# OPERATIONAL IMPROVEMENT

CITYCON CAPITAL MARKETS DAY 16 MAY 2017, ISO OMENA

COO, JURN HOEKSEMA

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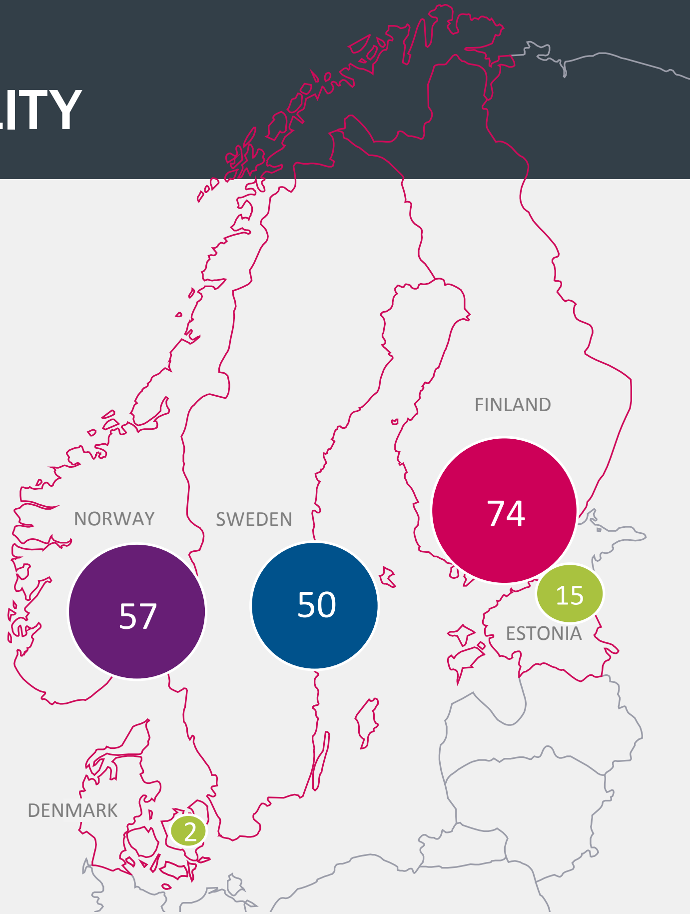
# LOCAL EMPOWERMENT AND ACCOUNTABILITY

- No country-based organisations
- Centralize:
  - What is possible to support efficiency
  - What is needed to manage risk
- Clusters of approx. MEUR 500 in size
- Dedicated in-house leasing, property management and admin

WE ARE

Passionate, Solution-oriented, Together One




Million visitors 2016

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1.
ACHIEVEMENTS
SINCE 2012

2.
TRANSFORMATION
OF TENANT MIX

3.
ASSET TOUR
INTRODUCTION

Citycon:
Urban convenience
in the heart of
communities

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# 1. ACHIEVEMENTS SINCE 2012


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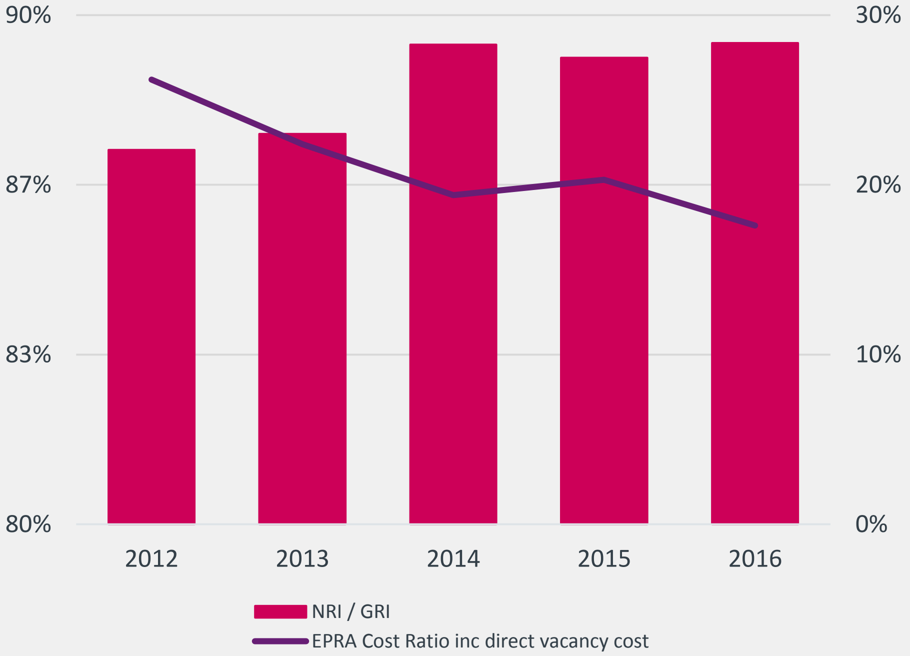
# STEADILY IMPROVING COST BASE AND RECOVERABILITY




- Cluster organisation model adopted in 2012
- Nordic platform
- Bigger assets in less cities
- Standard lease agreements
- Tight cost control based on KPIs

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# OTHER OPERATIONAL ACHIEVEMENTS

## TENANT SATISFACTION

Satisfaction score

8.6/10

*In 2012: 7.6/10*

## MAINTENANCE INVESTMENTS

Like-for-like assets/sq.m. p.a.

-10.5%

*Two year average 2016 vs. 2014*

## MALL INCOME

Growth p.a.

16%

*Since 2012*

## AVERAGE RENT

/sq.m./month[1)]

EUR 23.7

*In 2012: EUR 20.70*

## TENANT DIVERSIFICATION

Largest tenant % of GRI

5.8%

*In 2012: 16.9%*

[1)] Including Kista Galleria

# SUCCESSFUL IN ACQUIRING AND INTEGRATING

## KISTA GALLERIA SINCE 2013:

- Average occupancy 99%
- Average leasing spread 10% on renewals
- Mall income +74% p.a.
- NOI +2.1% p.a. [1)]
- NOI/GRI: 74% -> 84% [1)]

## NORWEGIAN PORTFOLIO SINCE MID-2015:

- Average occupancy 98%
- Leasing spread 4.6% in Q1/2017 [2)]
- Mall income +51% p.a.
- Like-for-like NRI +3.6%
- NRI/GRI: 85% -> 87%

[1)] Definitions NRI in 2014 and 2015 for Kista Galleria impacting comparability
[2)] Leasing spread 2016 2.70%

# SUSTAINABILITY ACHIEVEMENTS

## BREEAM IN-USE

Certified
of value

74%

*In 2012: 0%*

## ENERGY CONSUMPTION

kWh/sq.m.

-6%

*Since 2014*

## GRESB

Star level recognition
last 5 years

5-star

*In top 5% of globally reviewed companies*

## PUBLIC TRANSPORT

% of centres
connected

100%

## GEOTHERMAL JAKOBSBERG

Overall reduction
potential heating
and cooling

-65%

## SOLAR PLANT ISO OMENA

Of energy
required

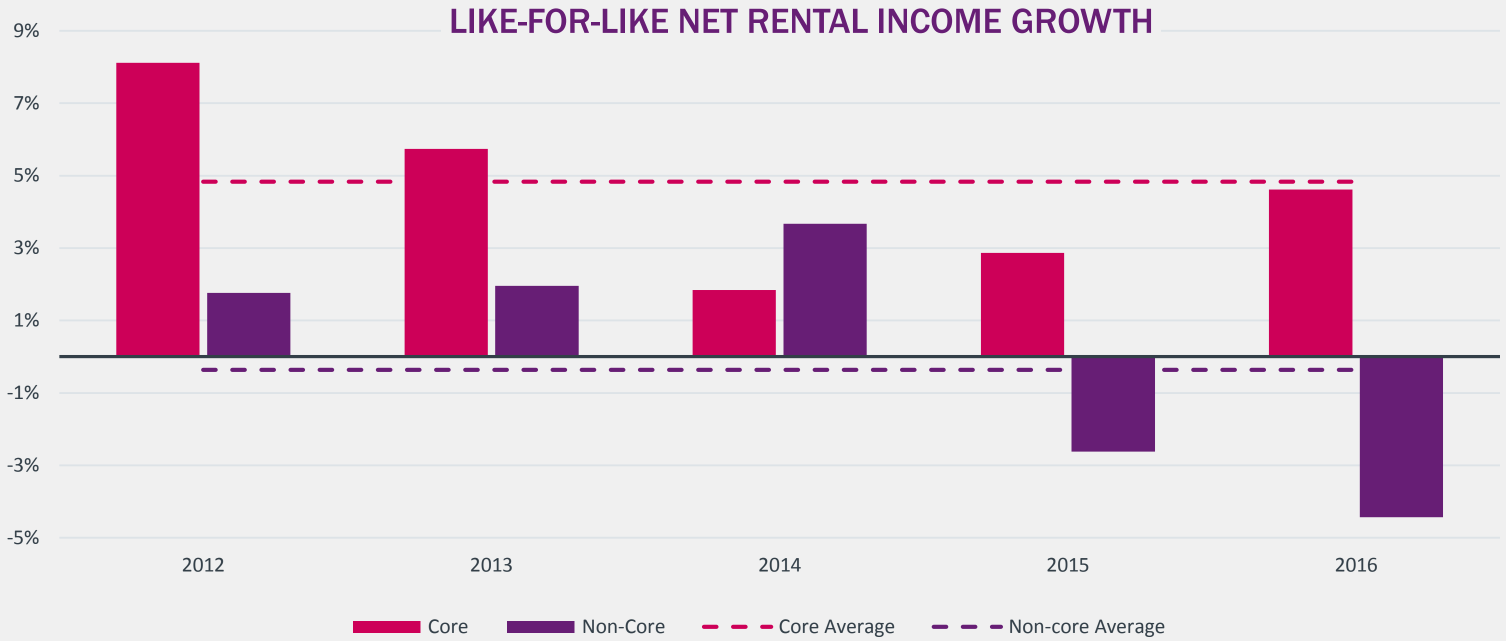
10%

*12% reduction on unit price*

# STRICT INVESTMENT CRITERIA:
# SCORING POTENTIAL INVESTMENTS AND OUR OWN ASSETS

1. Capital regions, urban locations
2. Strong population growth and natural footfall
3. Integrated with public transportation
4. More than retail: health care and municipal services
5. Necessity based and dominant in catchment
6. Value creation potential
7. Size > 20.000 sq.m.

# CORE OUTPERFORMS, NON-CORE DRAGS ON PERFORMANCE




Including Kista Galleria 50%

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# 2. TRANSFORMATION OF TENANT MIX


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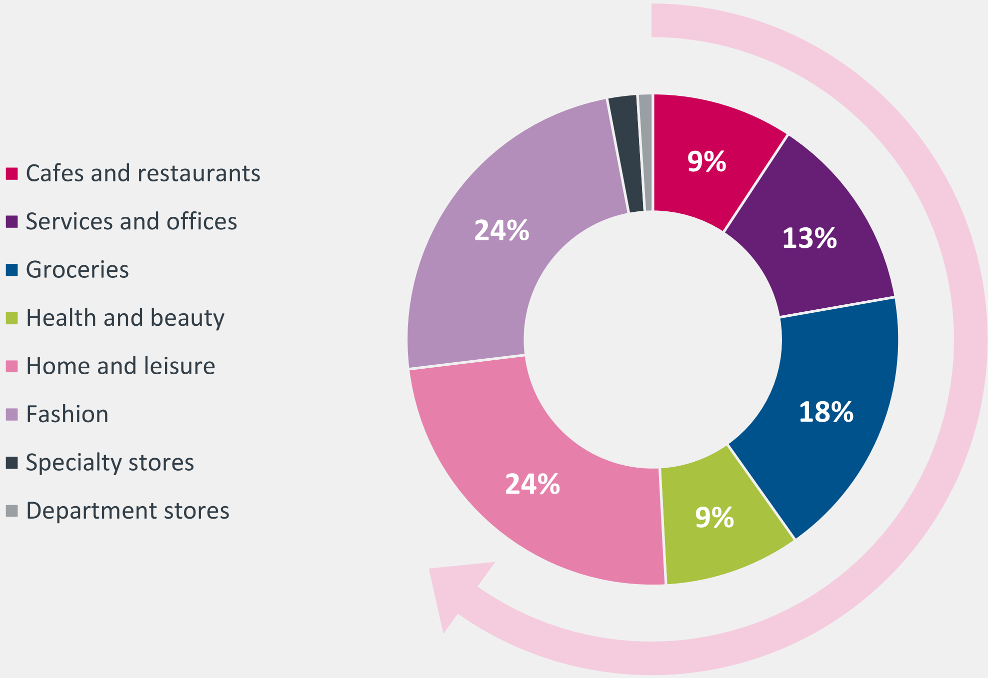
# TENANT MIX CATEGORIES
# MIXED CONSUMER PROFILE AND ONLINE RESILIENCY

| CATEGORY | ONLINE RESILIENCY | RATIONALE | CURRENT MIX OF RENTAL INCOME |
|---|---|---|---|
| Fashion | - - | Sensitive to online, competition from destination centers, BUT vital part of tenant mix | 24% |
| Home and leisure | - - / + + | Sports, books and electronics sensitive to online but gyms, cinemas and leisure resilient | 24% |
| Groceries | 0 | Less sensitive to online, concentration of multiple groceries in daily centers | 18% |
| Services and offices | ++ | Online resilient, visitor attracting functions to grow due to community asset profile | 13% |
| Cafes and restaurants | ++ | Online resilient, food and beverage is world wide mega trend | 9% |
| Health and beauty | - / + | Pharmacies online growing but hairdressers and opticians online resilient | 9% |
| Department stores | - | Discount stores will remain | 2% |

Including Kista Galleria 50%

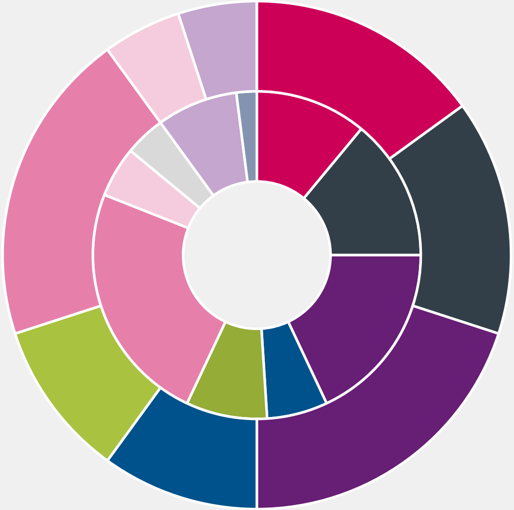



## Current mix 60% resilient or complimentary to online

Including Kista Galleria 50%

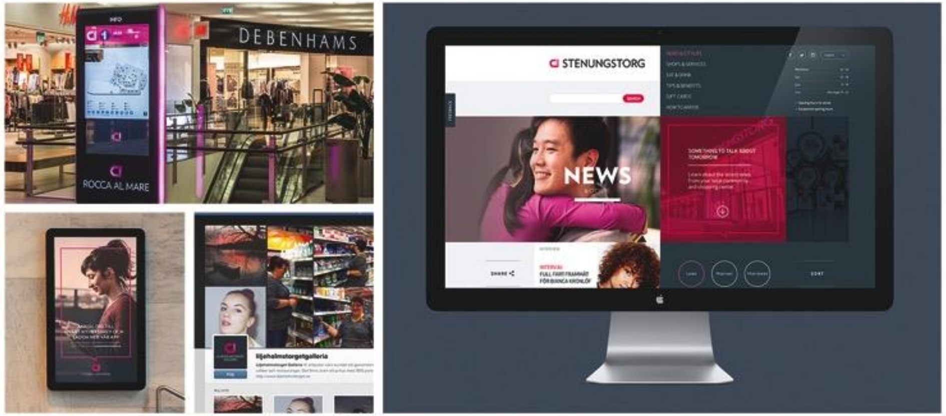
# TOWARDS A NEW PERSPECTIVE ON TENANT MIX


| NEW CATEGORY | CURRENT | FUTURE |
|---|---|---|
| Cafés, restaurants and leisure | 11% | 17% |
| Services | 14% | 15% |
| Groceries | 18% | 20% |
| Health and beauty | 6% | 10% |
| Omni channel durables | 8% | 10% |
| Fashion and accessories | 24% | 20% |
| Sporting goods | 5% | 3% |
| Department stores & other durables | 4% | - |
| Home supplies and furniture | 8% | 5% |
| Electronics | 2% | - |



Groceries, services, food & beverage and other online resilient retailers are key elements in Citycon's tenant mix

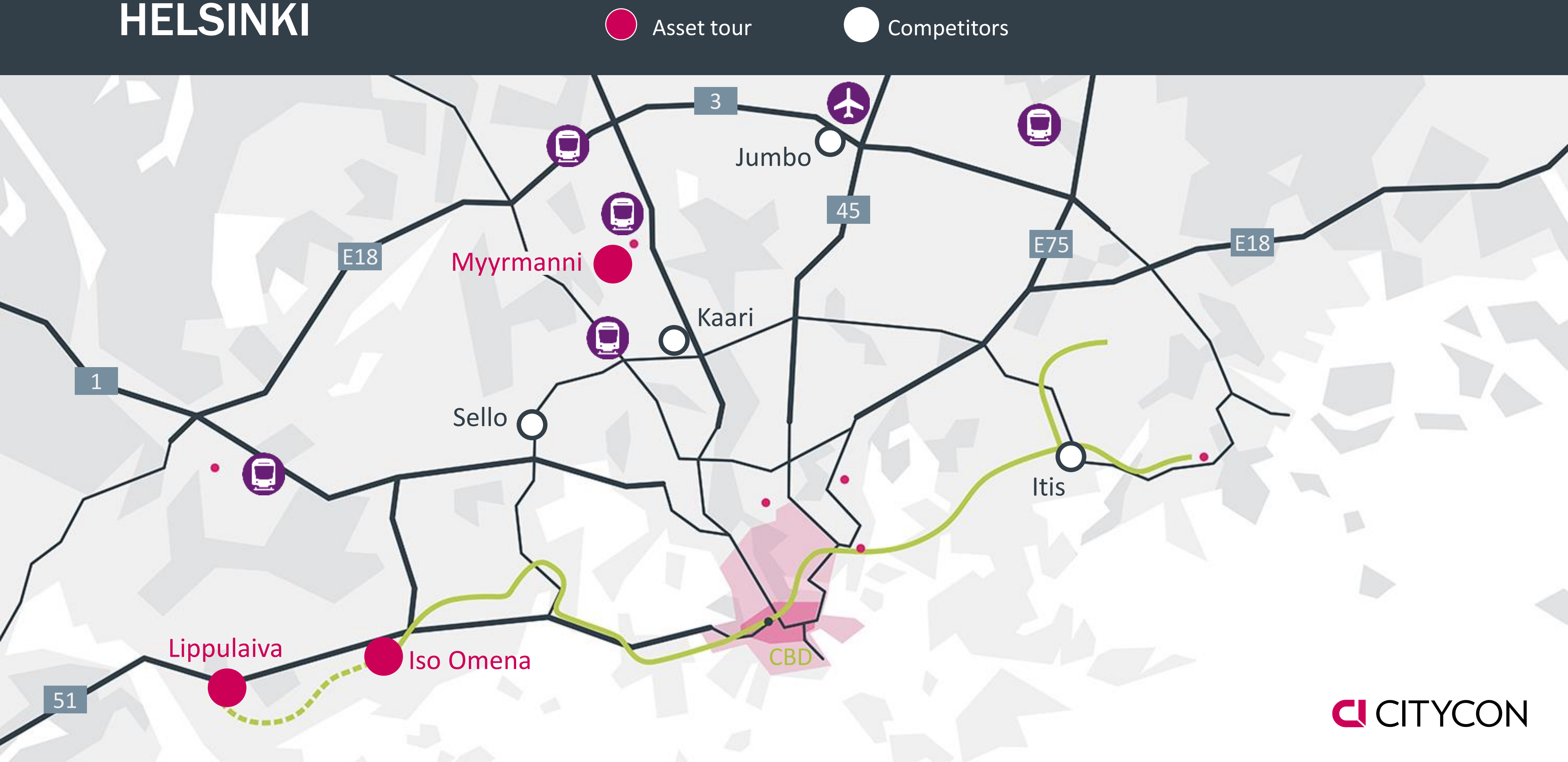
Including Kista Galleria 50%





# ASSET TOUR INTRODUCTION

# HELSINKI

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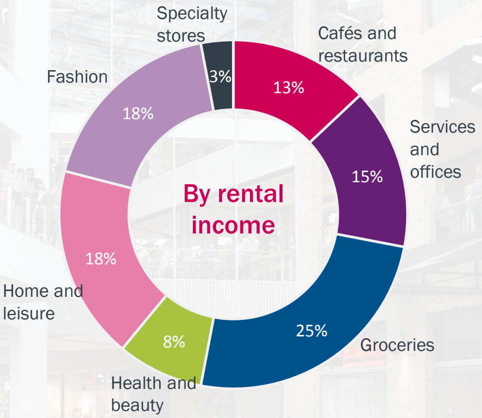
# ISO OMENA

## Regional centre with the best selection of international brands, restaurants, entertainment and services directly connected to metro and bus in one of the wealthiest and fastest growing catchments

### TENANT MIX




### KEY NUMBERS

- Sales (EUR million) 229.7
- Visitors (million) 8.9
- GLA (sq.m.) 101,000
- Retail GLA (sq.m.) 85,000
- Number of stores 220
- Parking spaces 2,600

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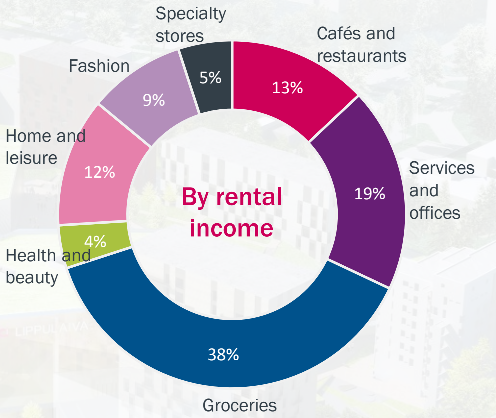
# LIPPULAIVA

## Local shopping centre being rebuilt twice the size focusing on groceries, services, and daily restaurants directly connected to metro and bus in one of the wealthiest and fastest growing catchments

### NEW TENANT MIX



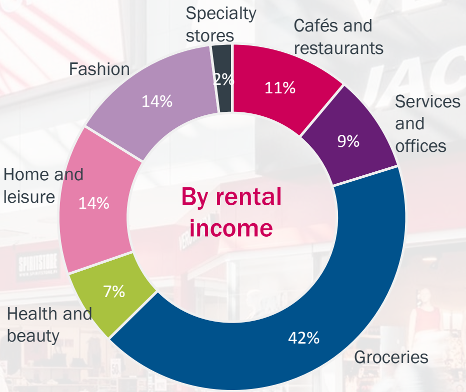

### CURRENT KEY NUMBERS

| | |
|---|---|
| – Sales (EUR million) | 92.2 |
| – Visitors (million) | 3.9 |
| – GLA (sq.m.) | 19,200 |
| – Retail GLA (sq.m.) | 17,000 |
| – Number of stores | 39 |
| – Parking spaces | 550 |

# MYYRMANNI

## Regional/local shopping centre upgraded recently with a tenant mix geared towards grocery, daily fashion, restaurants and services directly connected to train and bus

### TENANT MIX




### KEY NUMBERS

| | |
|---|---|
| – Sales (EUR million) | 142.0 |
| – Visitors (million) | 7.0 |
| – GLA (sq.m.) | 39,900 |
| – Retail GLA (sq.m.) | 31,300 |
| – Number of stores | 82 |
| – Parking spaces | 1,100 |

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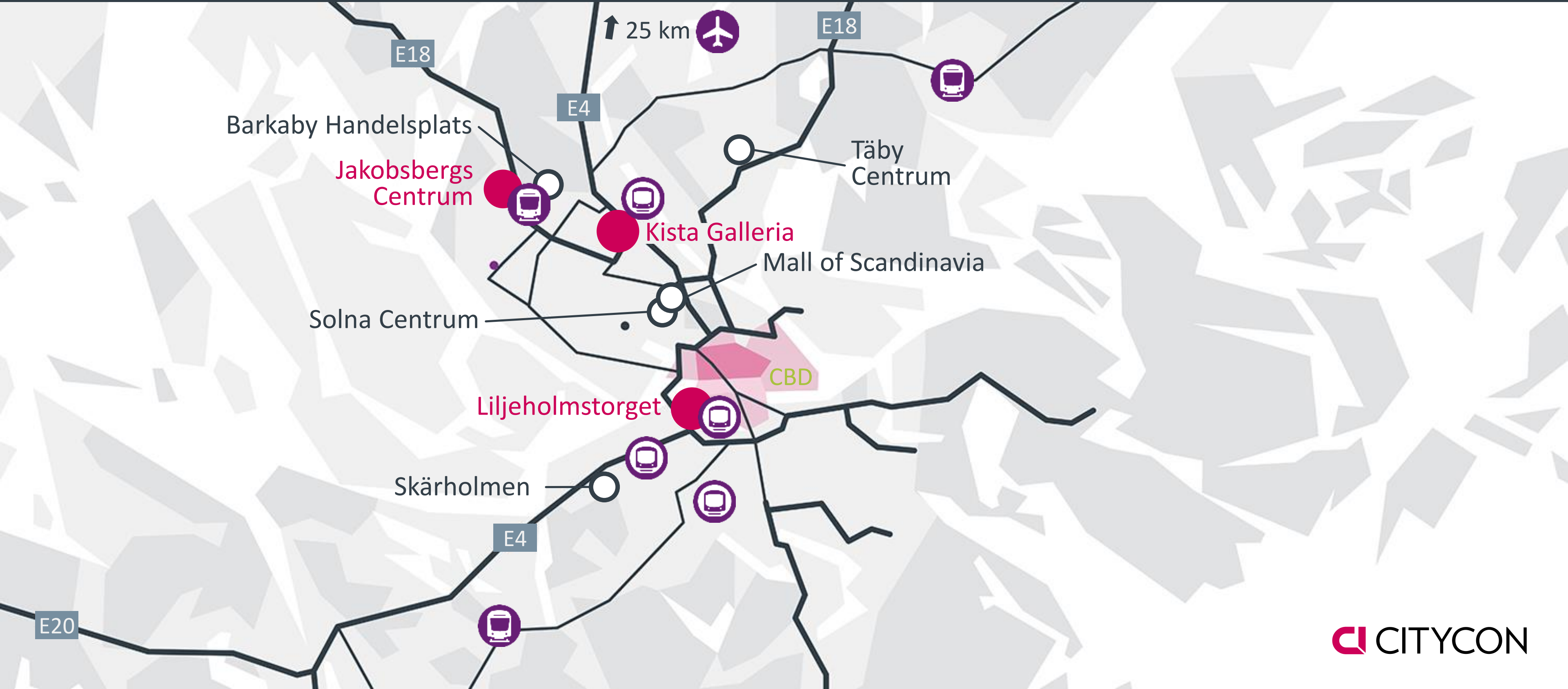
# STOCKHOLM

Asset tour

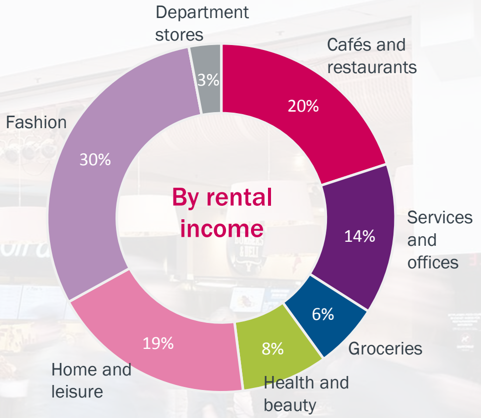
Competitors



# KISTA GALLERIA

**Regional/local shopping centre with good selection of fashion, restaurants, entertainment and services directly connected to metro and bus, fast growing local catchment**

## TENANT MIX



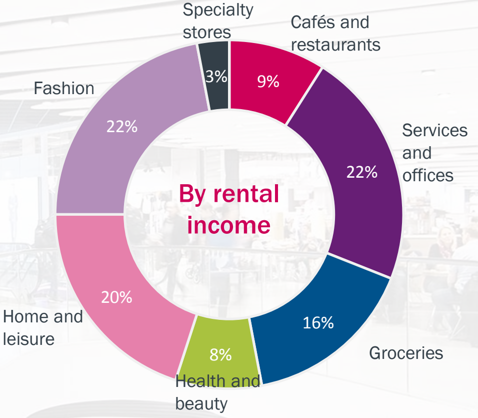

## KEY NUMBERS

| | |
|---|---|
| – Sales (EUR million) | 240.8 |
| – Visitors (million) | 18.7 |
| – GLA (sq.m.) | 92,500 |
| – Retail GLA (sq.m.) | 56,100 |
| – Number of stores | 180 |
| – Parking spaces | 2,500 |

# LILJEHOLMSTORGET GALLERIA

**Local shopping centre with good selection of fashion, restaurants and services directly connected to metro and bus, fast growing local catchment, extension plans of 22,500 sq.m.**

## TENANT MIX



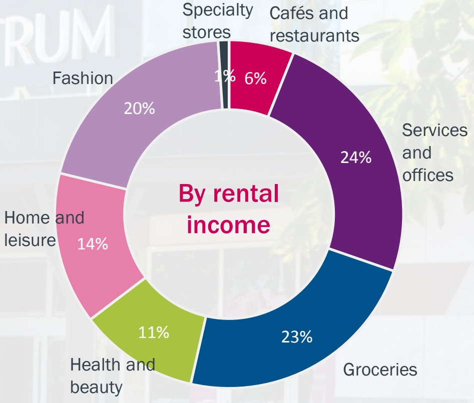

## KEY NUMBERS

| | |
|---|---|
| Sales (EUR million) | 186.3 |
| Visitors (million) | 9.7 |
| GLA (sq.m.) | 40,500 |
| Retail GLA (sq.m.) | 26,700 |
| Number of stores | 94 |
| Parking spaces | 900 |

# JAKOBSBERGS CENTRUM

**Local centre under transformation with strong grocery and services, growing selection of restaurants, directly connected to metro and bus, new residentials in direct catchment will strenghten position**

## TENANT MIX




## KEY NUMBERS

| | |
|---|---|
| – Sales (EUR million) | 77.7 |
| – Visitors (million) | 5.9 |
| – GLA (sq.m.) | 42,900 |
| – Retail GLA (sq.m.) | 25,800 |
| – Number of stores | 72 |
| – Parking spaces | 1,300 |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