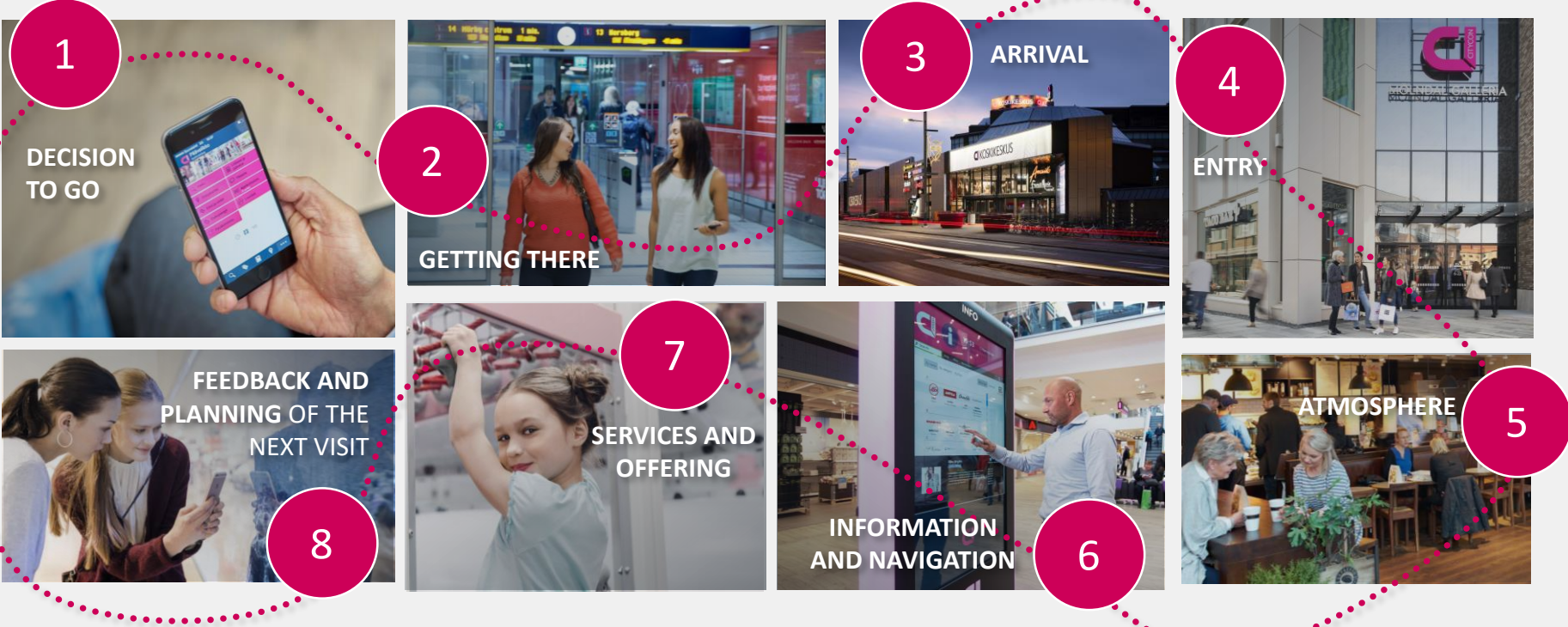
TARGET: CENTRALIZE PROCUREMENT

- Re-negotiating large frame contracts with fixed prices
 - Tighter and more structured co-operation with service providers
 - Centralized procurement and budgeting
-

TARGET: PRIORITIZE OPERATIONAL NEEDS

- Introduction of Leasing Committee and Investment Committee
 - Capex review across the portfolio, allocate money to where it adds value the most
 - Close cooperation with the property development team
-

CREATING GREAT AND CONSISTENT EXPERIENCES AT EVERY STEP OF THE CUSTOMER JOURNEY



LEASING UPDATE



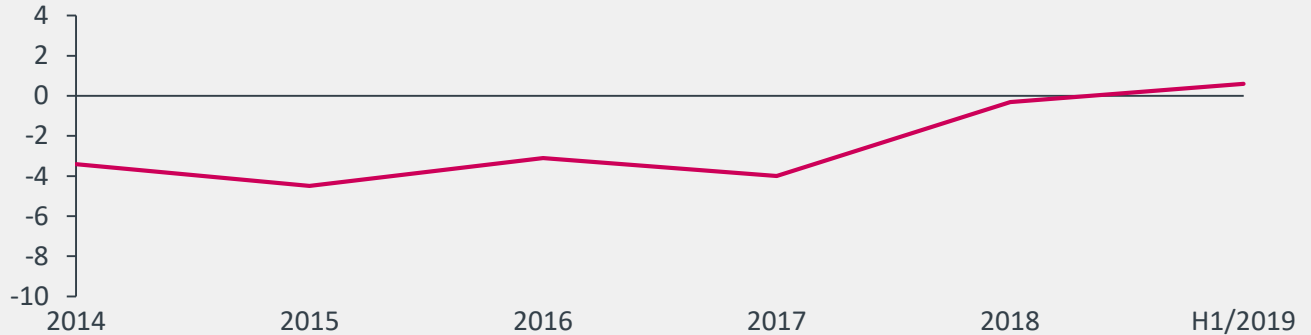


TREND IN LEASING SPREADS HAS CLEARLY IMPROVED

LEASING SPREAD DEVELOPMENT

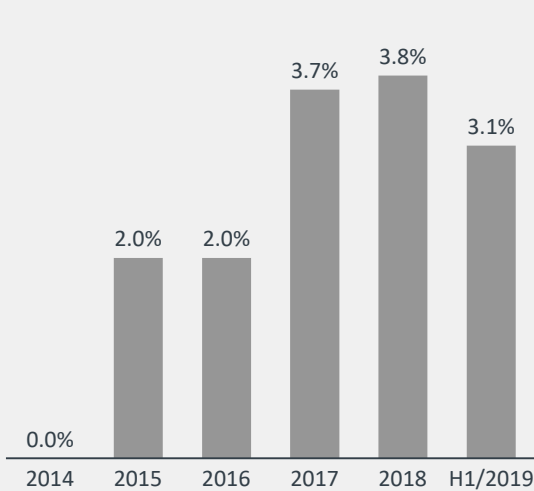
H1/2019:

- Clearly positive leasing spreads in Sweden and Norway
- Finland slightly negative

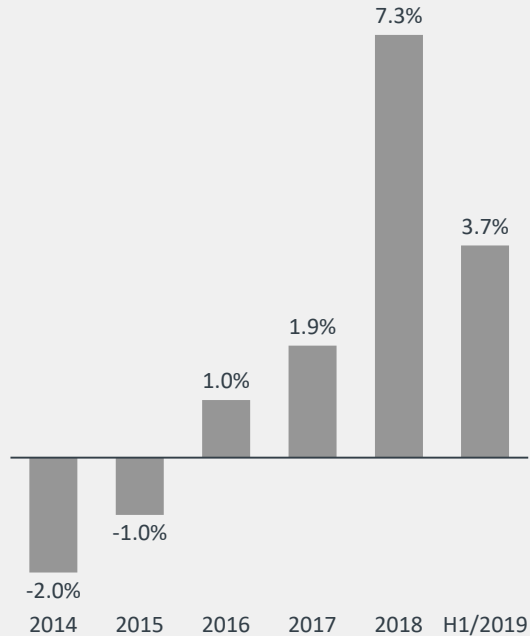


STRONG GROWTH IN FOOTFALL AND TENANT SALES

TENANT SALES DEVELOPMENT



FOOTFALL DEVELOPMENT



- Transformation and disposition strategy has clearly improved the average quality of our portfolio
- Our development projects have supported the footfall and tenant sales

















SHARE OF FASHION DECLINING, SERVICES AND F&B INCREASING

	SHARE OF RENTAL INCOME (GRI) 2015*	SHARE OF RENTAL INCOME (GRI) 2019/H1
Groceries	18 %	16%
Services and offices	10 %	14 %
Cafés and restaurants	8 %	9 %
Fashion and accessories	30 %	25 %
Wellness	4 %	4 %
Leisure	1 %	1 %
Residential and hotels	1 %	1 %
Specialty stores	2 %	1 %
Cosmetics and pharmacies	7 %	7 %
Home and sporting goods	20 %	19 %
Department stores	1 %	1 %

* Divested assets excluded

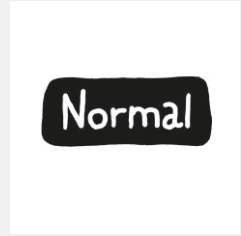


WE HAVE SIGNED MANY IMPORTANT NEW TENANTS

NEW LEASE AGREEMENT	ASSET	COUNTRY	OPENING
Lidl	Columbus		Spring 2020
Rusta	Kista Galleria		Spring 2020
Municipal tenant (Espoon Asunnot)	Iso Omena		Spring 2020
Public Service Square	Trio		End of 2019
F&B area M.E.E.T (several brands)	Kista Galleria		Fall 2019
New F&B area (e.g. KFC)	Kristiine		Fall 2019
Deichmann	Kristiine		Fall 2019
ICA Kvantum	Kista Galleria		August 2019
Lidl	Kista Galleria		June 2019
Joe & The Juice	Kista Galleria		June 2019
Afound	Kista Galleria		End of 2018
Renewed F&B (many brands)	Myyrmanni		End of 2018
JD Sports	Koskikeskus		End of 2018
Søstrene Grene	Down town		End of 2018



SEVERAL BRANDS HAVE OPENED IN THE NORDICS



SØSTRENE GRENE



SPECIALTY LEASING UPDATE



WE HAVE SIGNIFICANT POTENTIAL IN OUR SPECIALTY LEASING BUSINESS

SPECIALTY LEASING INCOME 6 MEUR P.A.

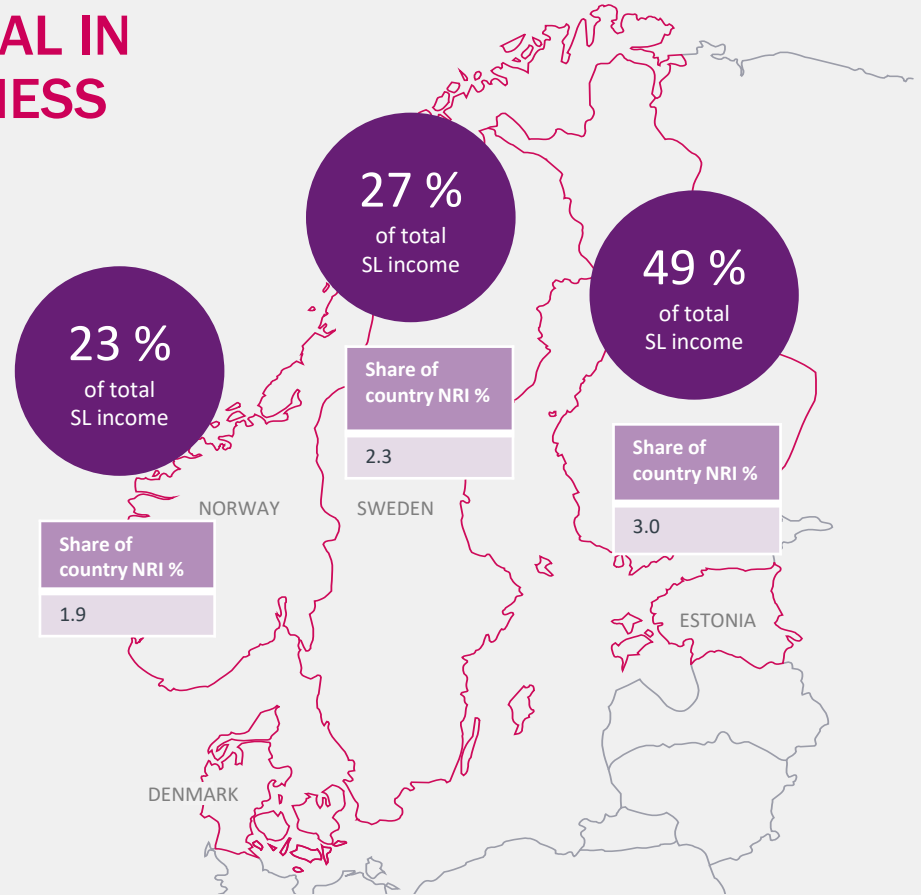
- 50 % of income today is common area leasing including pop-ups
- 50 % of income today is media sales, which is done both directly and via partners

AMBITIOUS GROWTH TARGETS

- 170 million visitors provide strong basis for specialty leasing opportunities
- Largest potential in common area leasing
- Sweden and Norway lagging behind Finland, large growth opportunities

NEXT ACTION POINTS

- Mapping out new GLA in the highest trafficked areas and creating appropriate pricing structure





WHY SPECIALTY LEASING IS OUR FOCUS AREA?

CAPITALIZING ON THE ANNUAL FOOTFALL OF 170 MILLION VISITORS

- Creating new GLA
-

WAY TO FIND TOMORROW'S SUCCESSFUL TENANTS

- Test laboratory for new concepts in the most central and visible locations
-

LOWER RISK FOR US AND FOR TENANTS

- Enables us to introduce and pilot also niche concepts
-

SEASONAL PRODUCTS

- Nordics have four clear seasons in addition to holiday periods
-

BANDWAGONING WITH SHORT-TERM TRENDS

- Utilizing “Pokémon Go” effect
-

STRONG COLLABORATION WITH MARKETING

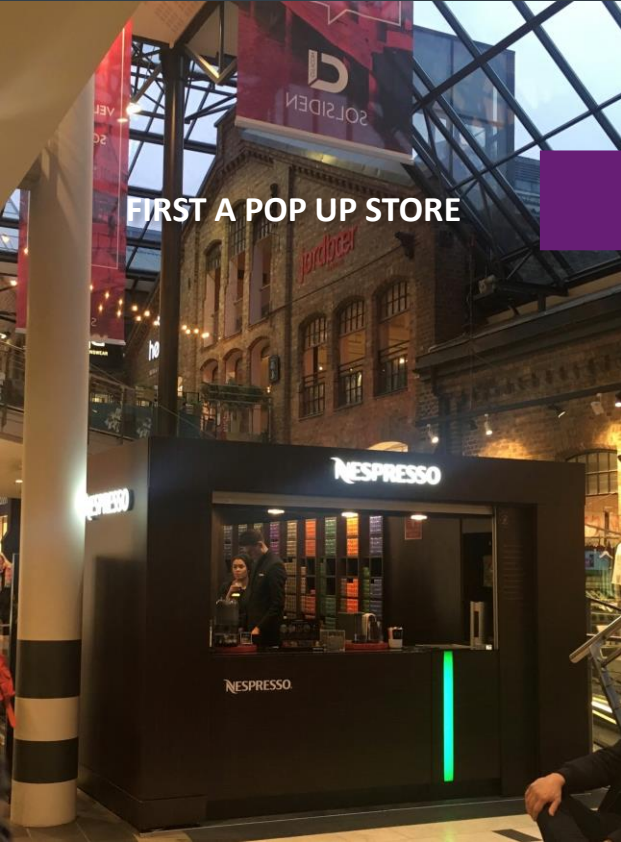
- Visual merchandizing and partnerships with brands
-

CASE: CINNABON POP UP IN KISTA GALLERIA

- Introducing a strong international F&B brand to the Swedish market
- Excellent store location -> rent/sq.m. almost triple compared to average F&B rent level in Kista Galleria
- Providing new experiences for the customers



CASE: NESPRESSO IN SOLSIDEN



FIRST A POP UP STORE



NOW A PERMANENT
TENANT



IMPROVING ASSET MANAGEMENT WITH CONCEPT CHANGES



CASE KISTA: TWO NEW GROCERY STORES AND ENHANCED F&B OFFERING



Kista Lidl
Sweden's best
selling Lidl store
during the first
month after
opening



Introducing
Iso Omena's
successful F&B
concept M.E.E.T
in fall 2019

	Share of GLA 2018	Share of GLA 2019
Groceries	~6 %	~9 %

CASE COLUMBUS: FOCUS ON DAILY SHOPPING WITH THIRD GROCERY ANCHOR

	Share of GLA 2017	Share of GLA by 2020
Groceries	~50 %	>55 %
Fashion and accessorize	~7 %	<4 %

COLUMBUS

- Third grocery store Lidl to open in 2020
- Largest grocery offering in Eastern Helsinki
- Reducing share of fashion and specialty retail
- Growing catchment area – major residential development projects to be launched next to the shopping centre

CASE TRIO: MUNICIPAL SERVICE SQUARE AS A NEW ANCHOR TENANT



- New 1,000 sq.m. public service square to open in the fall 2019. Possibility to extend significantly in the future
- Successful concept familiar from Iso Omena
- Many city services, including social and family services, to be located in our shopping centre
- A first kick to more comprehensive development actions in Trio

CASE KRISTIINE: ENHANCED F&B AND ENTERTAINMENT OFFERING, REFURBISHED INTERIOR AND ENTRANCES



	Share of GLA 2018	Share of GLA by 2019
F&B	~5 %	~12 %



CASE KOLBOTN TORG: TWO NEW F&B TENANTS IMPROVED THE COMMERCIAL APPEAL

	Share of GLA 2018	Share of GLA by 2019
F&B	~6 %	~10 %

The shopping centre footfall has grown by 23 % after the openings

Espresso House

- Spillover effect on other tenants e.g. neighboring tenant +12 %
- Attracts especially younger customers to spend time in the shopping centre

O'Learys

- Drives significant footfall, over 7,000 customers /mth
- A meeting point for the local community (both families and evening customers)

SAFETY AND SUSTAINABILITY AT THE HEART OF OUR OPERATIONS



ISO OMENA

METROASEMA
METROSTATION

LINJA-AUTOASEMA
BUSSTATION

PALVELUTORI
SERVICETORGET

OUR SUSTAINABILITY STRATEGY

CARBON NEUTRAL

- Citycon is carbon neutral by 2030

ACCESSIBLE

- 100% of assets are connected to public transportation, encouraging green ways to visit our centres

CONVENIENT AND SAFE

- Tenant satisfaction stays consistently above 90% in areas of safety, security, hospitality and service-mindedness.



Citycon puts best sustainability practices into effect by following a clear roadmap and monitoring success



WE HAVE MADE GOOD PROGRESS IN SUSTAINABILITY MATTERS

- 47 %

GREENHOUSE GAS
INTENSITY FROM BASELINE
2014 (KGCO₂E/SQ.M.)

- 4 %

ENERGY INTENSITY FROM
BASELINE 2014
(KWH/SQ.M.)

- 49 %

CLIMATE CHANGE IMPACT
FROM BASELINE 2014
(TCO₂E)

100 %

SHARE OF RENEWABLE
ELECTRICITY USED FOR OWN
CONSUMPTION

82 %

SATISFIED TENANTS

84 %

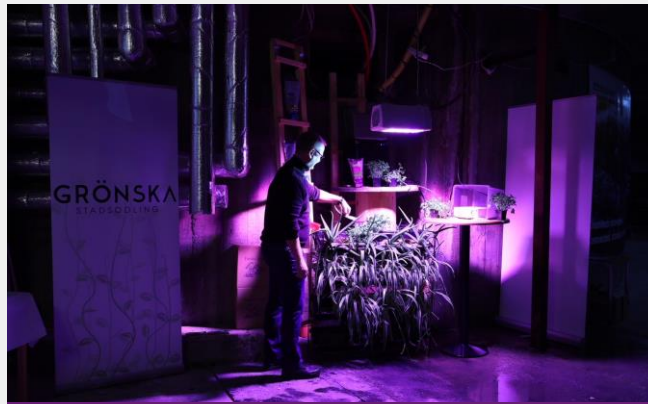
OF PORTFOLIO (MEASURED
BY GLA) BREEAM IN-USE
CERTIFIED

URBAN SHOPPING CENTERS ARE NATURAL PLATFORMS FOR SURROUNDING COMMUNITIES – 733 LOCAL EVENTS IN 2018



Partnerships with NGO's

Long-term cooperation with Finnish NGO Nuorten palvelu (=Youth Service) to enhance the well-being of youngsters that spend time in our centers. NGO has e.g. trained security guards that are specialized in helping youngsters.



For the community and environment

Underground farming unit provides jobs for long-term unemployed people. It's placed in the former storage area at the basement of Högdalen Centrum.



The coolest library as a community meeting point

A new library in Stovner Senter with a unique interior design and atmosphere. It has established its position as the heart of the surrounding community.

INTERNATIONAL SAFETY CERTIFICATES ARE A WAY TO BENCHMARK AND DEVELOP OUR PRACTICES

7 of our largest assets have received International Safe Shopping Centre Certifications



CASE: BUSKERUD – MAJOR COST SAVINGS AND IMPROVED ENERGY EFFICIENCY

Energy consumption -54%
(2011-2018).
Annual energy savings 0.8 MEUR

Investment
payback
time < 4
years

- Outdated HVAC systems were replaced with modern technology
- CO₂ used as refrigerant
- Led lightning
- All excess heat is recovered from the cooling systems of the grocery stores



THANK YOU.