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URBAN RETAIL IN AN ONLINE WORLD

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Äriplaan, 30 SEPTEMBER 2015

LEADING **OWNER MANAGER AND DEVELOPER** OF **URBAN GROCERY-ANCHORED SHOPPING CENTRES** IN THE **NORDICS** AND THE **BALTICS**

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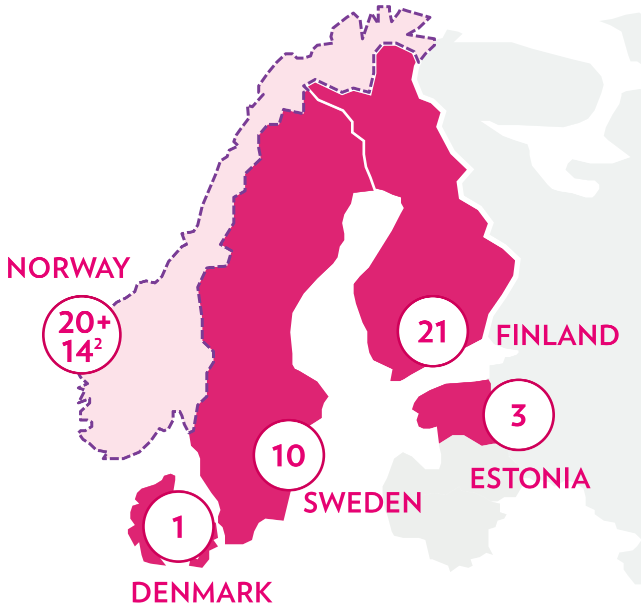
LEADING OWNER, MANAGER, AND DEVELOPER OF SHOPPING CENTRES IN THE NORDICS AND BALTICS

KEY FIGURES

- # of shopping centres
- Gross leasable area, sq.m.
- Footfall p.a. million
- Gross asset value, EUR billion
- Market cap, EUR billion
- Loan to Value (LTV)

1) Incl. Non owned and minority stake centres.



O Number of shopping centres

2) Managed

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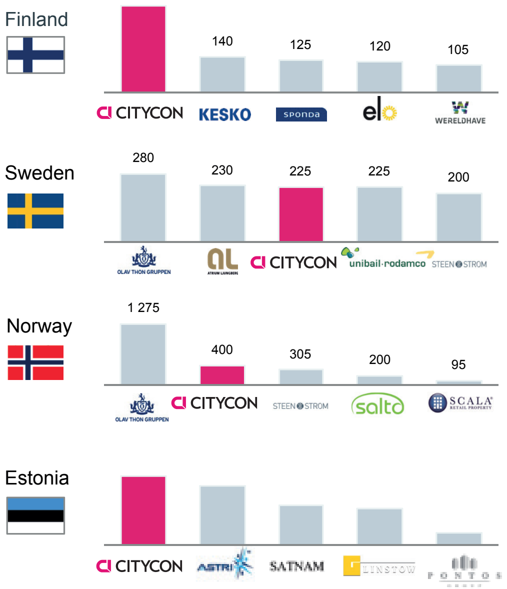
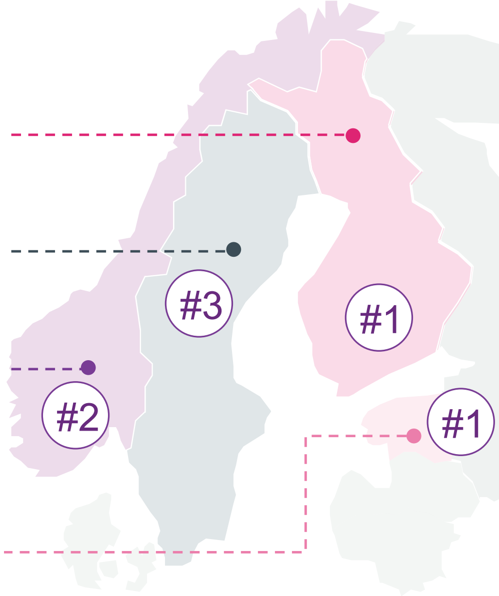
TRUE **PLAN-NORDIC LEADER**

Retail GLA (thousand sq.m.)[1)]





[1)] Source: Company reports, SEB analysis. Includes only majority-owned shopping centres.
Includes some assumptions on retail proportion out of total GLA, where retail data not available

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URBAN **LOCATIONS DRIVEN** BY **STRONG DEMOGRAPHICS**

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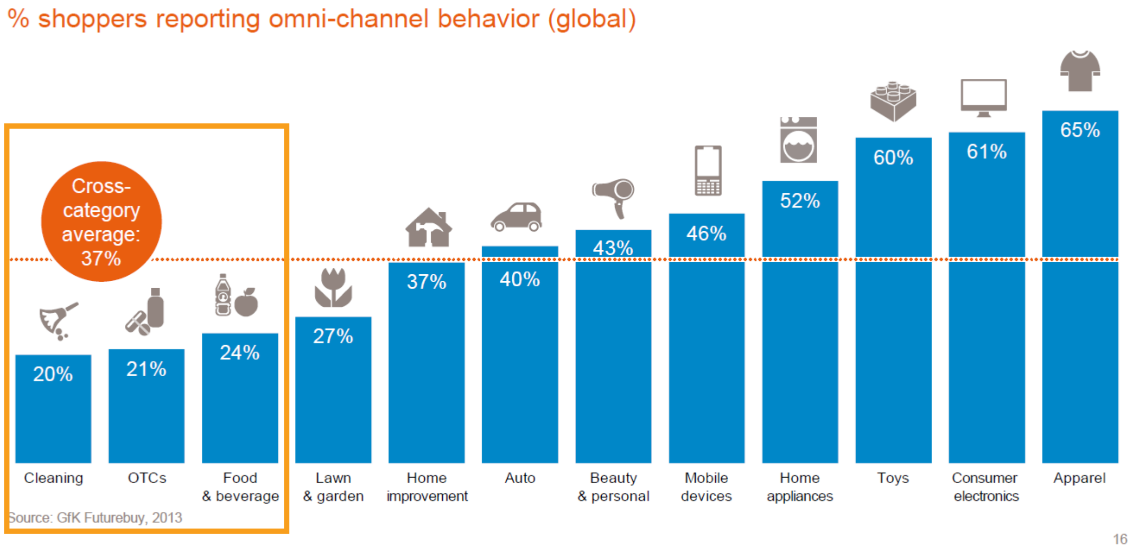
CITYCON'S POSITION:
NECESSITY BASED RETAIL



Source: Presentation by Andrew Phipps in Estonian Retail Congress 8.10.2014

IN THE **SHOPPING CENTRE INDUSTRY** IT'S ALL ABOUT THE **EXPERIENCE** OR **CONVENIENCE**

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CITYCON IS IN THE HEART OF URBAN COMMUNITIES

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URBAN CROSSPOINTS DRIVEN BY STRONG DEMOGRAPHICS

KEY ASSET CRITERIA:

- **URBAN ENVIRONMENTS**, WITH STRONG POPULATION GROWTH
- **INTEGRATED WITH PUBLIC TRANSPORTATION**
- **DAILY SHOPPING**, GROCERY ANCHORED
- **SHARED ACCESS** TO **EDUCATION**, **HEALTHCARE, CULTURE, MUNICIPALITY SERVICES**
- **CONCENTRATION OF NATURAL FOOTFALL**

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CITYCON'S FIVE **CORE** ASSETS

SWEDEN – KISTA GALLERIA

FINLAND – ISO OMENA

SWEDEN – LILJEHOLMSTORGET GALLERIA

NORWAY – HERKULES

ESTONIA – ROCCA AL MARE

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35% LESS INTERNATIONAL

OF RETAIL BRANDS COMPARED TO AVERAGE IN EUROPE

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CITYCON IS AN INTERNATIONAL PLAYER

INCREASED LEVEL OF:

- INTERNATIONAL SCALE AND VISIBILITY
- INTERNATIONAL INVESTORS/SHAREHOLDERS
- INTERNATIONAL TENANTS
- INTERNATIONAL MENTALITY AND CULTURE

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WE BELIEVE IN
URBAN CROSS-POINTS
THAT **GROW**
ORGANICLY

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IN TALLINN: NUMBER OF NEW RETAIL SQM IS 10 TIMES POPULATION GROWTH

ARSENAL
PLANNED END OF 2016, AREA 6875 M2

ADMIRALITEET
PLANNED 2017
AREA 40 000M2

TALLINK CITY
PLANNED 1Q 2016
AREA 13 500 M2

ROCCA AL MARE
PLANNED 2018
AREA 12 500 M2

T1
PLANNED END OF 2017
AREA 52 000 M2

MUSTAMÄE
PLANNED 1Q 2016
AREA 13 500 M2

TOTAL NEW RETAIL GLA UNTIL 2020
– ca' 195 500 SQM (57%)
CURRENT SHOPPING CENTER GLA
– 338 000 SQM
TALLINN POPULATION TODAY: 434 426
POPULATION GROWTH UNTIL 2020: ca' 455 000 (5%)

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THE **BIGGEST RETAIL RISK** IN **ESTONIA** IS **OVERSUPPLY** OF **SQM RETAIL**

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THE **NEXT DECADE** WILL **BE OWNED** BY

NEW DISRUPTORS

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E-COMMERCE KEEPS GROWING

	Global	Nordics	Baltics
RETAIL SALES ONLINE (as% of total)	**13%**	**8%**	**12%**
EXPECTED ANNUAL GROWTH	**17%**	**10%**	**5%**
DAILY GOODS	**1 - 3%**	**0,3 - 0,5%**	No data
EXPECTED ANNUAL GROWTH	**20%**	**>50%**	
SMART PHONE PENETRATION	**≥30%**	**≥60%**	**43%**

ICSC | Marketwatch.com/Retail Future 2018 | e Marketer | Our mobile planet
e-commerceeurope | TNS Gallup Mobile Pulse | Swedbank retail enquiry 13.5.2014
http://www.statista.com/statistics/346907/connected-device-usage-estonia/

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THE CUSTOMER DOESN'T CARE WHERE THEY BUY BUT **WHAT THEY BUY**

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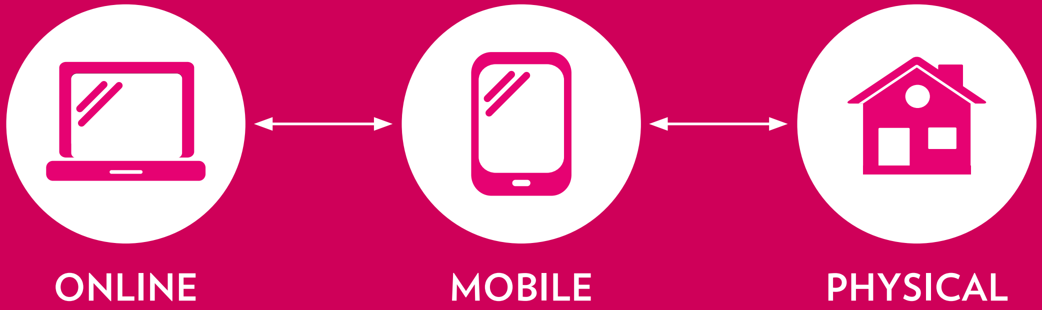
THE **FUTURE** OF **RETAIL**

ONLINE, MOBILE AND **PHYSICAL RETAIL** ARE **INTERCONNECTED**



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THE **BIGGEST RETAIL RISK** IN **ESTONIA** IS **OVERSUPPLY** OF **SQM RETAIL**

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