

Audiocast presentation

Q2/2015

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CFO, Exec. VP Eero Sihvonen

2015
Q2



Q2/2015 CONSOLIDATION AS NORDIC LEADER



Highlights Q2/2015

Stable financial performance

- Result supported by lower financing expenses

Diverging operating performance

- Overall solid LFL NRI growth and stable valuation driven by Sweden

(Re)developments progressing positively

- Next steps in IsoKristiina & Mölndal Galleria

Substantial recycling of capital

- EUR 190 million of non-core divestments signed¹⁾

Acquisition of Sektor Gruppen

- Pan-Nordic player with European scale

Successful rights issue completed 13 July

- 113% oversubscribed

Guidance updated

- On track, adjusted for increased share count and Sektor acquisition



Stable financial and operating performance

MEUR	Q2/2015	Q2/2014	Q1-Q2/ 2015	Q1-Q2 / 2014	%
Net rental income	42.6	43.6	82.3	83.6	-1.6
EPRA Operating profit	37.6	38.8	72.5	74.3	-2.5
EPRA Earnings	30.0	24.3	57.5	45.9	25.1
EPRA Earnings per share (basic)	0.051	0.053	0.097	0.102	-4.8
EPRA NAV	2.99	3.00	2.99	3.00	-0.5

- Like-for-like gross rental income (GRI) increase of 0.7%
- Like-for-like net rental income (NRI) increase of 1.6%
- EPRA EPS close to last year's level despite 31% increase in average number of shares
 - Earnings growth supported by lower financing expenses

Strong retail environment in the Nordics except for Finland

Finland

- GDP forecast for 2015 modest
- Consumers still hold back on spending

Norway

- Healthy inflation and positive economic outlook

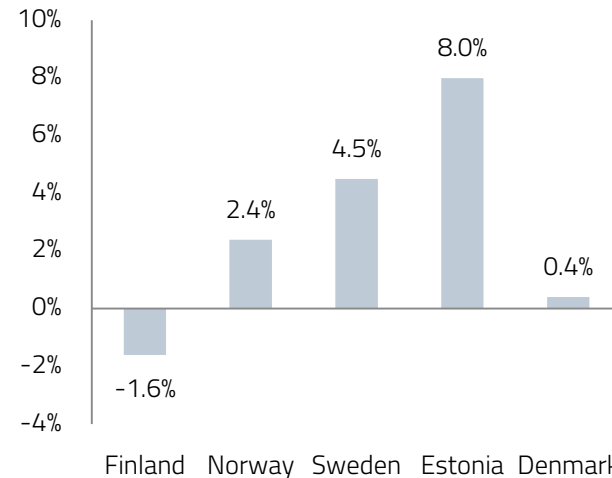
Sweden

- Strong economic fundamentals continue

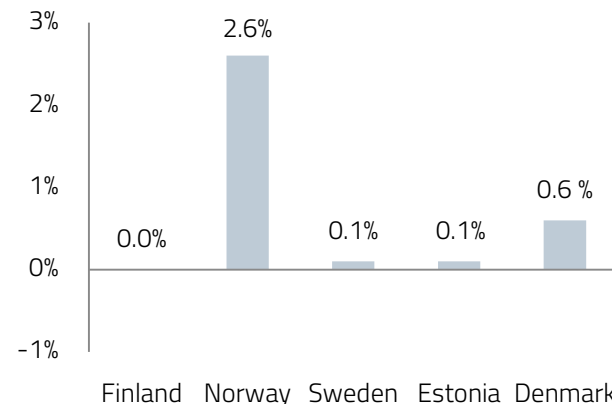
Estonia

- Strong growth in absolute terms
- Increased competition in Tallinn (pressure on growth per m²)

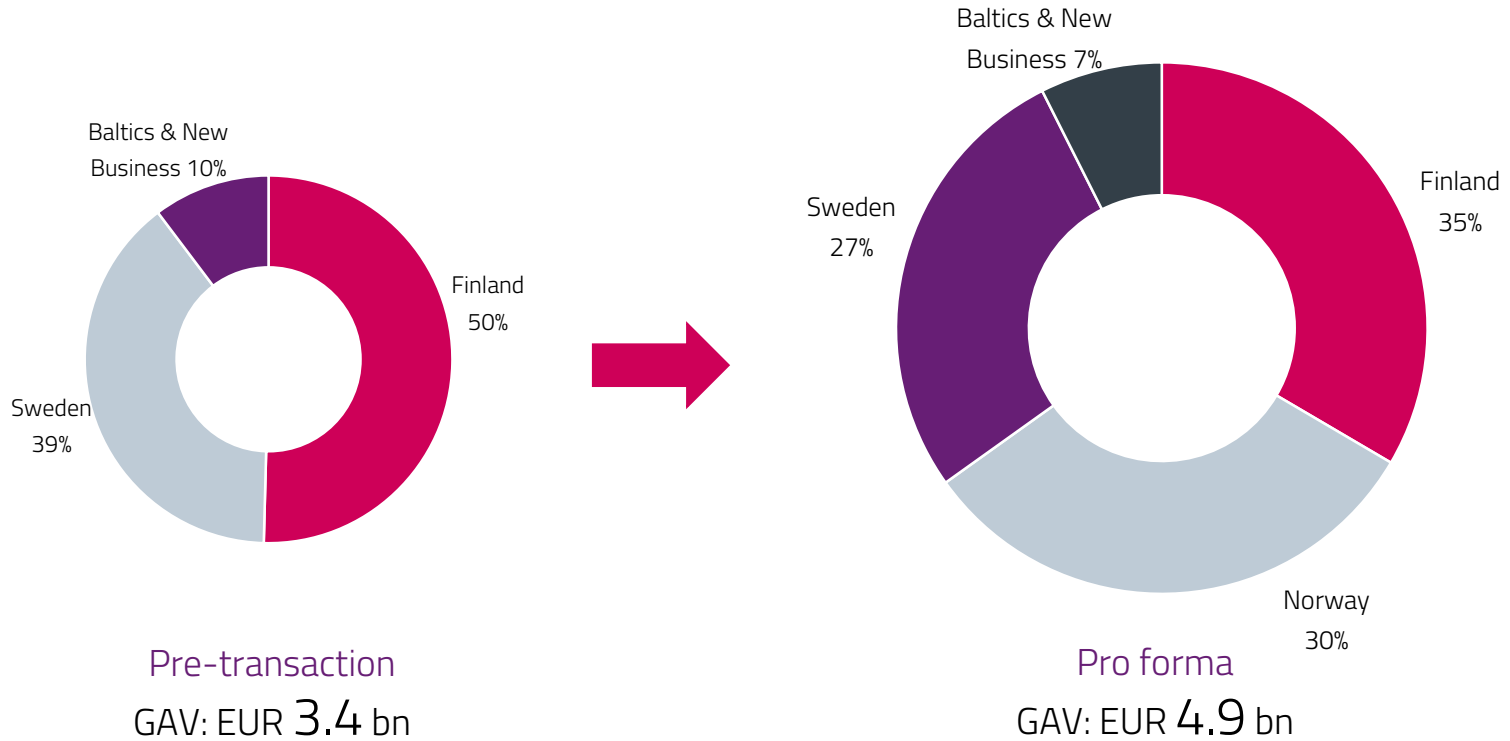
Retail sales Jan-May 2015



Consumer price index May 2015



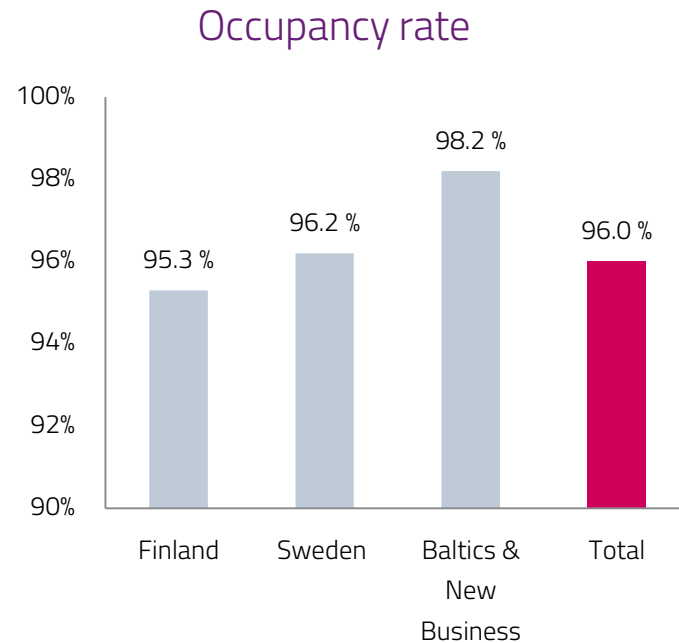
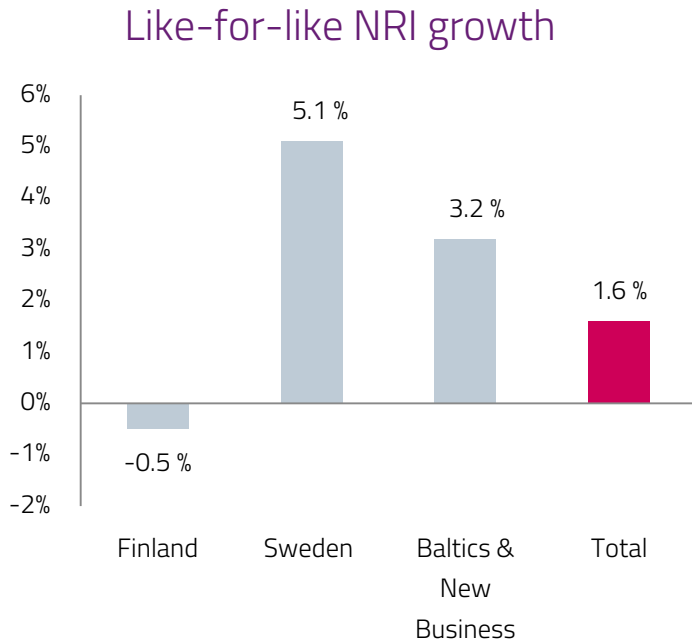
Acquisition of Sektor enhances Citycon's Nordic strategy



Improved geographical diversification – presence in whole Nordics

Signed divestments reduce Finnish exposure further to ~33%

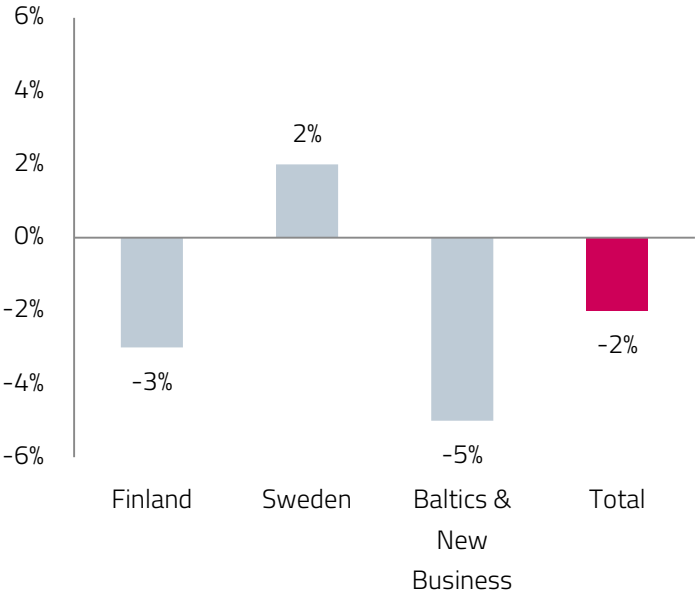
Continued like-for-like NRI growth; Strong positive trend in Sweden, Finland negative



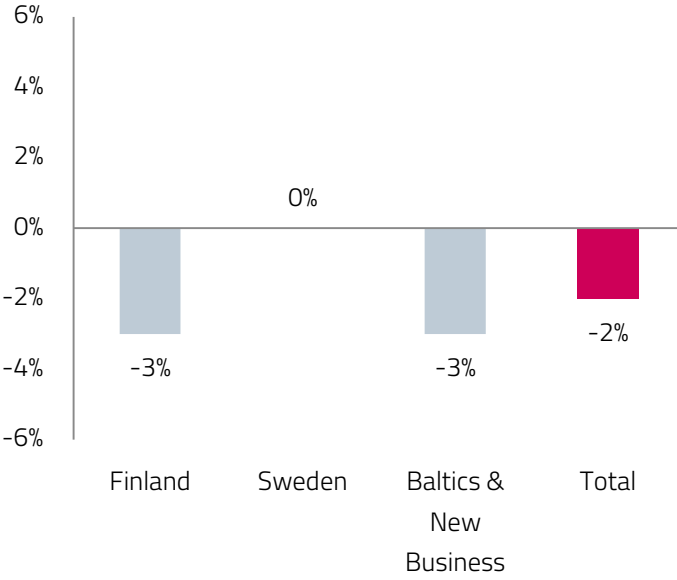
- Positive like-for-like NRI growth in a close to zero inflation environment
 - Shopping centres: 1.8%
 - Supermarkets & shops: -0.4%
- Strong NRI growth in Kista Galleria of ~5% and high occupancy of 99%
- Largest asset in Finland, Iso Omena, out of like-for-like portfolio

Sales and footfall - positive development in Sweden, Finland under pressure

Sales in LFL shopping centres



Footfall in LFL shopping centres



- Kista Galleria: strong sales of +5% and footfall of +3%

Further enhancement of portfolio

	Area before/ after, sq.m.	Citycon's (expected) investment need, MEUR	Actual gross investments by 30.6.2015, MEUR	Expected yield on completion when stabilised, %	Pre-leasing rate, %	Completion target	
Iso Omena	63,300 99,000	182.0	58.9	6.3	Part A: 55% 40%	Q3/2016 & Q2/2017	Extension & (re)developm ent
IsoKristiina	22,400 34,000	56.0	50.6	7.1	90%	Q4/2015	Extension & (re)developm ent
Porin Asema-aukio	18,800 23,000	40.0	5.8	-	100%	Q2/2017	Divestment signed
Stenungstorg	36,400 41,400	18.0	11.0	7.5	Phase 1&2 90%	Q1/2016	Phase 1 completed

IsoKristiina's first phase successfully opened

- Pre-leasing rate 90%
- Theater, health care, gym, cinema and hotel fully integrated
- Strong anchor profile e.g. Sokos / Marks & Spencer, Kesko, Claes Ohlson



Grand opening in
October 2015



Iso Omena – top shopping centre in the Helsinki region

- Project on track. Tenant demand at good level
- New concept with improved circulation
 - Total extension approx. 35,000 sq.m. (of which retail 29,000 sq.m.)
- Opening August 2016 & Q2/2017
- The new western metro line will also start operating in August 2016



Full integration with metro end station and bus terminal

Development pipeline

2 projects committed and one planned ≥ 2015

	Estimated project area/additional sq.m.	Citycon's expected investment need, EUR m	Target for project initiation/completion	
C Mölndal Galleria	24,000	120	August 2015 /2018	Zoning and pre-leasing completed. Building of a new shopping centre replacing the old retail property. Joint venture agreement for the (re)development with NCC PD
C Tumba Centrum	11,000	53	2015/2017	Extension project combined with a new bus terminal. Zoning has been approved, pre-leasing ongoing
P Lippulaiva	36,000/ 23,000	50-70	2015/2017	Extension possibility of the shopping centre. Zoning process ongoing due to the plans to extend the western metro line and build a new bus terminal next to Lippulaiva. Plans include a new library, cultural services and hypermarket

Successful pre-leasing of Mölndal Galleria in Gothenburg - construction to start

- Construction to start in August
 - Successful pre-leasing
 - Several major chains signed e.g. H&M, Systembolaget, Lindex and a large ICA grocery store
- Expected annual visitors of 5-6 million
- Part of Mölndal's new city centre
 - Total investment in the area including office, retail and residential of more than EUR 400 million

Total investment, MEUR ¹⁾	120
GLA	24,000
Pre-leasing rate	>50%



Successful recycling of capital

- Signed divestments of approximately EUR 190 million:

Property	Location	Sales price, MEUR	Expected closing	
Porin Asema-aukio	Pori	57	Q2/2017	➔ Finland EUR 141 million
Talvikkitie 7-9	Vantaa	8	Q3-Q4/2015	
Portfolio of 13 assets ¹⁾	Across Finland	76	Q3/2015	
Kallhäll	Järfalla, Stockholm	6	Q3-Q4/2015	➔ Sweden EUR 45 million
Strömpilen ¹⁾	Umeå	39	Q4/2015	

- Further reduction of Finnish exposure
- Kesko exposure down from 15% to 11%

Target to divest non-core properties for
EUR 150-250 million in 2015-2016 achieved

Integration of Sektor

Capture and integrate best of both worlds

- Merging two strong platforms based on the “One Citycon” model
- Combinational and transformational synergies
- Integration team and program in place

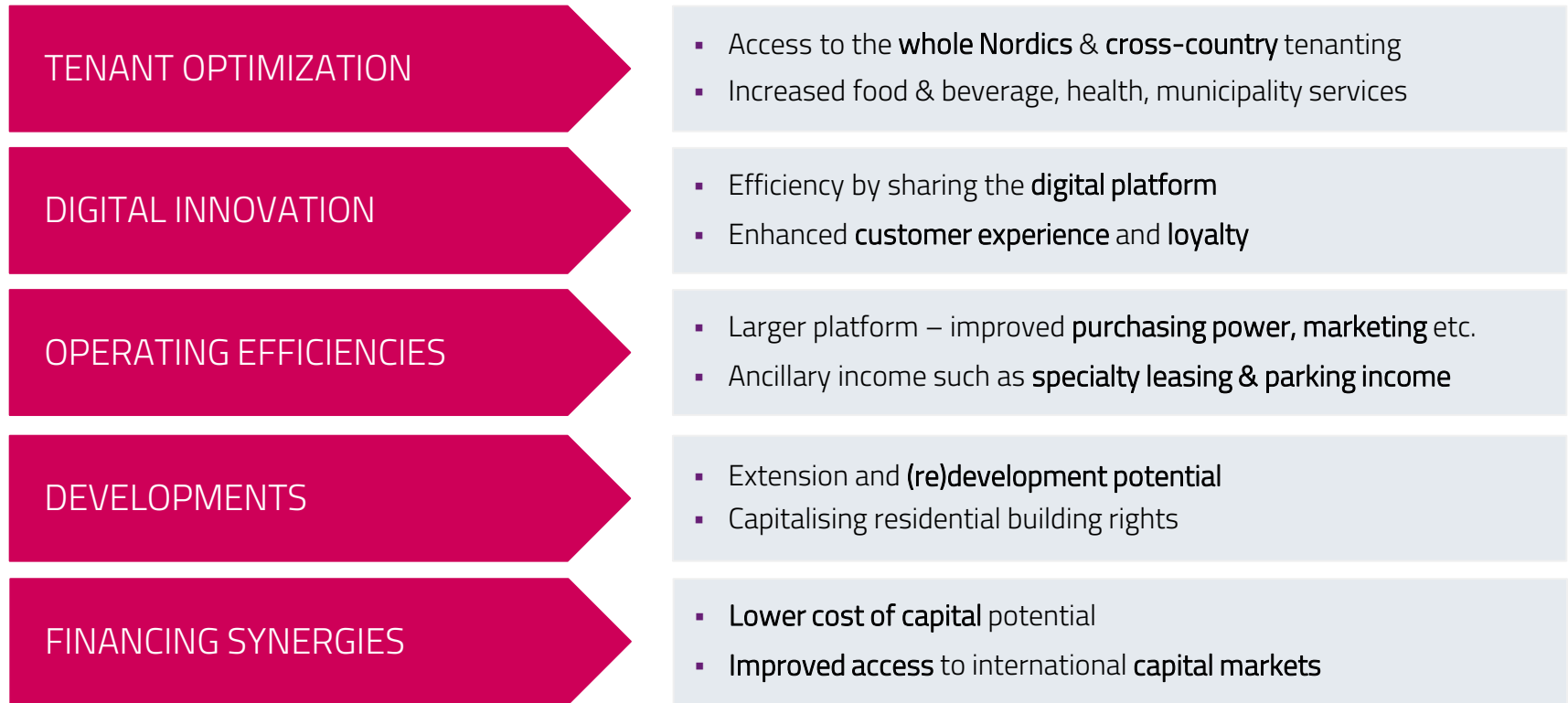
Integration based on critical stages

- No big-bang
- Completion of integration around Q1/2016 (reporting as of Q3/2015)



Align Sektor with Citycon processes and KPIs

Sektor - ambition to generate annual LFL NRI growth of +100bps above CPI



More details on synergy effects to be presented in Q3/2015

Going forward

Citycon: a true Nordic player with international scale

Sektor integration started, more details in Q3

Continue active recycling of capital and further improve portfolio quality

Committed to LTV of 40-45%

2015 EPRA EPS guidance updated to EUR 0.155-0.175





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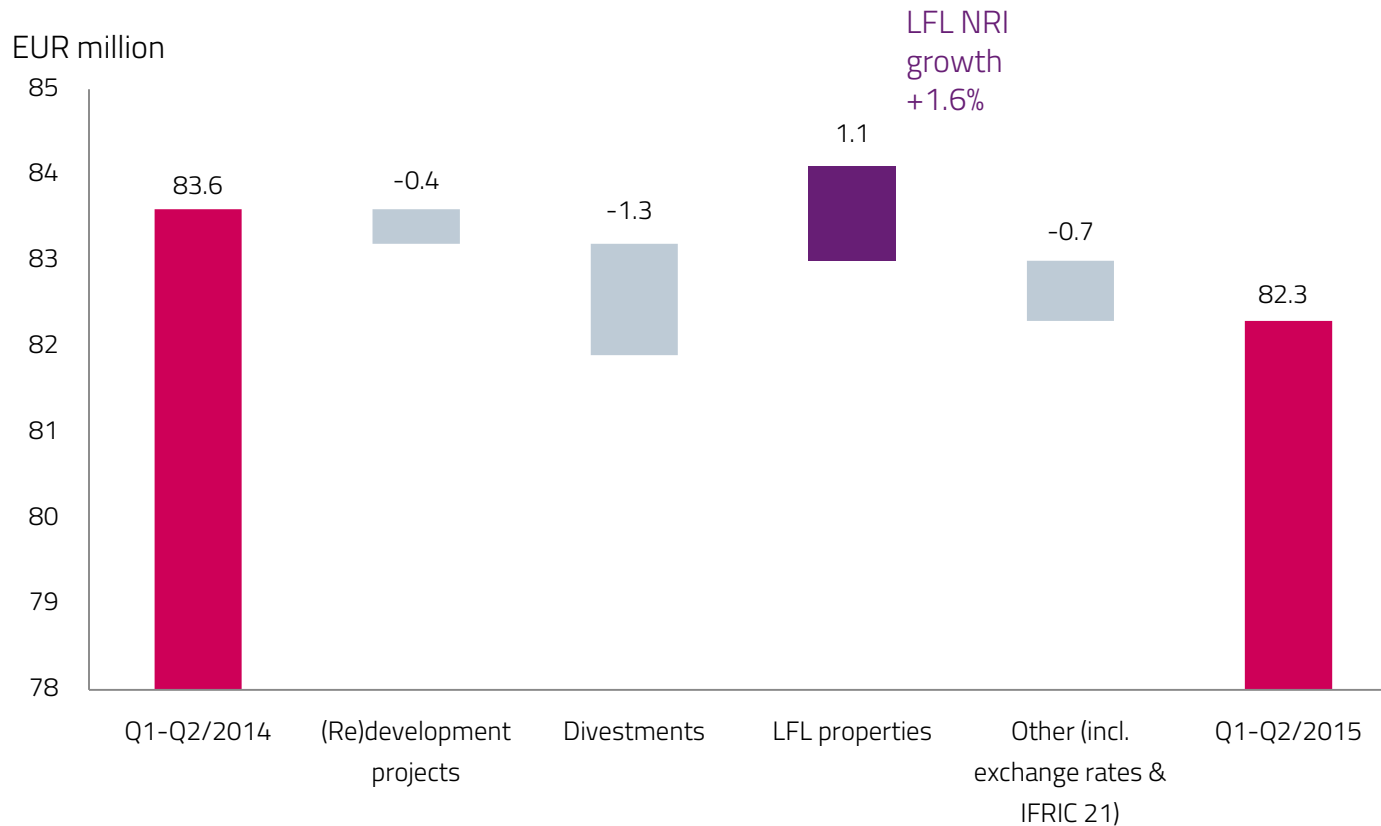
FINANCIAL REVIEW

Financial results

MEUR	Q2/2015	Q2/2014	Q1-Q2/ 2015	Q1-Q2 / 2014	Q1-Q2 / 2015 incl. Kista 100%
Net rental income, total	42.6	43.6	82.3	83.6	97.2
NRI, Finland	25.2	26.0	48.7	50.4	48.7
NRI, Sweden	10.3	10.6	19.8	19.4	34.7
NRI, Baltics & New Business	7.1	7.0	13.8	13.9	13.8
EPRA Operating profit	37.6	38.8	72.5	74.3	86.6
EPRA Earnings	30.0	24.3	57.5	45.9	n.a.
EPRA EPS (basic)	0.051	0.053	0.097	0.102	n.a.

- Earnings growth supported by decreased leverage and lower average cost of debt
- Higher share count due to equity raise in 2014
- Kista Galleria contributed to the IFRS based profit for the period by approx. EUR 11.6 million in Q1-Q2/2015

NRI development



Stable leasing indicators

	30 June 2015	30 June 2014
Occupancy rate (economic), %	96.0	95.7
LFL occupancy rate (economic), %	95.4	95.6
Occupancy cost ratio, % (LFL shopping centres)	8.9	8.7
Average rent, EUR/sq.m./mth	22.0	21.7

- Relatively stable occupancy
- Average rent development stable, though under pressure in Finland
- Continued modest occupancy cost ratio

Stable leasing indicators

	Q2/2015	Q2/2014	Q1-Q2/ 2015	Q1-Q2/ 2014
Average rent, EUR/sq.m.	22.0	21.7	22.0	21.7
# of leases started	207	128	392	272
Total area of leases started, sq.m.	29,288	29,705	73,962	60,401
Average rent of leases started, EUR/sq.m.	22.9	20.0	21.5	19.5
# of leases ended	162	132	492	336
Total area of leases ended, sq.m.	30,097	31,061	94,141	68,343
Average rent of leases ended, EUR/sq.m.	21.4	20.2	20.5	21.4
Leasing spread of renewals, %	-5.6	-2.5	-4.0	-8.1

- Leasing spread of renewals refers to leases that are renewed with the same tenant concerning the same premise

Income statement

MEUR	Q2/2015	Q2/2014	Q1-Q2/ 2015	Q1-Q2/ 2014	Change- %
Turnover	60.2	61.9	120.3	123.2	-2.3
Property operating expenses	-17.2	-17.9	-37.4	-38.9	-4.0
Other expenses from leasing operations	-0.4	-0.3	-0.6	-0.6	-2.3
Net rental income	42.6	43.6	82.3	83.6	-1.6
Administrative expenses	-5.6	-5.1	-11.2	-10.2	9.4
Other operating income and expenses	0.6	0.4	1.3	0.8	63.1
Net fair value gains/losses on investment property	1.8	1.4	3.0	13.4	-77.4
Net gains/losses on sale of investment property	0.0	-0.2	-0.4	0.0	-
Operating profit	39.4	40.0	75.1	87.6	-14.2
Net financial income and expenses	-7.1	-28.0	-16.3	-41.6	-60.8
Share of profit/loss of joint ventures	3.8	1.1	7.3	6.1	19.6
Profit/loss before taxes	36.0	13.2	66.1	52.1	26.9
Profit/loss for the period	35.4	12.7	62.1	45.4	36.8

Positive valuation driven by Sweden

	Fair value changes MEUR		Weighted average yield requirement, %	
	Q2/2015	Q1-Q2/2015	30 June 2015	30 June 2014
Total	1.8	3.0	6.1	6.2
Finland	-14.3	-17.0	6.1	6.2
Sweden	14.6	18.1	5.6	5.9
Baltics and New Business	1.6	2.0	7.0	7.3

- Fair value change for Q1-Q2/2015 including Kista Galleria (100%) was EUR 20.6 million

Strong balance sheet

MEUR	30 June 2015	30 June 2014	31 Dec 2014
Investment properties	2,819.6	2,741.5	2,769.1
Total non-current assets	3,046.8	2,918.9	2,965.2
Total current assets	81.0	172.2	64.8
Total assets	3,141.6	3,098.7	3,037.2
Total shareholder's equity	1,630.9	1,465.9	1,652.5
Total liabilities	1,510.7	1,632.8	1,384.8
Total liabilities and shareholders' equity	3,141.6	3,098.7	3,037.2

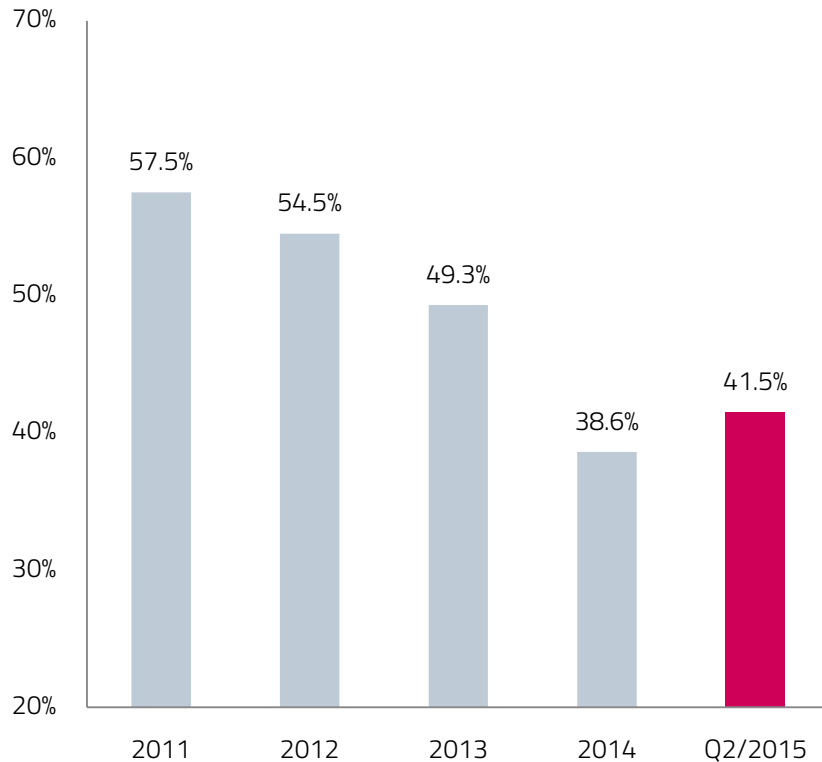
	30 June 2015	30 June 2014	31 Dec 2014
EPRA NAV per share, EUR	2.99	3.00	3.01
EPRA NNNAV per share, EUR	2.64	2.61	2.63
EPRA Net Initial Yield (NIY), %	6.0	6.2	6.1



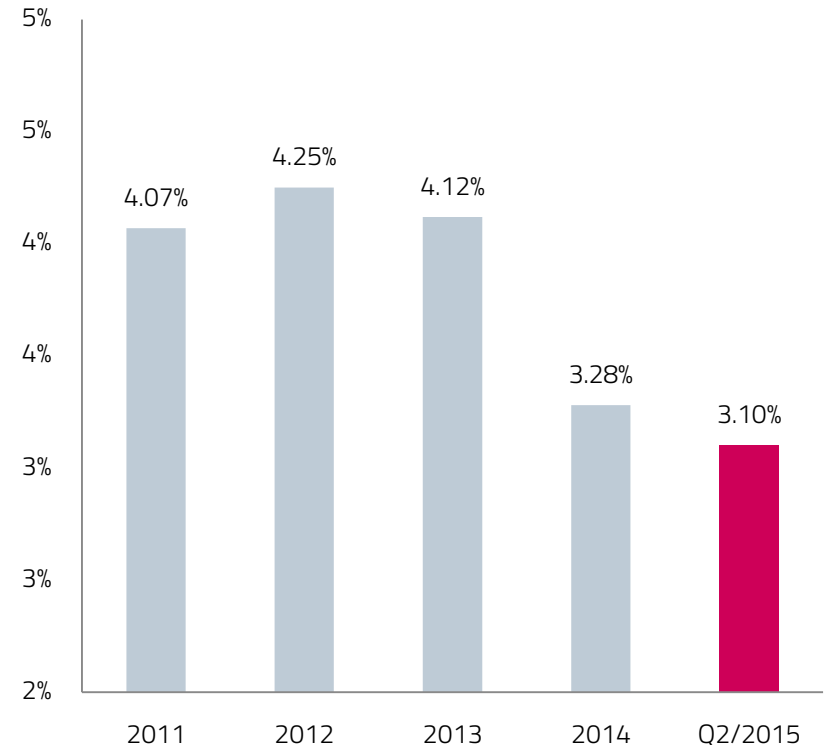
FINANCING OVERVIEW

Low average cost of debt

Loan to Value



Weighted average interest rate



Successful financing of Sektor

- Oversubscribed rights issue
 - All offered 296,664,209 shares subscribed, oversubscription 113%
 - Net proceeds EUR 604 million
 - Major shareholder participation
 - Completed 14 July
- Bridge financing facilities with one year maturity and competitive pricing
- Existing Sektor bank loans in place for max one year

Sources

MEUR	
Existing Sektor bank loans	671
Rights issue	600
Parent level bridge	222
Total	1,493

Uses

MEUR	
Purchase price	541
Existing Sektor bank loans	671
Bonds & vendor loan	264
Transaction costs	17
Total	1,493

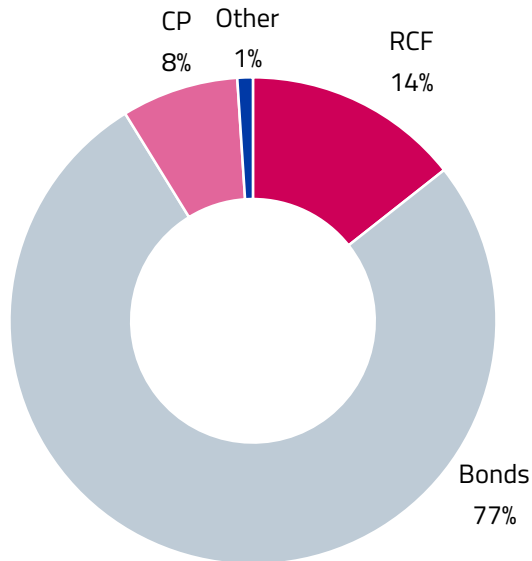
Financing key figures

	Q2/2015	Q2/2014	Q4/2014
Interest bearing debt, fair value, MEUR	1,286.4	1,308.6	1,188.4
Available liquidity, MEUR	343.6	419.9	449.8
Average loan maturity, years	5.3	3.8	5.9
Hedging ratio, %	81.5	85.7	88.0
Weighted average interest rate, % ¹⁾	3.10	3.98	3.28
Loan to Value (LTV), %	41.5	39.9	38.6
Financial covenant: Equity ratio (>32.5%)	52.0	49.3	54.8
Financial covenant: ICR (>1.8)	4.0	2.6	3.1

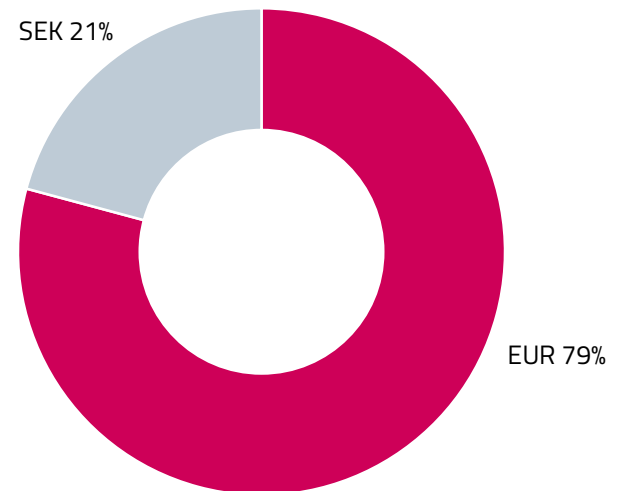
- Decreased average interest rate and increased average loan maturity following the issue of the EUR 350 million 10-year Eurobond, debt prepayments and the closing of interest rate swaps during Q4/2014
- Available liquidity at comfortable levels

Debt type and currency split

Breakdown by debt type ¹⁾



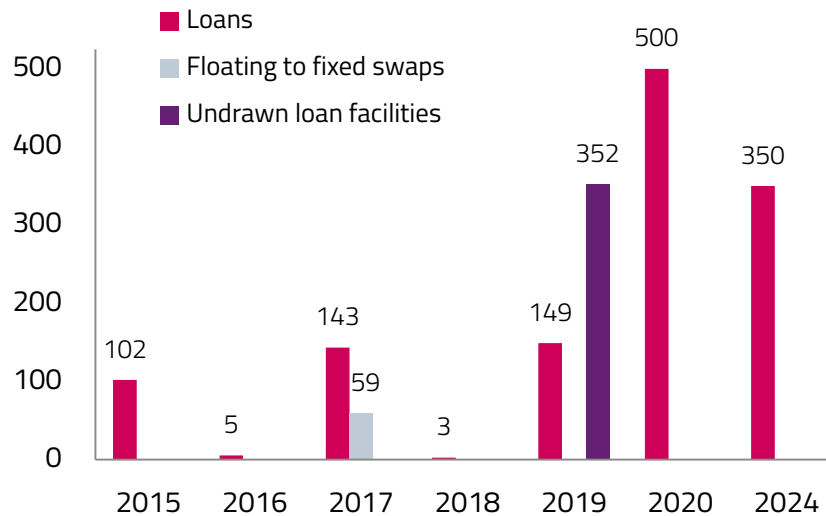
Breakdown by currency ¹⁾



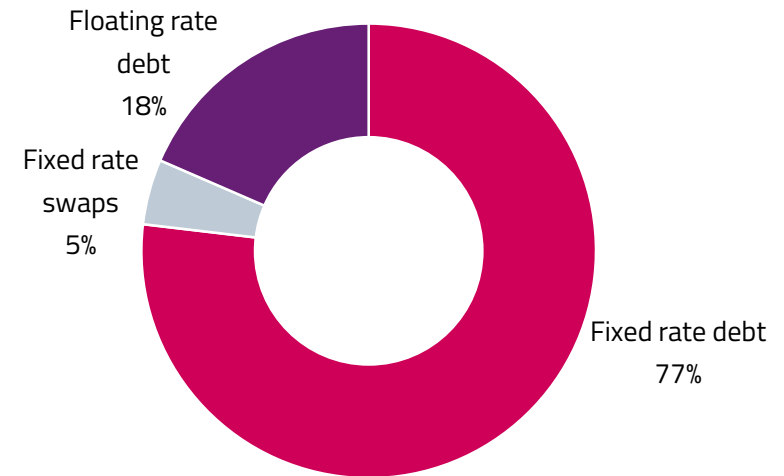
- Share of bond debt has increased and currency breakdown has shifted more towards EUR after the EUR 350 million bond issue. Part has been converted to SEK debt using cross-currency swaps

Debt maturities and interest risk hedging

Maturity profile of debt ¹⁾



Debt by fixing type



- Majority of loan maturities in 2015 are commercial papers that can be rolled over at maturity

Preliminary combined financial information

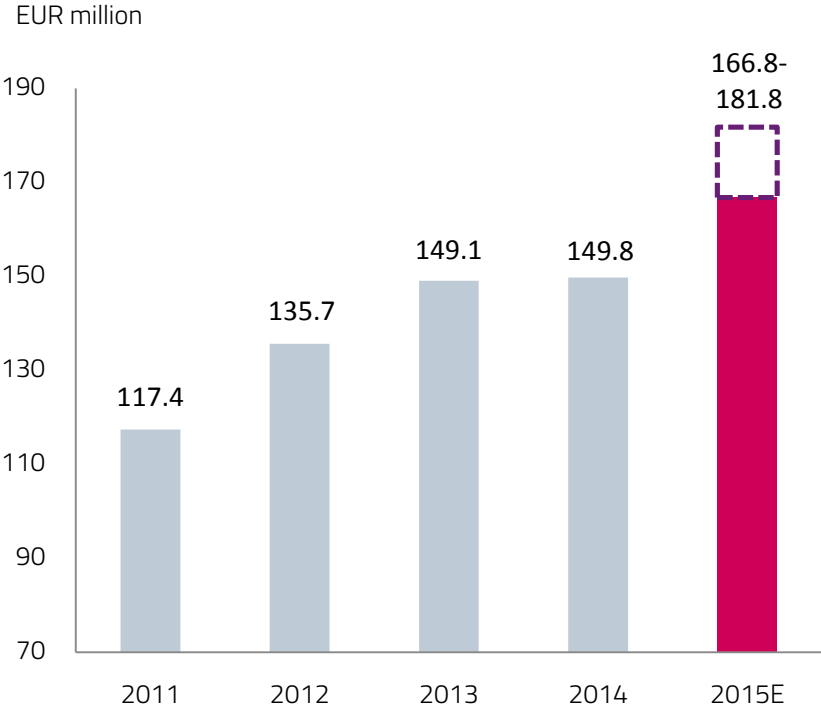
MEUR	Citycon 2014	Sektor 2014	Adjustments	Combined
Turnover	245.3	127.0	-	372.3
Net rental income	169.4	74.0	-1.3	242.0
Operating profit ¹⁾	165.0	103.5	-8.9	259.5
Net financial income and expenses	-77.5	-49.0	-	-126.5
Profit for the period ¹⁾	89.7	40.2	-8.6	121.3
Fair value of investment properties	2,769.1	1,308.3	104.5	4,181.9
Loan to Value (LTV), %	38.6	62.4	-	Approx. 45

¹⁾ Includes fair value changes on investment property

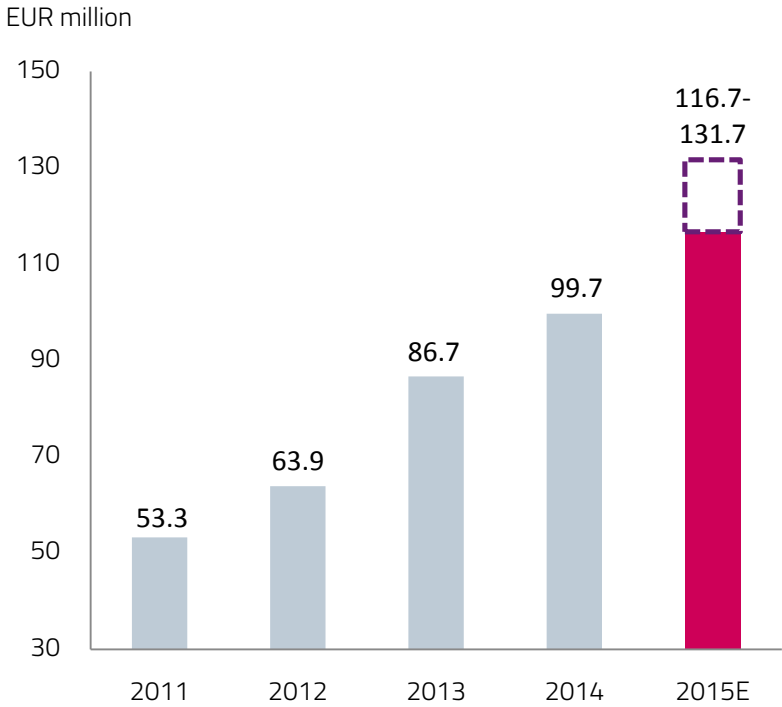
Note: The unaudited selected pro forma financial information presented here is entirely for illustrative purposes and based on theoretical combination of Citycon's and Sektor's 2014 financial statements

Outlook 2015 updated to reflect Sektor acquisition and rights issue

EPRA Operating profit



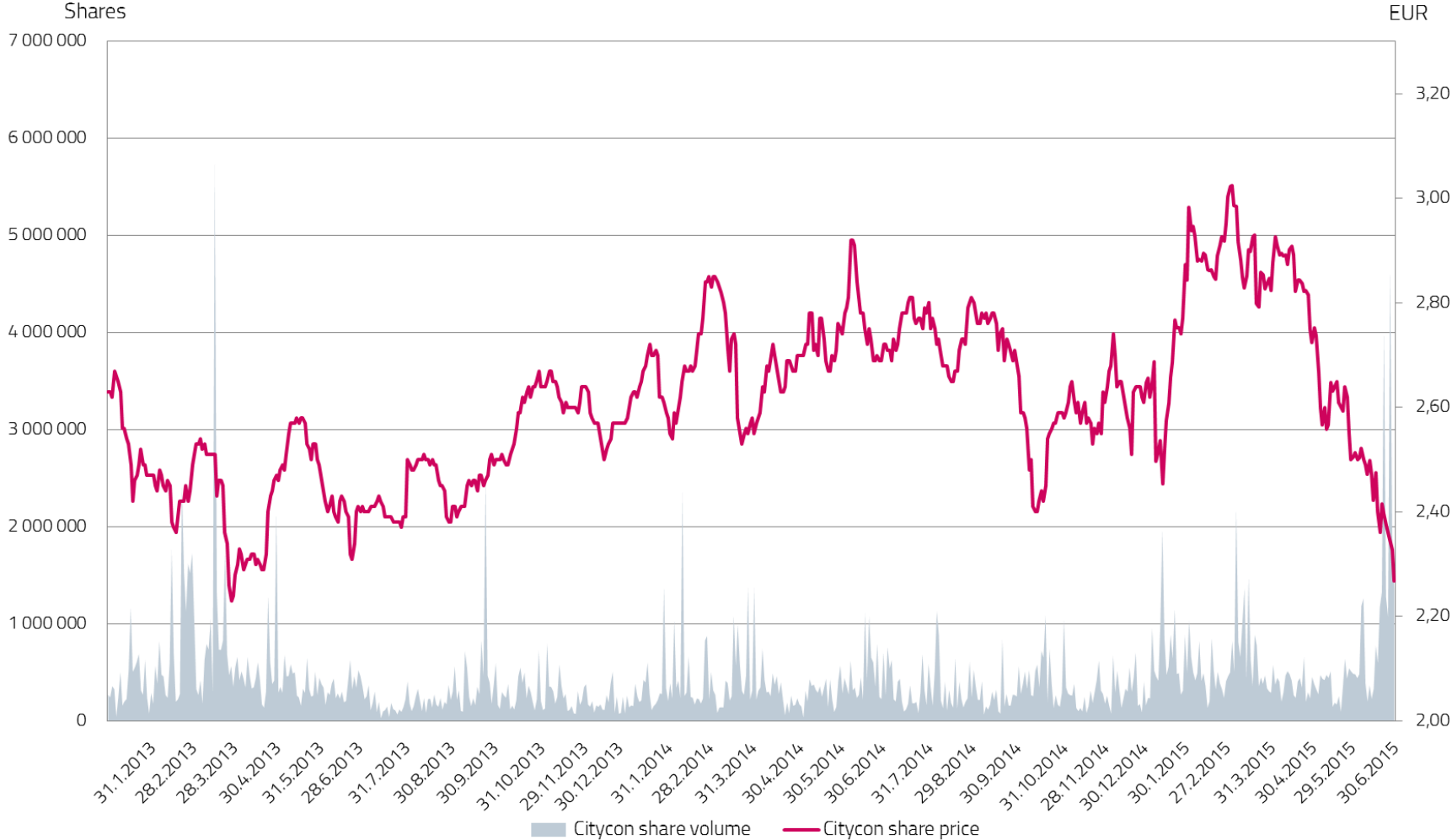
EPRA Earnings



- EPRA Operating profit EUR 17 to 32 million (Q1/2015: -8-0)
- EPRA Earnings EUR 17 to 32 million (Q1/2015: 6-14)
- EPRA EPS (basic) EUR 0.155-0.175 (Q1/2015: 0.175-0.195)

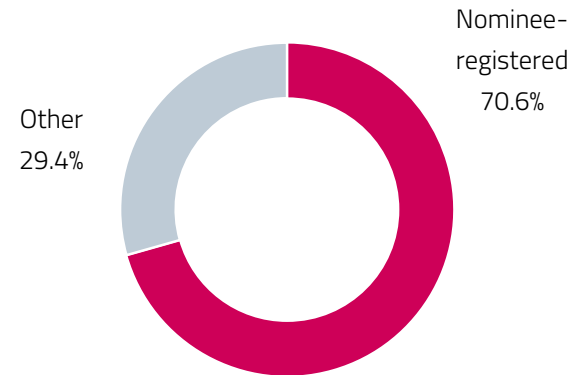
SHARES AND SHAREHOLDERS

Share performance and volume



Ownership, 30 June 2015

- Established and listed on Nasdaq Helsinki in 1988
- Market cap **EUR 1,995.4 million**
- Total registered shareholders **7,483** (7,854), of which nominee-registered **70.6%** (68.5%) of total
- Largest shareholders:
 - Gazit-Globe 42.8%
 - CPPIB 15.0%
 - Ilmarinen 7.13%
- Included in FTSE EPRA/NAREIT Global Real Estate Index, iBoxx BBB Financial index (EUR 500 million bond)





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