



# Leading owner, manager and developer of Nordic retail hubs

## Key information

Net rental income (EUR million)	195.7
Number of shopping centers*	33
Centers connected to public transportation	100%
Visitors per year (million)	120
GLA (million sqm)	1.1
Portfolio value (EUR billion)*	4.0
Weighted average yield requirement	6.0%
WAULT (years)	3.6
Retail occupancy rate	96.0%
Rent collection	99%
Investment grade credit ratings	BBB-

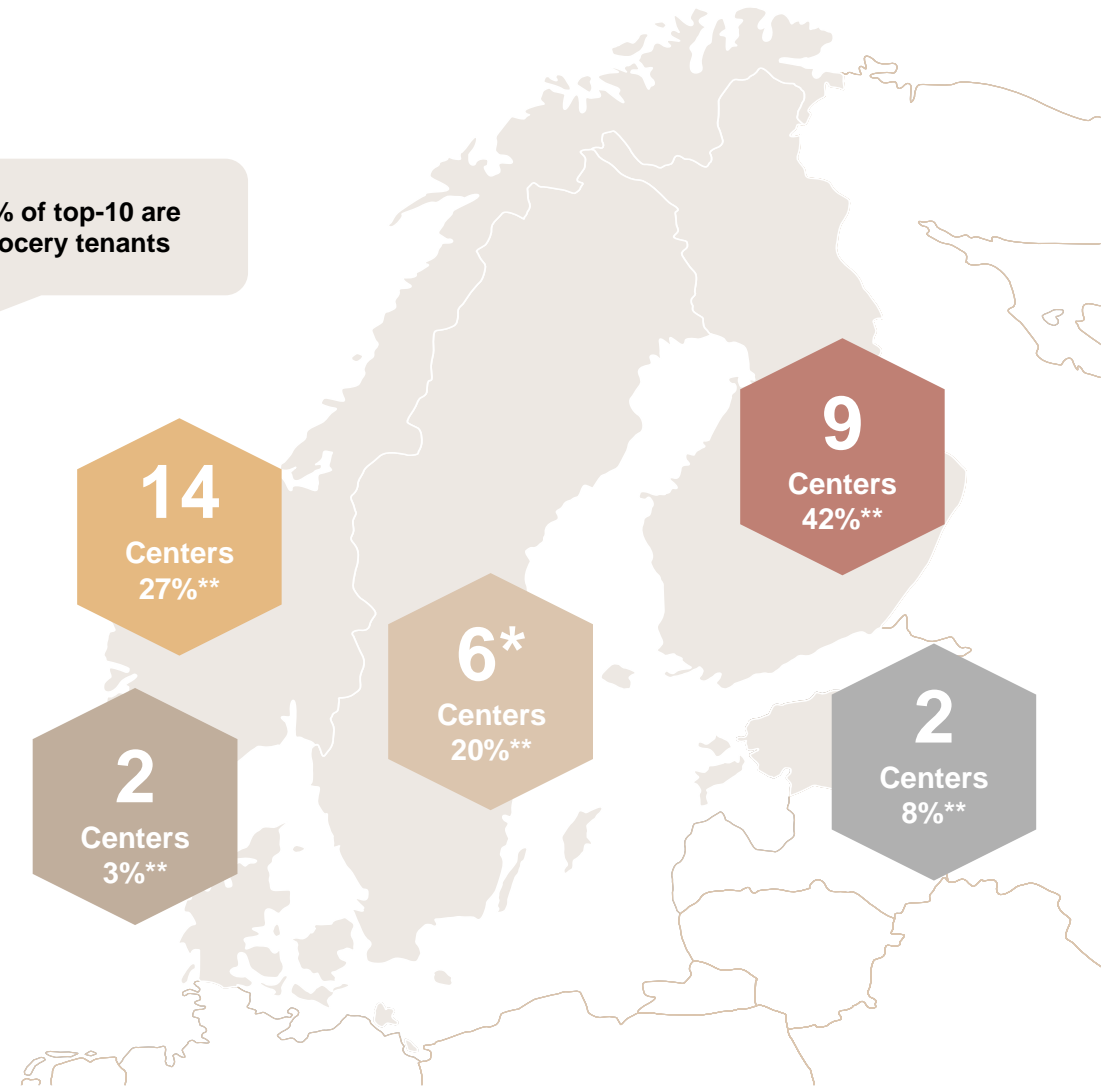
## Top-10 tenants (% of GRI, Q4/2023)

<b>S Group</b>	<b>6.3 %</b>
<b>Kesko Group</b>	<b>5.2 %</b>
Varner Group	2.7 %
<b>Norgesgruppen</b>	<b>2.2 %</b>
<b>ICA Group</b>	<b>1.8 %</b>
<b>Coop</b>	<b>1.6 %</b>
Stockmann Group	1.5 %
H&M	1.5 %
Clas Ohlson	1.4 %
KappAhl	1.3 %

50% of top-10 are grocery tenants

Groceries, public sector and healthcare tenants represent significant portion of the GLA, giving us excellent credit tenants

Resilient business model which outperformed during the pandemic – inflation protection with indexation of rents



\*\*% of the total portfolio

\*Including 50% Kista Galleria

# Action plan for 2024

## Focus on top 12 core assets in core markets with new EUR 950 million divestment target over the next 24 months

- Expanding the previously disclosed 380 million **divestment target** by the end of 2024

## Expense management to offset increase in financing cost

- Consolidating all corporate functions in suburban Helsinki
- Reducing **G&A overhead** to annual run rate less than 10% of NRI by year-end 2024
- Significant reduction of **operating expenses**
- Improving the recovery percentage of service charges
- **Capex** to be materially lower in 2024 (EUR 30 million) than prior years (EUR 96 million in 2023)

## Completion of current projects

1. In Myyrmanni, the opening of 7,300 sq.m. Prisma
  - Results in the centre being practically fully leased with approx. 60% of tenant mix dedicated to grocery
2. In Rocca al Mare, we are underway with the addition of the Selver grocery store as well as an 1,800 sq.m. gym
  - These will open by August 2024
3. In Iso Omena, we will open the first Nike Rise concept store in Finland
4. Albertslund centrum in Copenhagen will open a Lidl grocery store in summer 2024



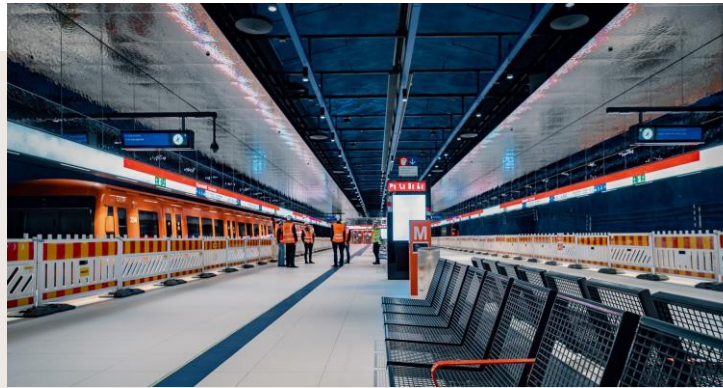
# Necessity-based last-mile logistics hubs increase stability

## Dense and growing locations



Densely populated **urban locations** in the largest and fast-growing cities in the Nordics

## Convenient, everyday use throughout cycles



All Citycon's centers connected to **public transportation**

## Top credit tenants with low OCRs



**Grocery anchored centers** with a large share of necessity and municipal tenants

# Citycon is well positioned for the inflationary environment

## 93% of rents tied to indexation

- Meaningful organic growth for net rental income
- Growth of which will compound and grow exponentially

## Low occupancy cost ratio of 9.5%

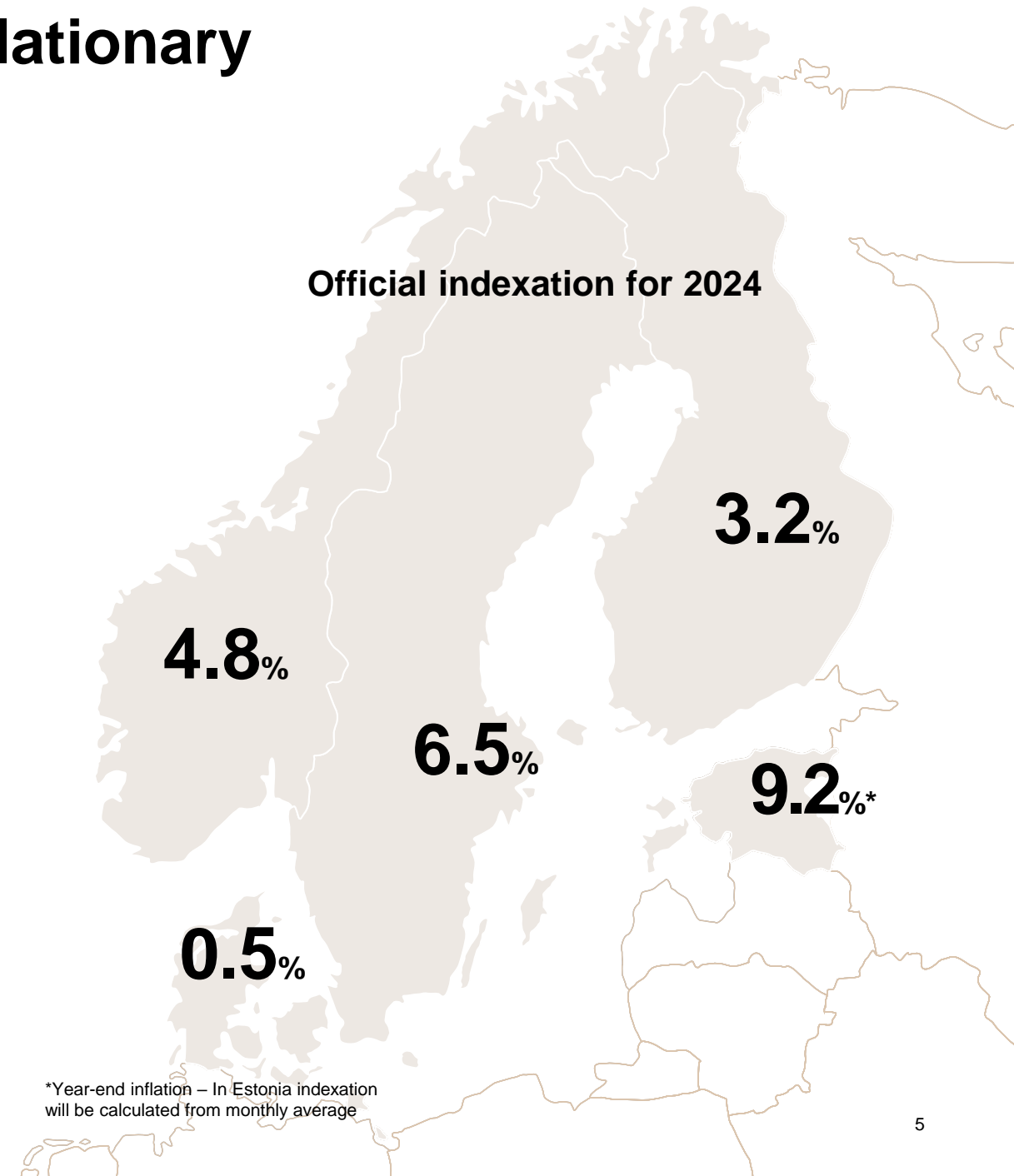
- Inclusive of service charges
- Tenants have some of the lowest OCR
- Ample headroom for rent growth

## Necessity-based last-mile logistics hubs

- 39% of our tenants are necessity based
- With majority of our top tenants consisting of high credit grocers and Nordic municipalities, current tenant mix is well positioned to absorb indexation increases

**Citycon will be the beneficiary of an inflationary environment and is the most resilient against a consumer dealing with inflation**

## Official indexation for 2024



\*Year-end inflation – In Estonia indexation will be calculated from monthly average

# Necessity-based tenant strategy provides stability

## Future proofing tenant mix

- Adding more groceries, services, including municipal tenants, gyms, healthcare, quality F&B, and discounters
- Share of groceries already at 19% of GRI

## Why do we like necessity-based?

- Better credit worthiness
- Longer leases
- Footfall drivers
- Larger units, less fluctuation and vacancy
- Consistent market demand
- Lease prolongation more probable
- Benefits of clustering on the whole centre





## → Cash flow stability

**Necessity based tenants represents  
~39% of the tenant portfolio**

## Increased share of groceries, services and F&B

(% of GRI)	2015	Q4/2023	
<b>Groceries</b>	18%	19%	↑
<b>Services and Offices</b>	10%	15%	↑
<b>Cafes and Restaurants</b>	8%	10%	↑
<b>Cosmetics and Pharmacies</b>	8%	9%	↑
Fashion	30%	19%	↓
Home and Sporting Goods	20%	18%	
Wellness	4%	5%	
Specialty Stores	2%	2%	
Residential and Hotels	1%	2%	
Leisure	1%	1%	

# High share of groceries and low share of fashion de-risks the business

	Average rent	Average lease term
 Groceries	23.0 EUR/sqm	>5 years
 Services and Offices	22.5 EUR/sqm	~4 years
 Cafes and Restaurants	32.4 EUR/sqm	~4 years
 Fashion	22.6 EUR/sqm	<2 years
<b>TOTAL*</b>	<b>23.7 EUR/sqm</b>	<b>3.4 years</b>

\*Includes all subcategories (home and sporting goods, cosmetics and pharmacies, wellness, residential and hotels, specialty stores and leisure)



# Asset management continues to implement strategy

## Case Myyrmanni:

- Opened 1,800 sqm Lidl in the basement and enlarged current supermarket to a 7,300 sqm Prisma hypermarket.
- replacing under-performing and low rent paying fashion tenants with daily necessities. More stable cash flow.
- stronger footfall, positive spillover effects on other tenants.
- center in good position to cater to the growing residential development in the area including Isomyyri.
- yield compression and valuation gains.

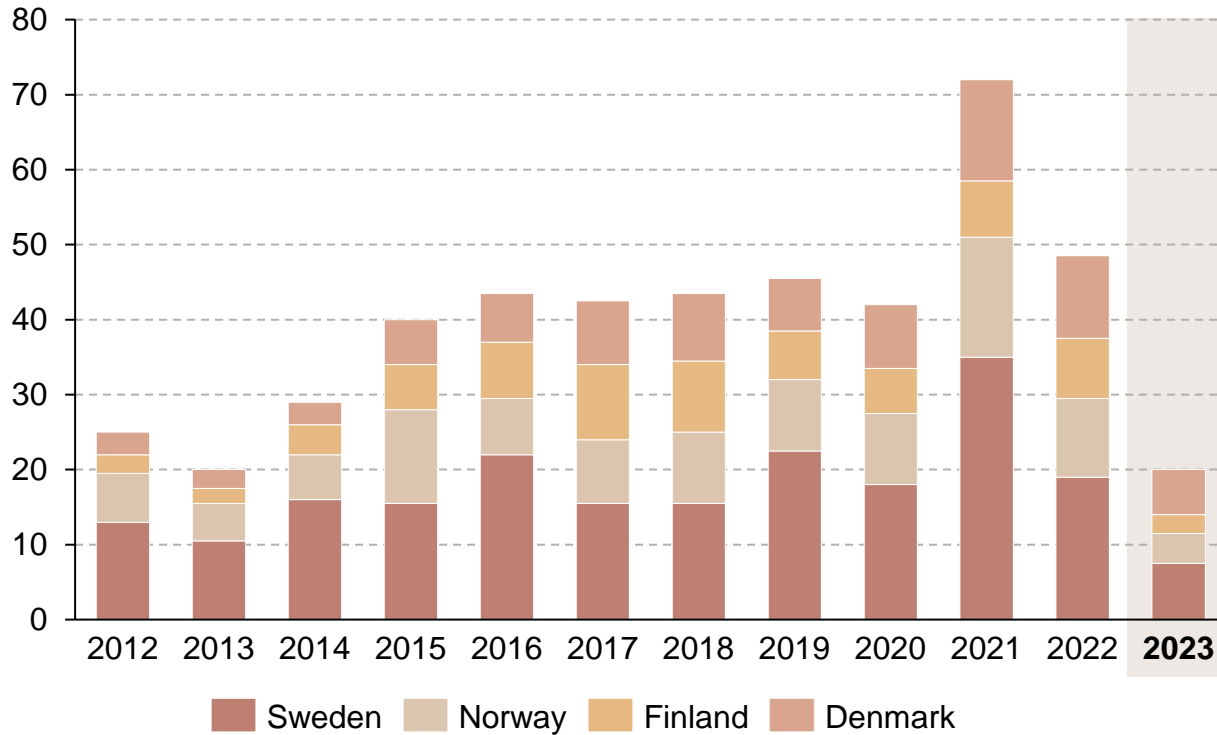
Share of GLA (after)		
Groceries	↑	> 50%
Fashion	↓	< 3%





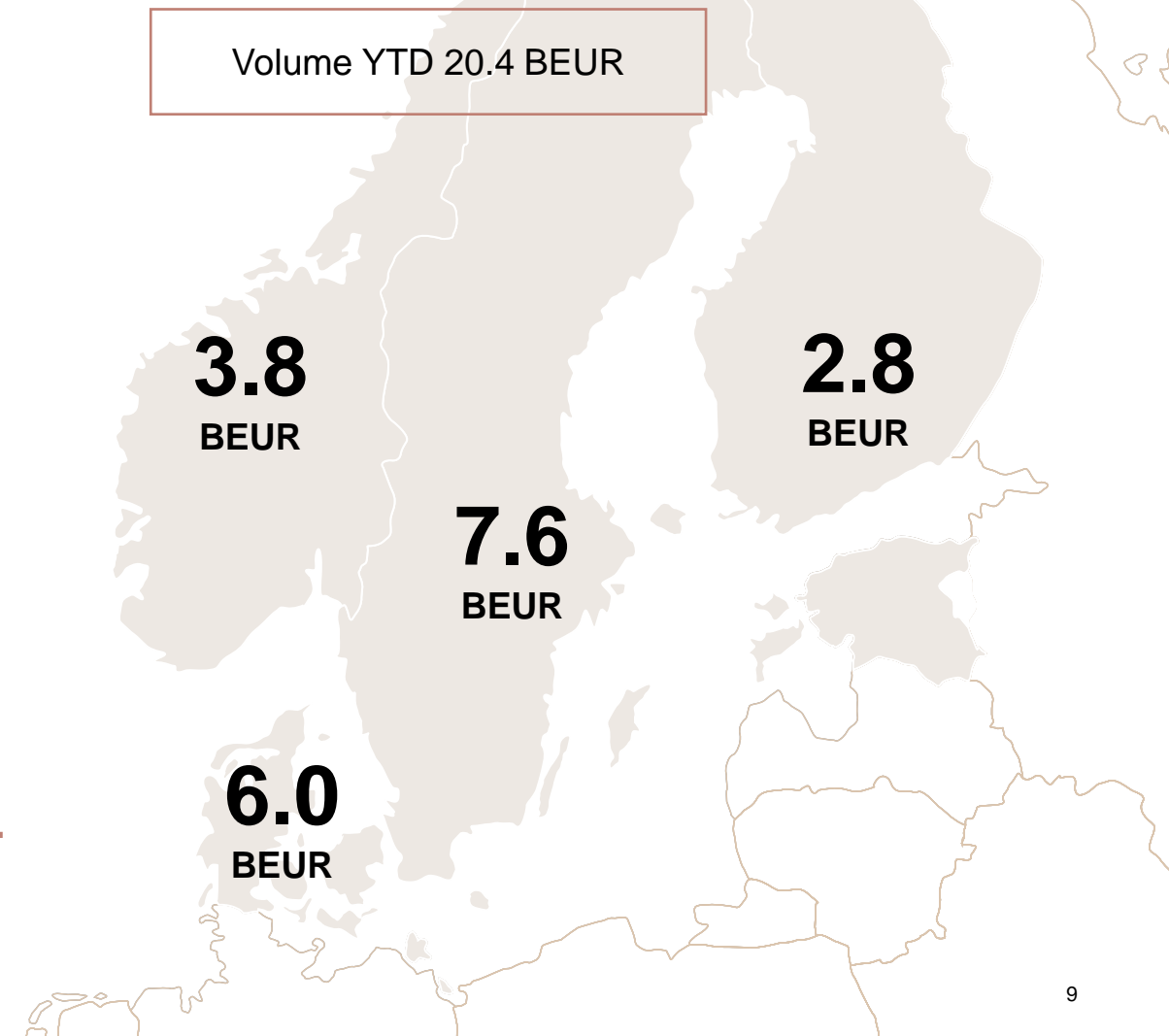
# Nordic investment market – sentiment turning

Low transaction volume of EUR 20bn in 2023 but 2024 looks more active\*



Citycon has sold 4 assets for EUR 266 million since 2022.  
 EUR 950 million divestment target over the next 24 months.

The Nordic property market – volume by country



# Top third of European climate leader across all sectors

## **3<sup>rd</sup> consecutive Financial Times' European Climate Leaders**

- Most GHG emissions reduction relative to 2016–2021 revenues

## **1<sup>st</sup> real estate company in Finland to join science-based targets initiative**

- Committed to reduce GHG emissions in line with 1.5°C Paris goal

## **Nordic leader with long track records of sustainable financing**

- Green financing framework set up originally in November 2019 and updated in March 2023
- EUR 1.0 billion green issuances under the green financing framework and additional SEK 1.0 billion green term loan related to Liljeholmen shopping centre
- EUR 400 million RCF & EUR 250 million term loan, both sustainability linked, linking the margin to achieving three of Citycon's main environmental targets
- In July 2023, Citycon was the first Finnish issuer to issue a Green Commercial Paper in the Finnish commercial paper markets
- Senior and hybrid bond issued in green format in 2021





**275\***  
 APARTMENTS CAME  
 ONLINE 2022-2023

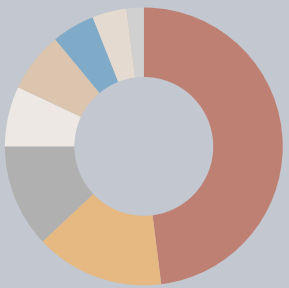
**LIPPULAIVA - Prime example of Citycon's sustainability efforts**

**Flagship of local energy production**

Lippulaiva the flagship of local energy production Lippulaiva will be the flagship of local energy production, as the largest geothermal heating and cooling facility for a commercial building in Europe has been built under the centre, and it generates carbon-free energy to meet almost the entire heating and cooling needs of the centre. Lippulaiva is nearly a zero-energy building which has been designed in accordance with the LEED Gold standard.

Lippulaiva's electricity consumption is optimised with a smart system that manages a wide range of the centre's electricity consumption areas as well as a backup generator and a large electric battery. Includes also an option to sell back to grid the excess energy.

The Espoonlahti metro station and bus terminal connected to the centre, excellent bicycle connections in the area and environmentally friendly solutions contribute to the reduction of environmental impacts.



- Groceries 48%
- Services and offices 15%
- Home and sporting goods 12%
- Restaurants 7%
- Wellness 7%
- Cosmetics and pharmacies 5%
- Fashion 4%
- Speciality stores 2%

**“Necessity-based urban hub with 48% of groceries”**



**“Lippulaiva has some of the most advanced energy solutions in the world”**

GEOENERGY WELLS	SOLAR PANELS (sq.m.)	GREEN ROOFS (sq.m.)
<b>171</b>	<b>2,400</b>	<b>3,500</b>

**World's first retail centre to be awarded Smart Building's Gold certificate**

\*The 275 apartments are owned by Citycon. The overall project includes eight towers containing 560 apartments (two out of the eight towers are still in the planning phase).

# Financials

# Citycon Q1-Q4/2023 - comparable FX rates

**+6.5%**

Like-for-like NRI growth in Q1-Q4/2023  
(vs. Q1-Q4/2022)

**+6.0%**

Standing NRI growth in Q1-Q4/2023  
(vs. Q1-Q4/2022)

**+3.4%**

Like-for-like tenant sales increase  
(vs. Q1-Q4/2022)

**+1.8%**

Like-for-like footfall increase  
(vs. Q1-Q4/2022)

**99%**

Rent collection in Q1-Q4/2023

**+1.6€&**

**24.0€**

Increase & avg rent/sq.m.  
(vs. Q1-Q4/2022)

**+60bps &**

**96.0%**

Increase & occupancy rate  
(vs. Q4/2022)

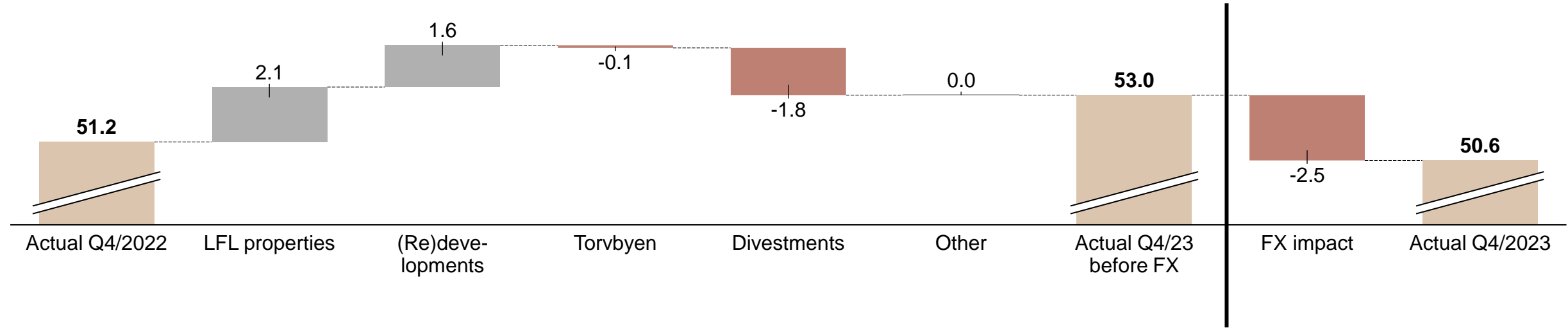
# Q1-Q4/2023 financials

**+6.5 %**  
Like-for-like NRI increase

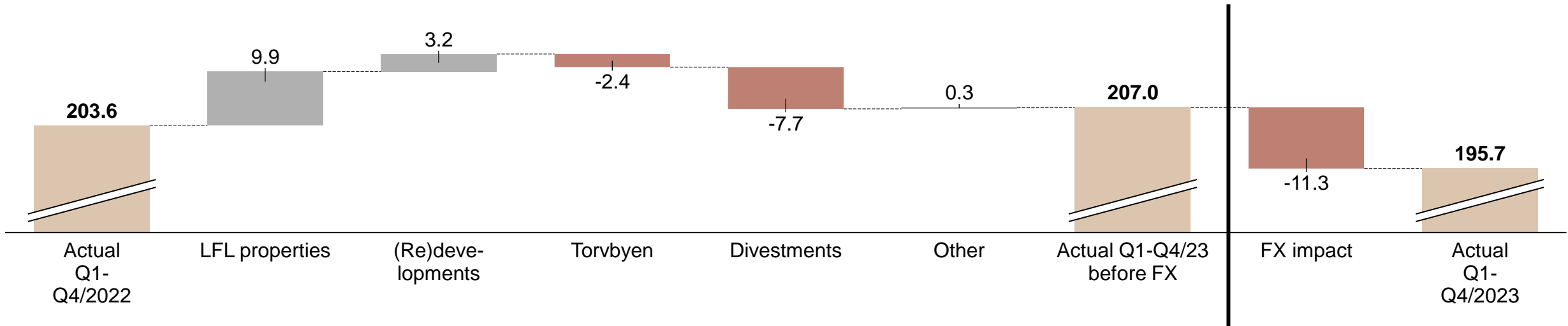
EUR million	Standing*				All			
	Q1-Q4/2023	Q1-Q4/2022	Change (%)	FX Adjusted %	Q1-Q4/2023	Q1-Q4/2022	Change (%)	FX Adjusted %
<b>NRI</b>	<b>195.7</b>	<b>195.1</b>	<b>0.3 %</b>	<b>6.0 %</b>	<b>195.7</b>	<b>203.6</b>	<b>-3.9 %</b>	<b>1.7 %</b>
<b>Direct operating profit</b>	<b>164.9</b>	<b>166.2</b>	<b>-0.8 %</b>	<b>5.0 %</b>	<b>164.8</b>	<b>175.2</b>	<b>-5.9 %</b>	<b>-0.1 %</b>
EPRA earnings	109.6	113.6	-3.5 %	3.1 %	109.6	122.6	-10.7 %	-4.3 %
Adjusted EPRA earnings	80.7	83.1	-2.9 %	6.4 %	80.6	92.1	-12.5 %	-3.9 %
<b>EPRA EPS, EUR</b>	<b>0.651</b>	<b>0.676</b>	<b>-3.7 %</b>	<b>2.9 %</b>	<b>0.651</b>	<b>0.730</b>	<b>-10.8 %</b>	<b>-4.4 %</b>
Adjusted EPRA EPS, EUR	0.479	0.495	-3.1 %	6.3 %	0.479	0.548	-12.6 %	-4.1 %
<b>EPRA NRV per share, EUR</b>	<b>9.30</b>	<b>11.01</b>	<b>-15.5 %</b>	<b>-</b>	<b>9.30</b>	<b>11.01</b>	<b>-15.5 %</b>	<b>-</b>

# Detailed NRI bridge

## NRI bridge Q4/2023

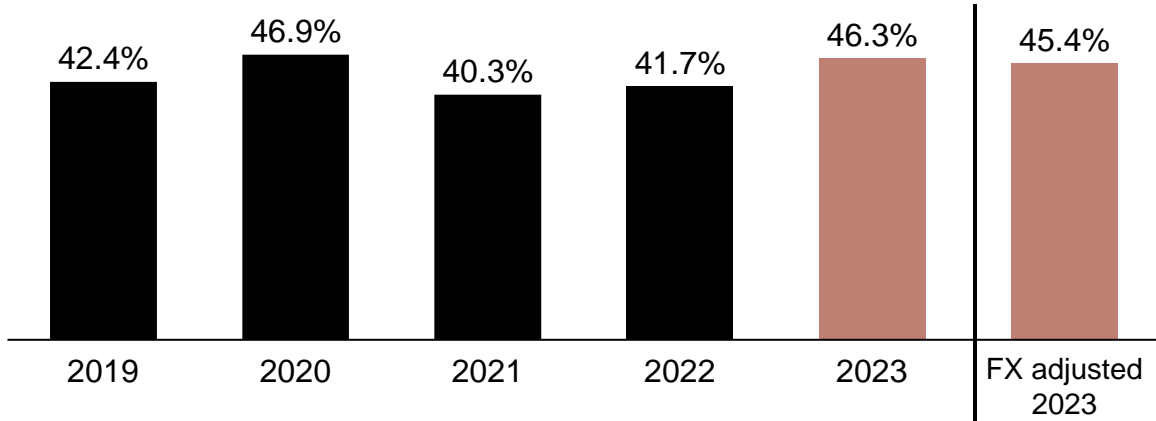


## NRI bridge Q1-Q4/2023

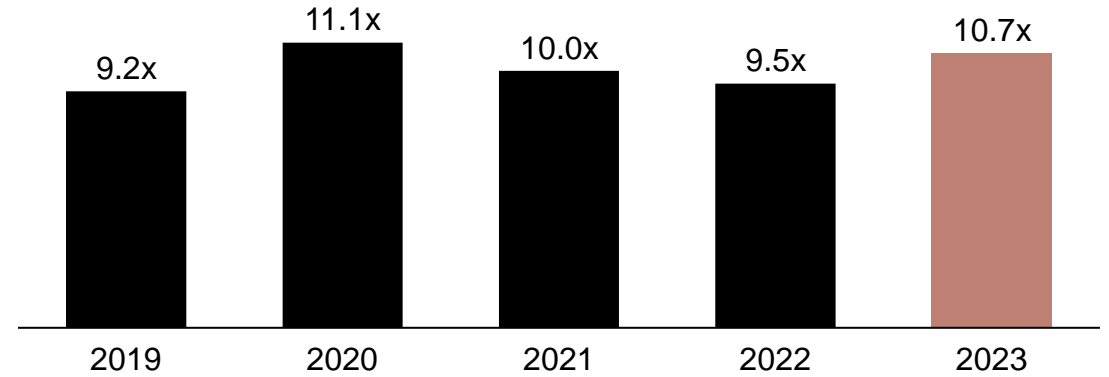


# Stable credit metrics

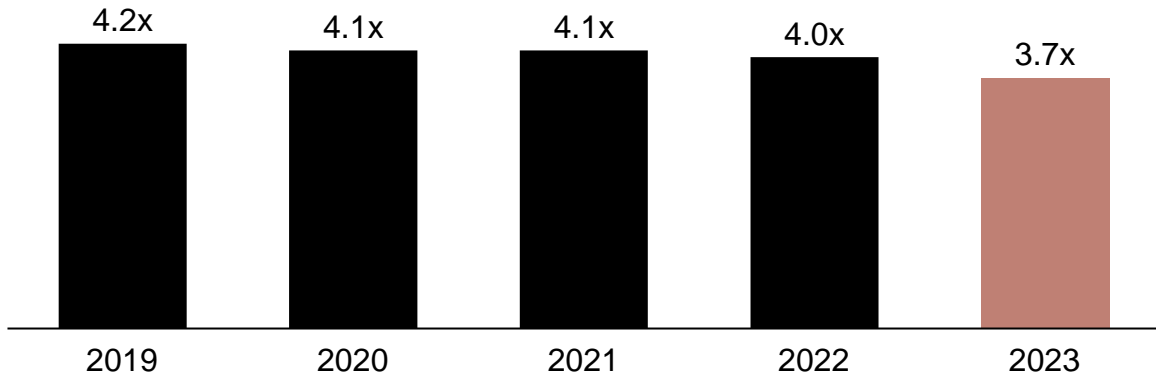
## Loan to value (IFRS)



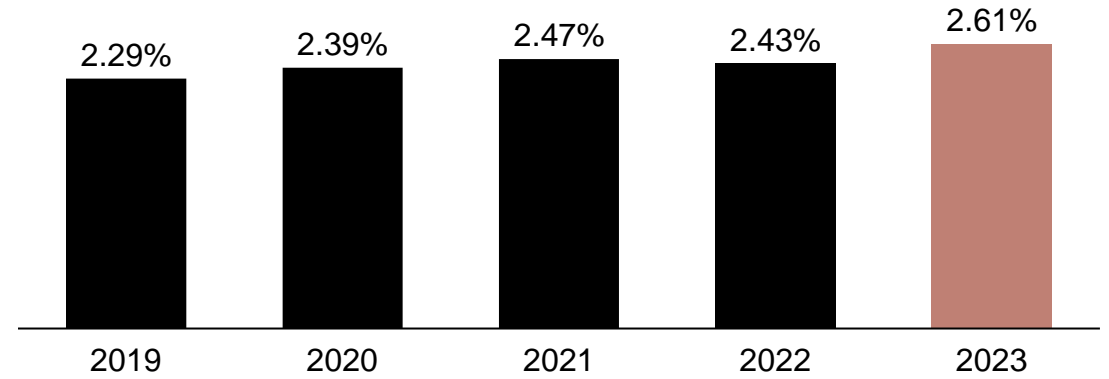
## Net debt to EBITDA



## Interest coverage ratio



## Weighted average interest rate





# Active balance sheet management

## EUR 650 million credit facility signed in April 2023

- Replaced and expanded existing EUR 500 million credit facility maturing in June 2024
- consisting of a EUR 400 million revolver and EUR 250 million term loan

## EUR 191 million bond repurchases in 2023

- Took an advantage of the large discounts and dislocation in the secondary markets with EUR 184 million of cash

## EUR 87 million hybrid debt retired in 2023

- Including EUR 25 million hybrid-equity exchange in Q4

## SEK 1 020 million term loan in November

- Secured by one of our Swedish assets

## New proposed dividend EUR 0.3 per share

- Dividend right-sized to take the necessary steps to support IG rating

## Share issue of EUR 48.2m completed in February 2024

- Proceeds used to strengthen balance sheet via debt repayment; as a result G City's ownership declines to below 50%

## Focus areas in 2024

### Committed on maintaining investment grade credit rating

### Flexible financing options available

- Proven access to bank financing with competitive pricing
- Green shoots from bond transaction market

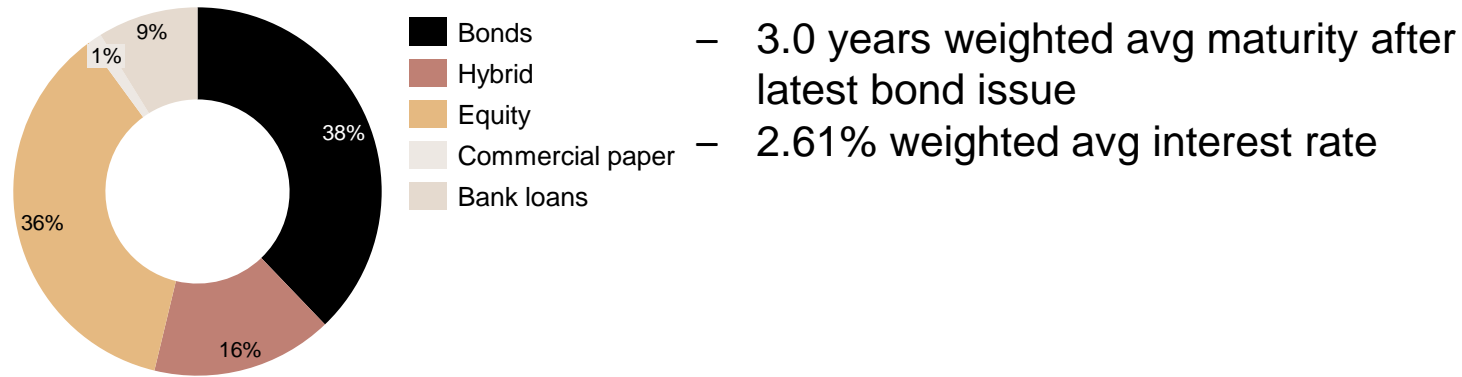
## EUR 950 million asset sales target over the next 24 months

- Including EUR 380 million remaining on EUR 500 million 2024 target
- Proceeds will be used to repurchase debt

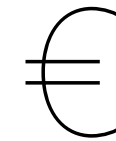
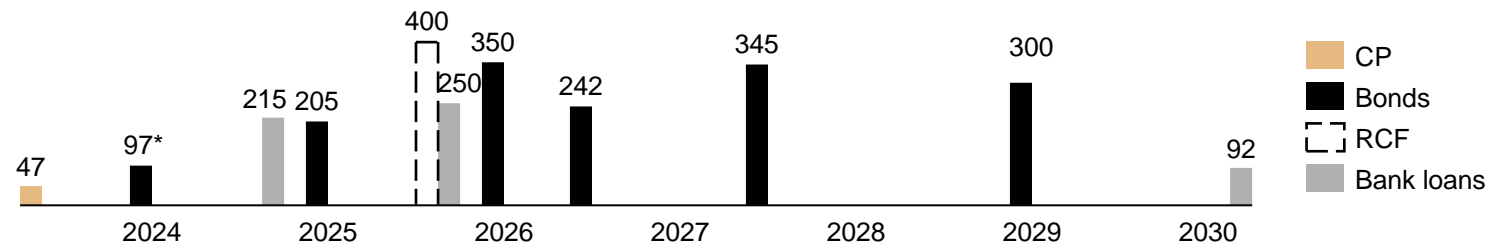


# Strong, liquid balance sheet

## Improved credit profile and a stronger, more flexible balance sheet



## Well laddered maturities (EUR million)



**Total available liquidity at year-end EUR 434 million**



**Share of secured debt at year-end ~19%**



**Investment grade S&P - BBB-**

# Valuations

	FY 2023	FY 2022
Yield impact (tEUR)	-363 200	-171 800
<i>Change in exit cap (bps)</i>	+50	+20
Market rents / CF impact	261 600	261 900
Value-add capex	-72 900	-106 800
<b>Market value change</b>	<b>-174 500</b>	<b>-16 700</b>
Maintenance capex	-14 600	-16 600
Accounting adjustments	-11 200	-23 200
<b>Total change in value</b>	<b>-200 300</b> <b>(2023)</b>	<b>-56 500</b> <b>(2022)</b>

## EUR -200.3 million YTD (-5.0%) for the consolidated portfolio

- Net fair value change for LFL assets was EUR -84.4 million YTD (-2.8%)
- Decrease in net fair value resulting from yield increase in all countries, partly offset by better cash flows due to indexations and assumed rent growth

- Kista Galleria book value as of 31 Dec 2023 was EUR 345 million, and after the transaction, Citycon will have 100% ownership
- Kista Galleria has approximately SEK 2.4 bn of debt and following the transaction Citycon assumes seller's share of existing debt and pays a minimal cash payment (EUR 2.5 million)
- The transaction is expected to be executed in Q1/2024

**Approx. EUR 70 million positive effect on our total asset value in Q1**

# FX impact scenarios to LTV, NRV and IFRS equity

	Actual FX-rates 31.12.2023	31.12.2022 FX-rates	31.12.2021 FX-rates
LTV (%)	<b>46.3%</b>	<b>45.4%</b>	<b>44.2%</b>
EPRA NRV per share	9.30	9.78	10.10
Equity increase compared to Q4 actual (MEUR)	-	37.2	84.0





THANK YOU!