

10.7.2019

A photograph of two young women sitting in a shopping mall. The woman on the left is wearing a grey sweater and is looking at a smartphone held by the woman on the right. The woman on the right is wearing a light-colored, fuzzy sweater and is smiling while holding the phone. In the background, other people are walking through the mall. A large pink banner is overlaid at the bottom of the image.

# AUDIOCAST PRESENTATION H1/2019



# SUMMARY OF H1/2019: STABLE OVERALL PERFORMANCE

**EPRA EARNINGS CONTINUED TO GROW, REPORTED EPRA EPS: EUR 0.418 IN H1/2019**

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## **SOLID OPERATIONAL START TO THE YEAR**

- Positive L-F-L NRI development, total NRI grew by 2.0%. L-F-L development positive in Finland.
  - Occupancy remained at a high level of 95.6%; positive leasing spreads continued
  - Total tenant sales and footfall grew clearly
  - New municipal service square to be launched in shopping centre Trio in Lahti, Finland
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**ISO OMENA AWARDED THE BEST NORDIC SHOPPING CENTRE IN 2019 BY THE NORDIC COUNCIL OF SHOPPING CENTRES**

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**TWO SHOPPING CENTRES DISPOSED AT BOOK VALUE DURING THE QUARTER**

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**GUIDANCE SPECIFIED AFTER SOLID PERFORMANCE IN H1/2019 AND CLOSED DISPOSALS**

- EPRA EPS guidance of EUR 0.785-0.850 for full year 2019
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# STRENGTHENING OF THE TEAM CONTINUED IN Q2/2019

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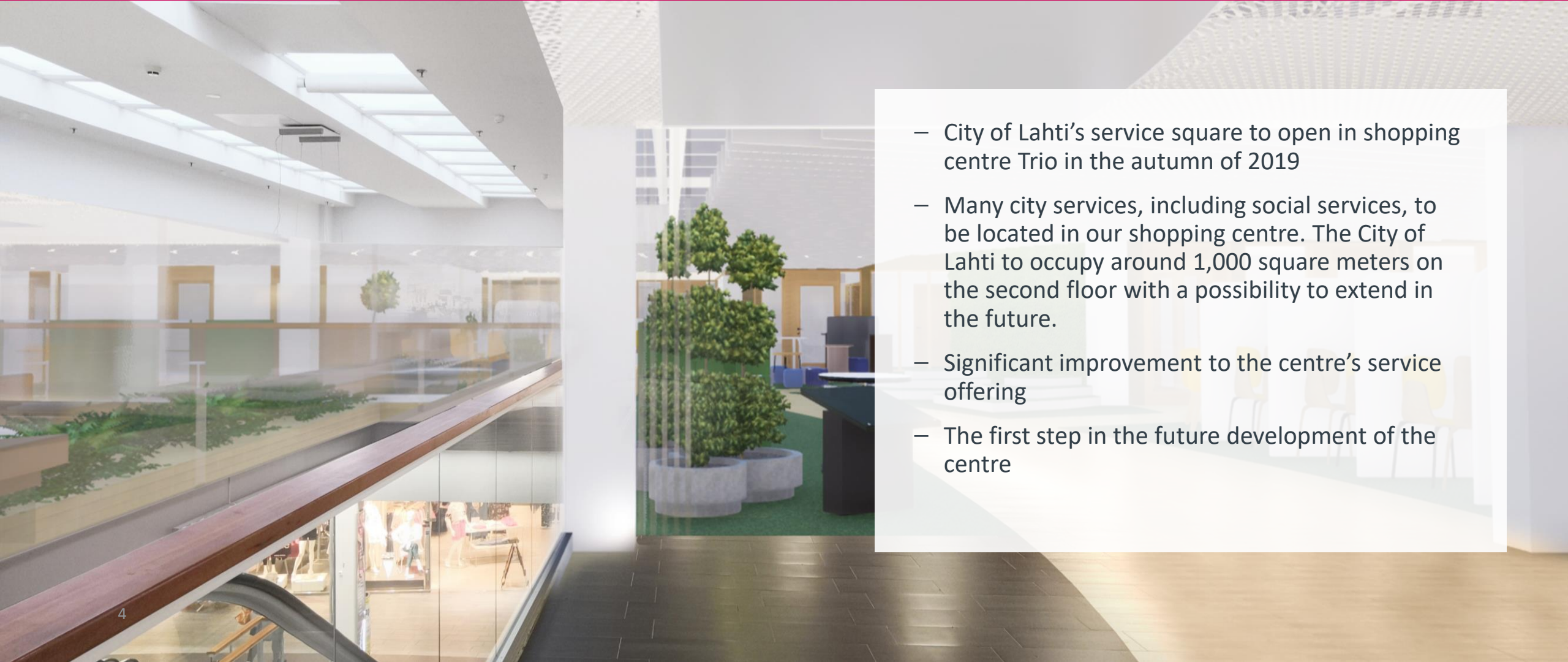
## IMPLEMENTATION OF NEW ORGANIZATION CONTINUED

- Aim of the new organization is to improve asset-level focus and remove boundaries between countries and functions. In addition, aim is to improve G&A efficiency
  - More accountability at the asset level
  - Separated leasing and specialty leasing functions to improve focus on specialty leasing
  
  - Onboarding of new organization and new people continued in Q2/2019
  - Extended management committee introduced in Q2/2019
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## SEVERAL KEY RECRUITMENTS DURING THE QUARTER

- New CDO Erik Lennhammar to join in August 2019 to strengthen Citycon's development team
  - Strengthening operative organization with key recruitments
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# A NEW MUNICIPAL SERVICE SQUARE TO BE LAUNCHED IN TRIO IN LAHTI, FINLAND



- City of Lahti's service square to open in shopping centre Trio in the autumn of 2019
- Many city services, including social services, to be located in our shopping centre. The City of Lahti to occupy around 1,000 square meters on the second floor with a possibility to extend in the future.
- Significant improvement to the centre's service offering
- The first step in the future development of the centre

# LIDL OPENED IN KISTA GALLERIA IN JUNE – FIRST STEP IN STRENGTHENED GROCERY OFFERING OF KISTA



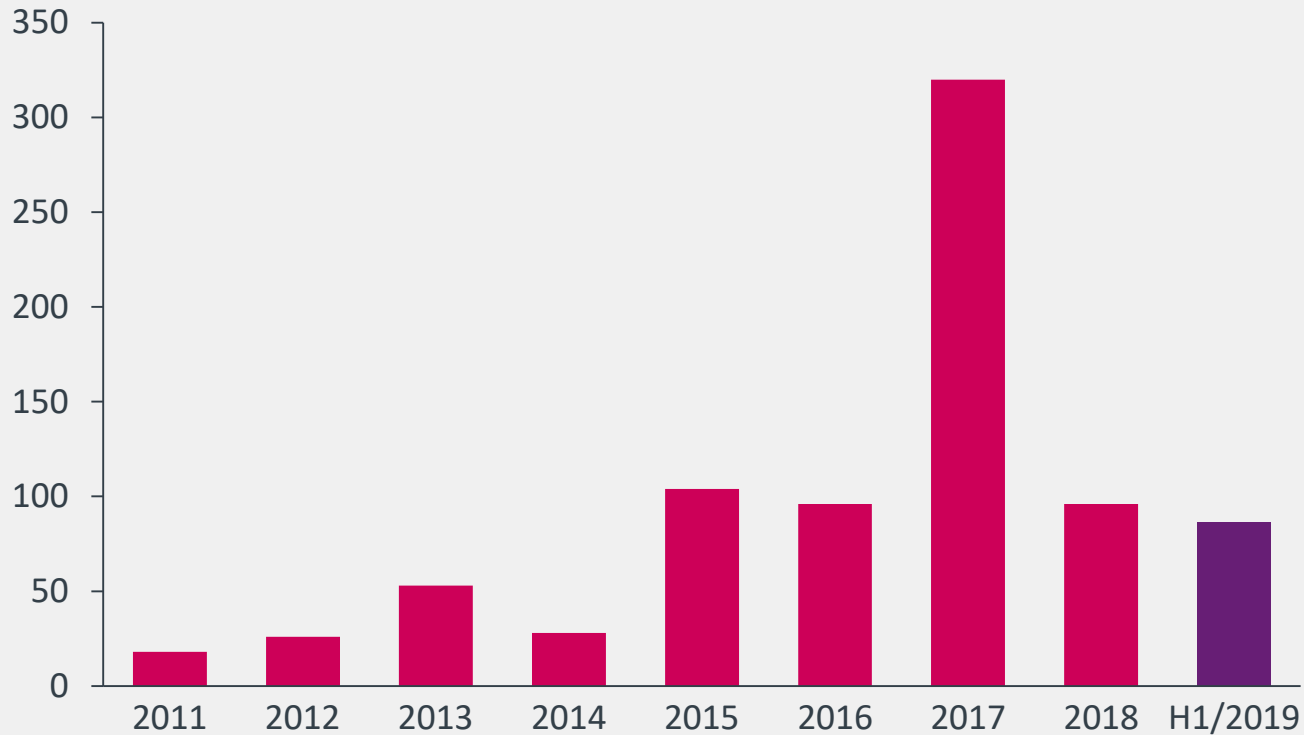
- LIDL opened in Kista Galleria in June 2019. ICA to open in August and Rusta in early 2020.
- After the re-positioning, the share of groceries will have doubled to 8,000 square meters and Kista will be more positioned towards daily convenience.
- Refurbishment of food court progressing as planned.

# ISO OMENA AWARDED AS THE BEST NORDIC SHOPPING CENTRE BY NORDIC COUNCIL OF SHOPPING CENTRES



# WE CONTINUED TO RECYCLE CAPITAL DURING Q2/2019

## WE HAVE DISPOSED ASSETS FOR OVER 865MEUR SINCE 2011



- In 2019 we have divested the following assets:
  - Two land plots in Helsinki, Finland
  - Shopping centre Duo in Tampere, Finland
  - Shopping centre Arabia in Helsinki, Finland
- Proceeds received from Arabia and Duo disposal were used to repay debt
- We will continue to strengthen balance sheet going forward.

# OUR SEVEN LARGEST ASSETS ACCOUNT FOR ~50% OF OUR PORTFOLIO



**ISO Omena,  
HELSINKI AREA**

**LILJEHOLMSTORGET  
GALLERIA, STOCKHOLM**

**KISTA GALLERIA,  
STOCKHOLM**

**OASEN,  
BERGEN**

**ROCCA AL MARE,  
TALLINN**

**HERKULES  
SKIEN**

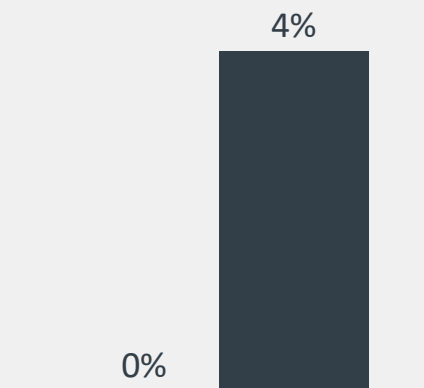
**MYYRMANNI  
HELSINKI AREA**

GLA, sq.m.	<b>100,900</b>	<b>41,100</b>	<b>92,500</b>	<b>57,000</b>	<b>57,600</b>	<b>49,300</b>	<b>40,400</b>
Visitors, million	20.0	9.8	18.0	4.3	5.2	3.3	8.2
Fair value, MEUR	759	310	278	216	184	179	176

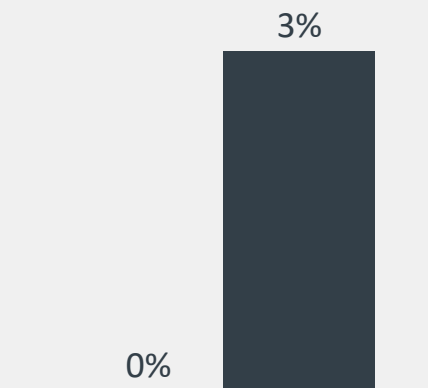


# OVERALL SALES +3% AND FOOTFALL +4% LIKE-FOR-LIKE SALES, FOOTFALL AND NRI STABLE

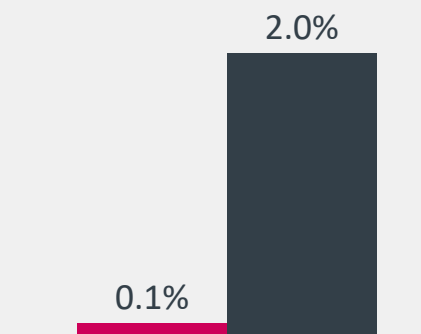
**FOOTFALL DEVELOPMENT**  
Q1-Q2/2019 vs. Q1-Q2/2018, % <sup>1)</sup>



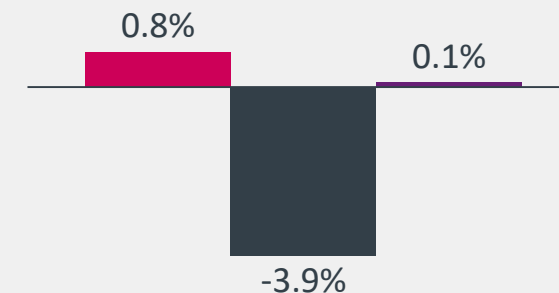
**TENANT SALES DEVELOPMENT**  
Q1-Q2/2019 vs. Q1-Q2/2018, % <sup>1)</sup>



**LIKE-FOR-LIKE AND TOTAL NET RENTAL INCOME DEVELOPMENT**  
Q1-Q2/2019 VS Q1-Q2/2018



**LIKE-FOR-LIKE NRI DEVELOPMENT CORE VS NON-CORE**  
Q1-Q2/2019 VS Q1-Q2/2018



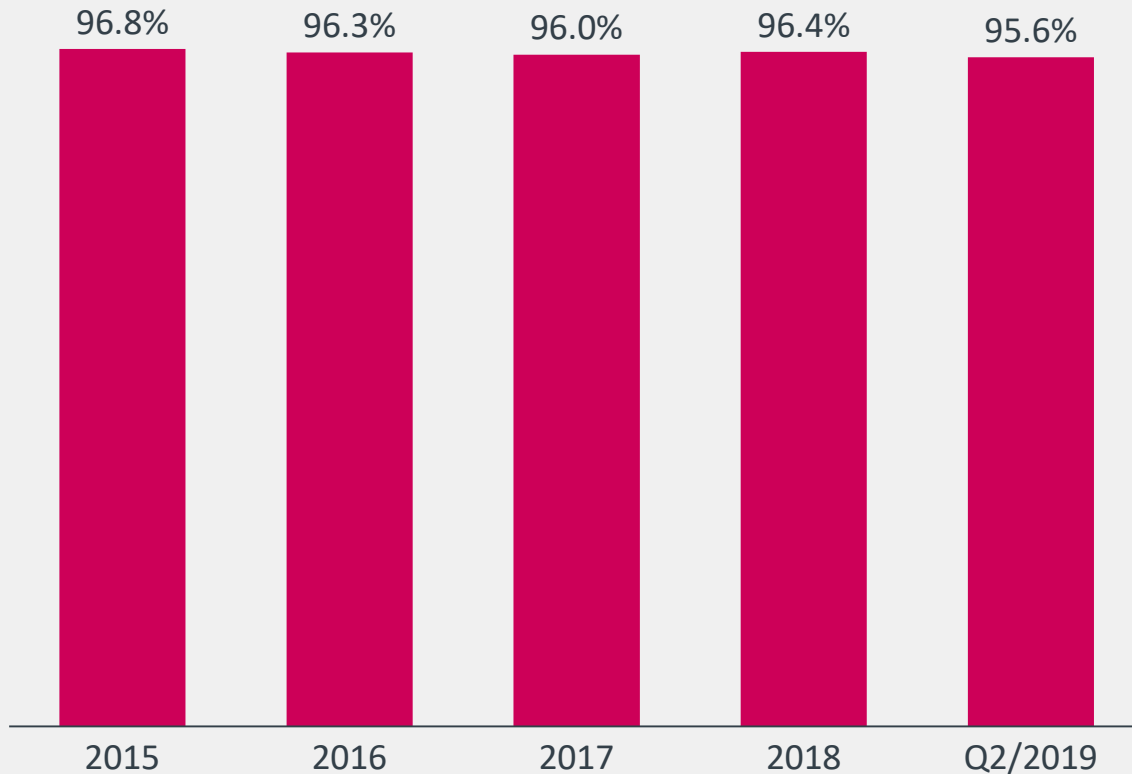
■ Like-for-like footfall  
■ Total footfall (including Kista Galleria 50%)

■ Like-for-like sales  
■ Total sales (including Kista Galleria 50%)

■ Like-for-like NRI Development (at comparable exchange rates)  
■ NRI Development (at historical exchange rates)

■ Core LFL  
■ Non-Core LFL  
■ Total

# OCCUPANCY RATE REMAINED AT A HIGH LEVEL



		H1/2019	2018
Average rent <sup>1)</sup>	EUR/sq.m.	23.3	23.2
Average remaining length of the lease portfolio	years	3.3	3.4
		H1/2019	2018
Average rent of leases started	EUR/sq.m.	26.2	22.5
Average rent of leases ended	EUR/sq.m.	25.1	22.1
Leasing spread of renewals and re-lettings	%	0.6	-0.3

- The economic occupancy rate remained at a high level of 95.6%.
- Average rent of leases started increased significantly.
- Overall leasing spread of renewals and re-lettings was positive.

# FINANCIAL OVERVIEW





## Q2/2019 FINANCIALS

MEUR	Q2/2019	Q2/2018	Change %	Q2/2019 INCL. KISTA 50%
Gross rental income	<b>59.0</b>	59.4	-0.6 %	62.1
Net rental income	<b>56.1</b>	54.3	3.3 %	58.6
Direct operating profit	<b>50.7</b>	48.4	4.9 %	53.1
EPRA Earnings	<b>38.7</b>	36.4	6.1 %	N/A
EPRA EPS (basic) <sup>1)</sup>	<b>0.217</b>	0.205	6.1 %	N/A
EPRA NAV per share <sup>1)</sup>	<b>12.77</b>	13.42	-4.9 %	N/A

<sup>1)</sup> Key ratios have been adjusted in the comparison periods to reflect the new number of shares after the reversed share split executed in March 2019.



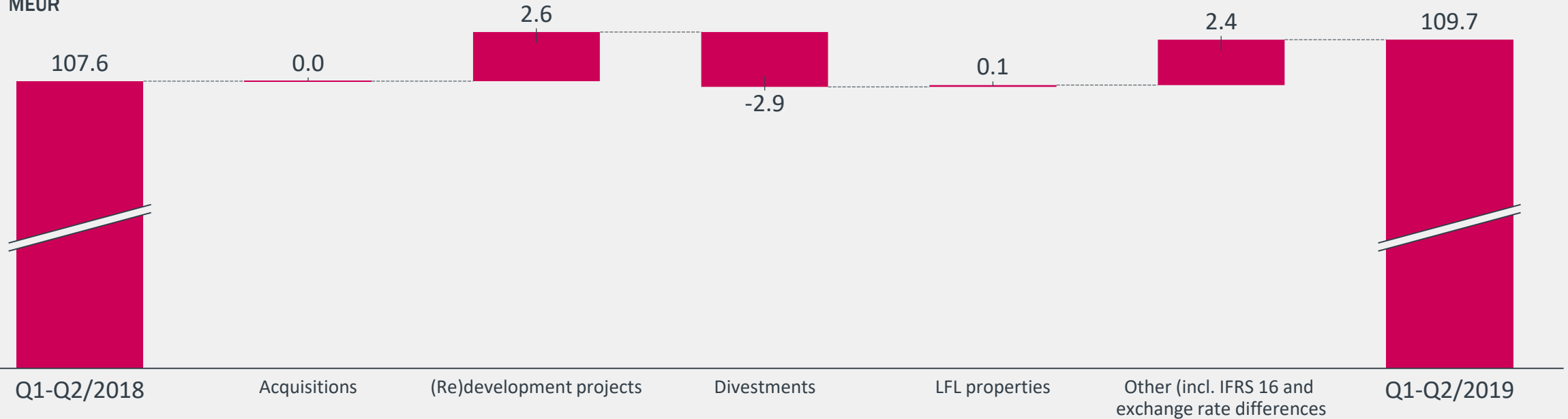
## H1/2019 FINANCIALS

MEUR	H1/2019	H1/2018	Change %	H1/2019 INCL. KISTA 50%
Gross rental income	<b>118.5</b>	120.1	-1.3 %	124.7
Net rental income	<b>109.7</b>	107.6	2.0 %	114.6
Direct operating profit	<b>98.4</b>	95.8	2.7 %	103.0
EPRA Earnings	<b>74.5</b>	72.5	2.7 %	N/A
EPRA EPS (basic) <sup>1)</sup>	<b>0.418</b>	0.407	2.7 %	N/A
EPRA NAV per share <sup>1)</sup>	<b>12.77</b>	13.42	-4.9 %	N/A

<sup>1)</sup> Key ratios have been adjusted in the comparison periods to reflect the new number of shares after the reverse share split executed in March 2019.

# NET RENTAL INCOME CONTINUED TO GROW

## NRI DEVELOPMENT MEUR



## CURRENCIES HAD SOME IMPACT ON NRI

### Closing rates

	H1/2019	H1/2018
SEK	10.56	10.45
NOK	9.69	9.51

### Average rates

	H1/2019	H1/2018
SEK	10.52	10.15
NOK	9.73	9.60

### Foreign currency impact on H1/2019:

NRI  
-1.2 MEUR  
EPRA EPS  
-0.006 EUR

### IFRS16 impact on H1/2019:

NRI  
+3.5 MEUR  
EPRA Earnings  
+2.7 EUR



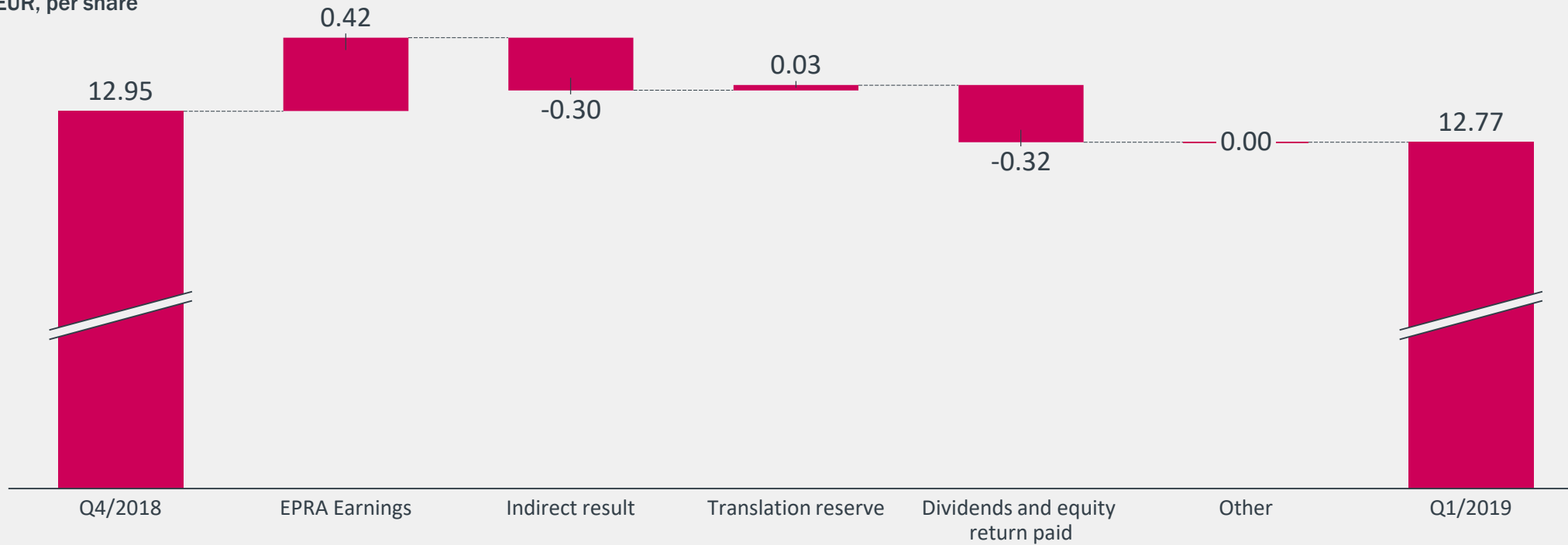
# FAIR VALUE CHANGES

FAIR VALUE CHANGES, MEUR	Q2/2019	Q2/2018	H1/2019	H1/2018	2018
Finland & Estonia	-9.5	-16.2	-18.7	-33.2	-58.8
Norway	-10.7	-10.3	-18.8	-13.9	-22.2
Sweden & Denmark	-7.4	0.8	-6.3	13.6	8.5
IFRS 16	-1.5	-	-3.0	-	-
<b>Investment properties, total</b>	<b>-29.2</b>	<b>-25.6</b>	<b>-46.8</b>	<b>-33.5</b>	<b>-72.5</b>
Kista Galleria (50%)	-5.4	-3.7	-6.4	-4.2	-8.6
<b>Investment properties and Kista Galleria (50%), total</b>	<b>-34.6</b>	<b>-29.3</b>	<b>-53.2</b>	<b>-37.7</b>	<b>-81.1</b>
<b>AVERAGE YIELD REQUIREMENT, %</b>		<b>30 JUN 2019</b>	<b>30 JUN 2018</b>	<b>31 DEC 2018</b>	
Investment properties and Kista Galleria (50%), average		5.3	5.3	5.3	

# EPRA NET ASSET VALUE DEVELOPMENT

## CHANGE OF NET ASSET VALUE (EPRA NAV) <sup>1)</sup>

EUR, per share



	30 JUN 2019	30 JUN 2018	31 DEC 2018
EPRA NAV per share, EUR <sup>1)</sup>	12.77	13.42	12.95
EPRA NNNNAV per share, EUR <sup>1)</sup>	11.51	11.88	11.90





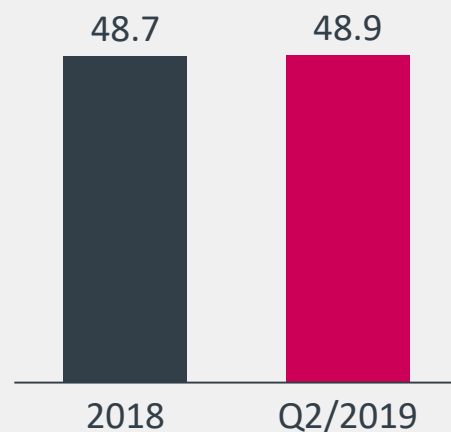
## MAIN FINANCING TARGETS

- Debt portfolio's hedge ratio 70-90% ✓ 83.3%
- Investment-grade credit ratings ✓ BBB-/Baa3
- Financing mainly unsecured ✓ 95.1%
- Substantial liquidity buffer ✓ MEUR 560
- Average maturity of loan portfolio > 5 yrs - 4.6
- Loan to Value 40-45% - 48.9%

**Stable business model matched  
by conservative financing targets**

# AMOUNT OF INTEREST-BEARING DEBT DECLINED

## LTV DEVELOPMENT



■ Loan to value (LTV)

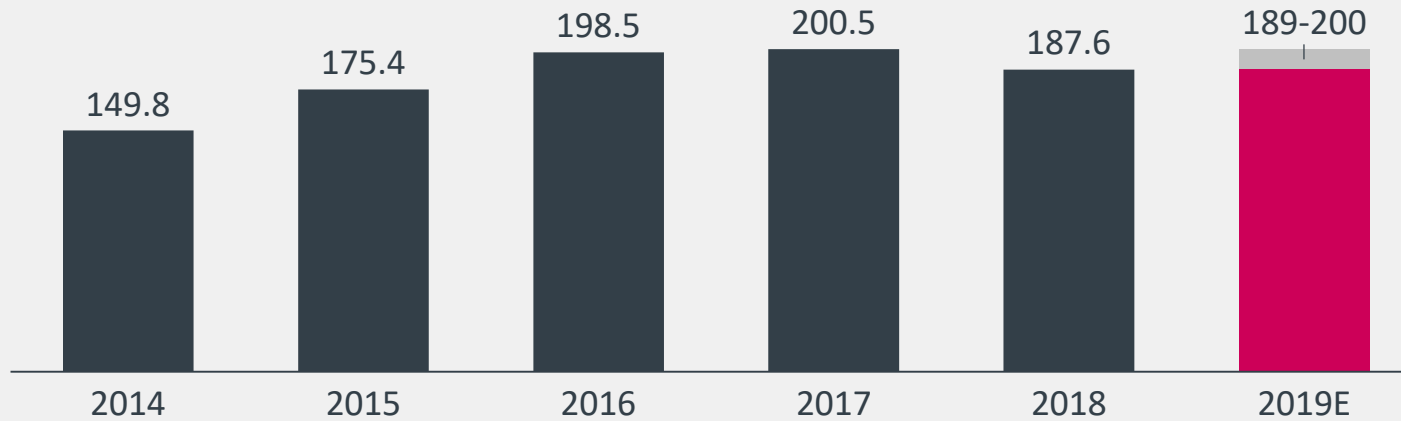
## FINANCING KEY FIGURES

		30 JUN 2019	30 JUN 2018	31 DEC 2018
Interest bearing debt, fair value	MEUR	<b>2 123.3</b>	2 083.6	2 154.6
Available liquidity	MEUR	<b>560.4</b>	565.7	556.4
Average loan maturity	years	<b>4.6</b>	4.7	5.0
Interest rate hedging ratio	%	<b>83.3</b>	94.9	91.7
Weighted average interest rate <sup>1)</sup>	%	<b>2.42</b>	2.78	2.35
Loan to Value (LTV)	%	<b>48.9</b>	47.0	48.7
Financial covenant: Equity ratio (> 32.5%)	%	<b>44.7</b>	47.1	45.4
Financial covenant: Interest cover ratio (> 1.8)	%	<b>4.0</b>	3.8	3.8

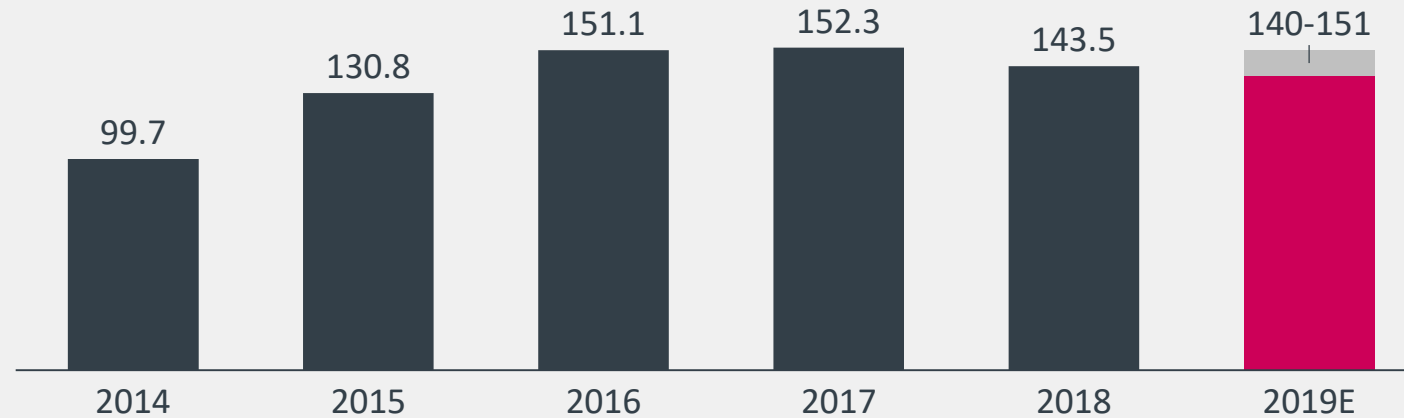
<sup>1)</sup>Including cross-currency swaps and interest rate swaps

# OUTLOOK 2019 SPECIFIED

## DIRECT OPERATING PROFIT



## EPRA EARNINGS



### Direct operating profit

MEUR 189-200  
(previously 188-206)

### EPRA Earnings

MEUR 140-151  
(previously 138-156)

### EPRA EPS (basic)

EUR 0.785-0.850  
(previously 0.775-0.875)

# LOOKING FORWARD AT 2019



# OUR DEVELOPMENT PROJECT IN LIPPULAIVA IS PROGRESSING

Status update  
Q2/2019:  
-foundation works  
progressing as  
planned

- Lippulaiva will be the new heart of the growing area of Espoonlahti in greater Helsinki
- Strong focus on everyday shopping needs with three grocery stores
- Extension of metro line and bus terminal will be integrated in the centre





# STRATEGIC FOCUS AREAS OF NEW MANAGEMENT

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## INCREASED FOCUS ON ASSET MANAGEMENT

- Continue to intensify focus on maximizing asset value
  - New organization implemented in H1/2019
  - Exploit densification opportunities within portfolio
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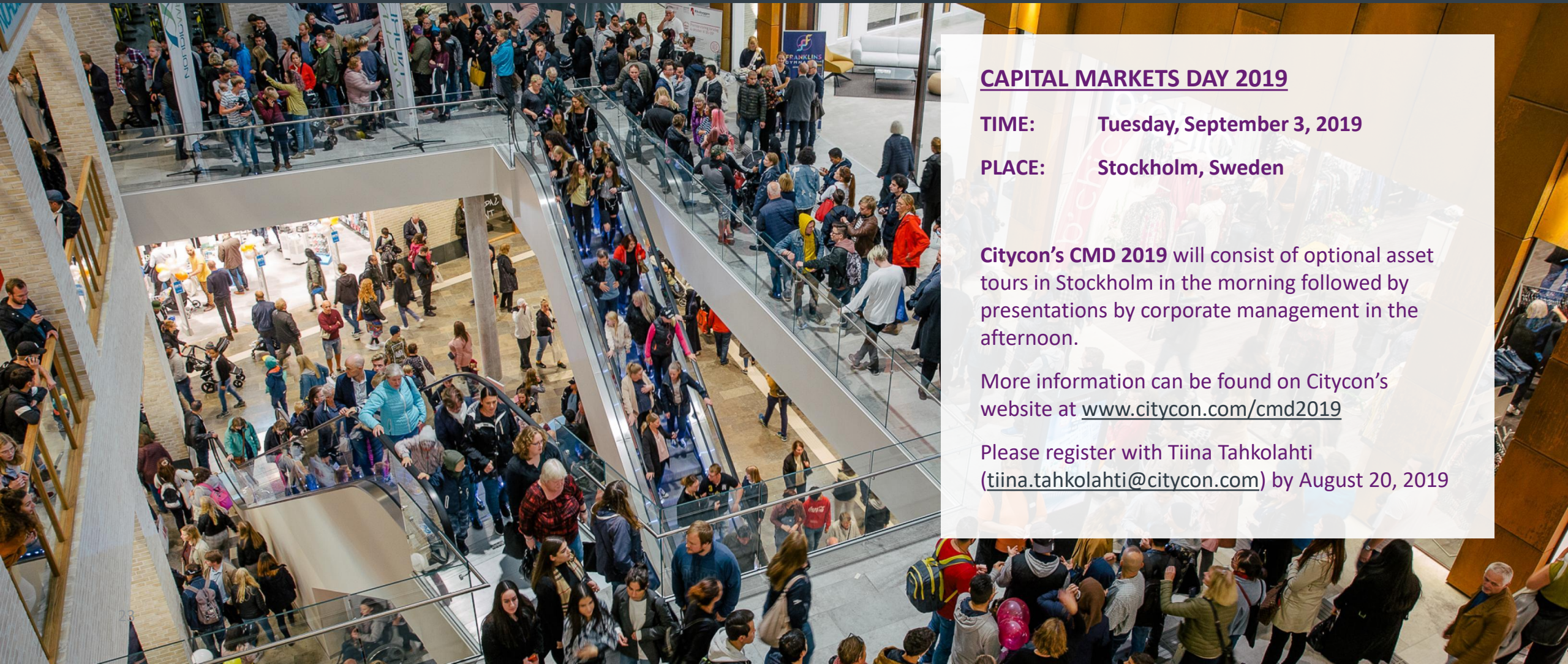
## CONTINUE TO STRENGTHEN BALANCE SHEET

- Continued capital recycling actions to strengthen balance sheet
  - Thoughtful disposition of non-core assets at appropriate pricing levels
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## GOOD STEWARDS OF CAPITAL

- Continued focus on capital allocation
  - Capital investment focused on best assets
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# CAPITAL MARKETS DAY 2019



## **CAPITAL MARKETS DAY 2019**

**TIME:** Tuesday, September 3, 2019

**PLACE:** Stockholm, Sweden

**Citycon's CMD 2019** will consist of optional asset tours in Stockholm in the morning followed by presentations by corporate management in the afternoon.

More information can be found on Citycon's website at [www.citycon.com/cmd2019](http://www.citycon.com/cmd2019)

Please register with Tiina Tahkolahti ([tiina.tahkolahti@citycon.com](mailto:tiina.tahkolahti@citycon.com)) by August 20, 2019

## CONTACT INFORMATION

Eero Sihvonen

CFO, Exec. VP

Tel. +358 50 557 9137

Mikko Pohjala

IR and Communications Director

Tel. +358 40 838 07 09



# APPENDIX



# INCOME STATEMENT

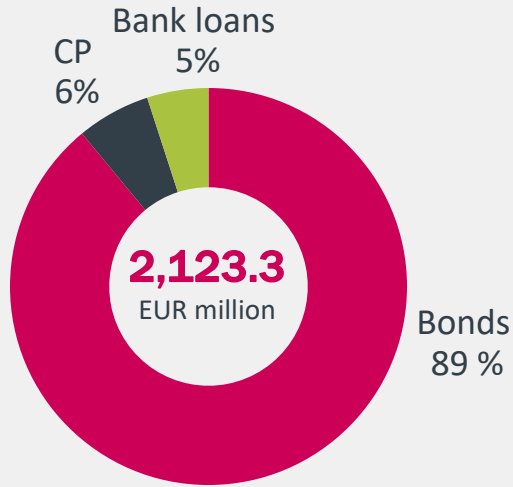
MEUR	H1/2019	H1/2018	%	2018
Gross rental income	118.5	120.1	-1.3 %	237.0
Service charge income	38.4	38.8	-1.2 %	79.2
Property operating expenses	-45.9	-50.5	-9.2 %	-98.9
Other expenses from leasing operations	-1.2	-0.8	54.7 %	-2.4
Net rental income	109.7	107.6	2.0 %	214.9
Administrative expenses	-13.2	-12.4	6.9 %	-28.0
Other operating income and expenses	1.9	-5.6	-	-9.5
Net fair value gains/losses on investment property	-46.8	-33.5	39.6 %	-72.5
Net gains/losses on sale of investment property	-1.6	1.4	-	-0.2
Operating profit	50.0	57.5	-13.0 %	104.7
Net financial income and expenses	-24.5	-25.8	-4.9 %	-70.5
Share of profit/loss of joint ventures	-4.3	-4.9	-13.2 %	-12.5
Profit before taxes	21.2	26.7	-20.7 %	21.7
Current taxes	-0.5	-0.2	101.5 %	-0.2
Deferred Taxes	0.1	-7.1	-	-4.8
Profit/loss for the period	20.8	19.4	7.5 %	16.6

# BALANCE SHEET

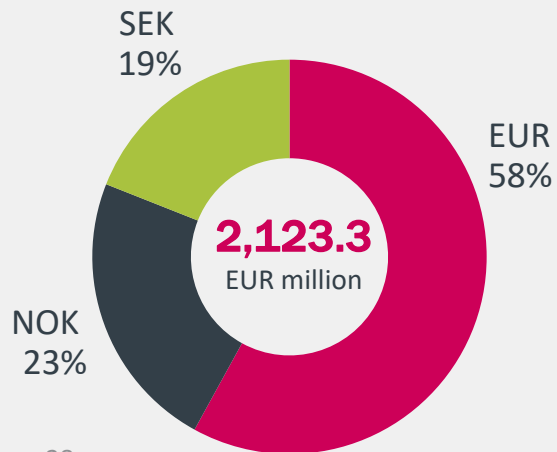
MEUR	30 JUN 2019	30 JUN 2018	31 DEC 2018
Investment properties	4,149.8	4,140.8	4,131.3
Total non-current assets	4,510.0	4,582.3	4,488.4
Investment properties held for sale	37.5	3.7	78.1
Total current assets	64.6	54.2	56.2
<b>Total assets</b>	<b>4,612.1</b>	<b>4,640.1</b>	<b>4,622.7</b>
Total shareholders' equity	2,058.3	2,180.6	2,089.0
Total liabilities	2,553.8	2,459.6	2,533.7
<b>Total liabilities and shareholders' equity</b>	<b>4,612.1</b>	<b>4,640.1</b>	<b>4,622.7</b>

# 95% OF DEBT FIXED RATE WITH BALANCED MATURITY PROFILE

## DEBT BREAKDOWN BY TYPE

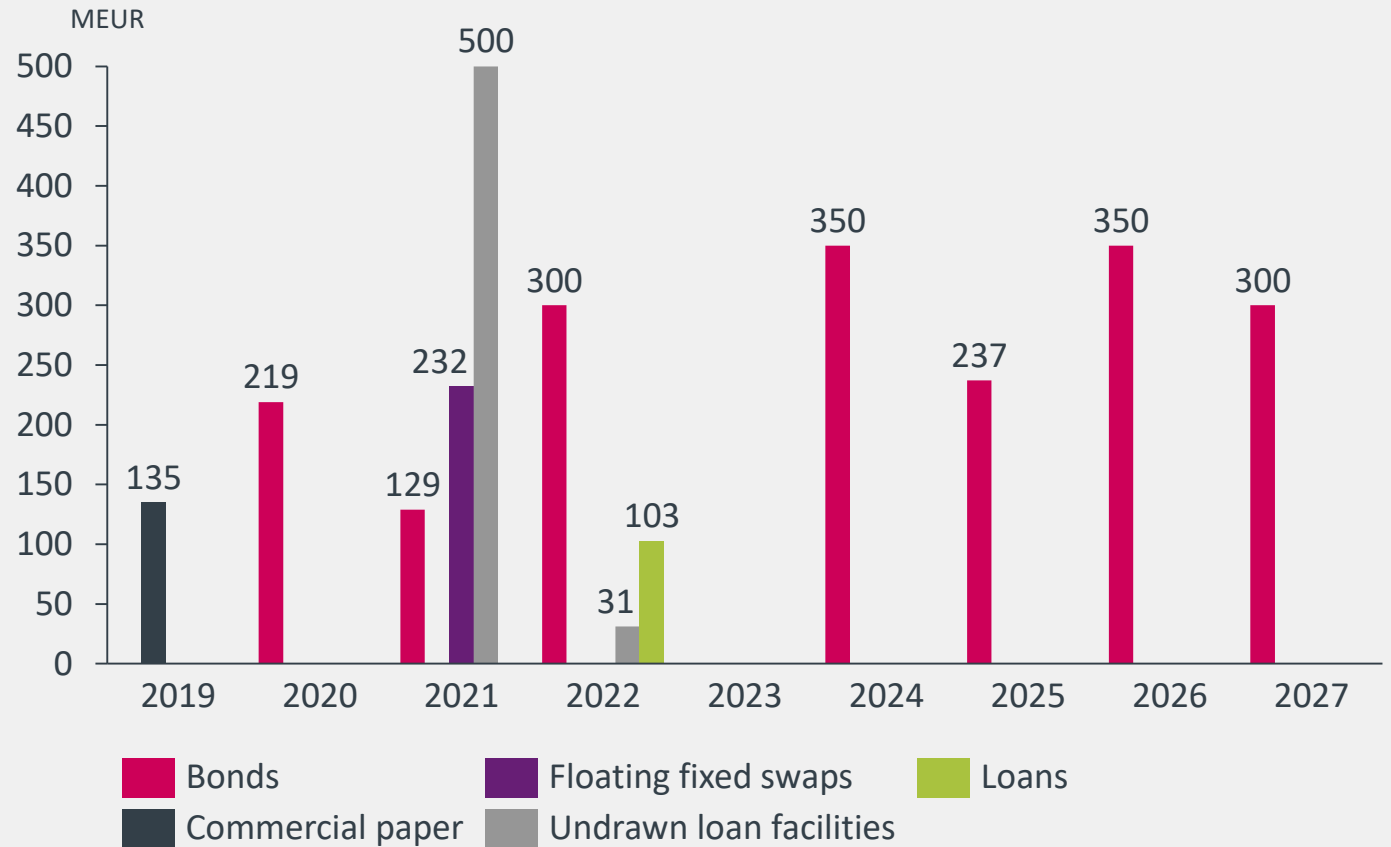


## DEBT BREAKDOWN BY CURRENCY



Part of EUR debt has been converted to SEK and NOK using cross-currency swaps

## DEBT MATURITIES





# IFRS 16 - IMPACT ON Q1-Q2/2019 FINANCIALS

- No change in accounting treatment for lease agreements where we act as the lessor. However, in agreements where Citycon acts as the lessee, accounting treatment will be changed.
- Adopted as of Q1/2019

CONSOLIDATED INCOME STATEMENT	IMPACT MEUR ON Q2/2019	IMPACT MEUR ON H1/2019
Net rental income	+1.8	+3.5
Net fair value losses on investment property	-1.5	-3.0
Net financial income and expenses	-0.5	-1.0
<b>Profit before taxes</b>	<b>-0.2</b>	<b>-0.4</b>
Deferred taxes	+0.1	+0.1
<b>Loss/profit for the period</b>	<b>-0.2</b>	<b>-0.3</b>
CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
Lease liabilities	58.6	58.6
Total Right-of-Use Assets	58.2	58.2
CONSOLIDATED CASH FLOW STATEMENT		
Net cashflows from operating activities	+1.6	+3.1
Net cashflows from financing activities	-1.6	-3.1
EPRA		
EPRA Earnings	+1.3	+2.7