

Audiocast presentation

Q3/2014 Results

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2014
Q3

CITYCON



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HIGHLIGHTS Q3/2014



Highlights Q3/2014

Solid financial performance

Robust operating numbers in a challenging retail environment

Completion of EUR 400 million share issuances

Investment-grade credit ratings upgraded

Successful Eurobond issue of EUR 350 million

Announcement of acquisition and (re)development of Mölndals Galleria

Citycon's strategy reconfirmed



Solid financial performance

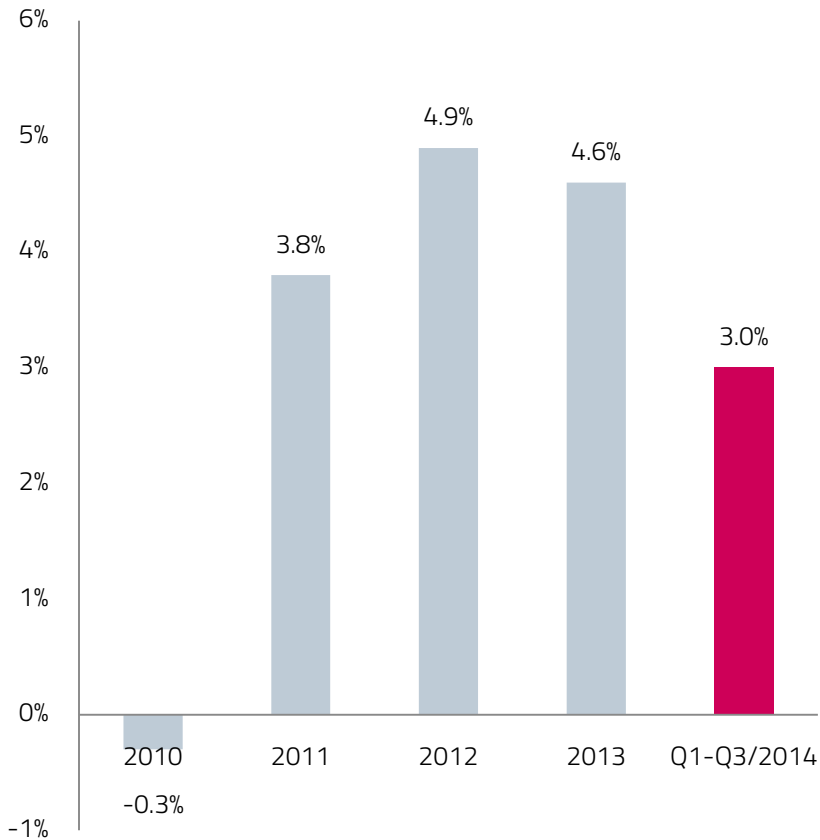
EUR million	Q3/2014	Q3/2013	Q1-Q3/ 2014	Q1-Q3/ 2013	Change-%
Turnover	61.4	62.1	184.5	186.6	-1.1
Net rental income	44.0	43.9	128.0	126.9	0.9
Administrative expenses	4.2	4.7	14.4	15.1	-4.9
EPRA Operating profit	40.2	39.5	114.9	112.6	2.0
Net financial income & expenses	-24.1	-15.4	-65.7	-74.9	-12.3
EPRA Earnings	29.4	24.2	75.7	64.7	17.0
EPRA Earnings per share (basic)	0.050	0.055	0.152	0.153	-0.9

- LFL gross rental income: 1.4%, LFL net rental income: 3.0%
- Turnover decrease mainly due to divestments and a weaker Swedish krona
- Stable EPRA EPS despite the higher average number of shares
- Fair value development EUR 0.1 million (EUR 8.3 million incl. Kista Galleria)
YTD 2014: EUR 13.5 million (EUR 37.0 million incl. Kista Galleria)

Robust operating numbers

Continued growth in like-for-like NRI

Like-for-like net rental income growth



- Continued strong like-for-like net rental income growth in low inflation environment
 - Shopping centres: 3.0%
 - Supermarkets & shops: 2.4%

- Growth in all regions
 - Finland: 2.8%
 - Sweden: 3.2%
 - Baltic Countries & New Business: n.a. (due to (re)development projects)

Robust operating numbers

Leasing indicators stable

	Q3/2014	Q3/2013	Q2/2014	Q4/2013
Occupancy rate (economic), %	95.7	95.8	95.7	95.7
LFL occupancy rate (economic), %	95.1	95.4	95.2	95.2
Occupancy cost ratio, % (LFL shopping centres)	8.7	8.7	8.7	8.7
Average rent, EUR/sq.m./mth	21.7	21.5	21.7	21.5

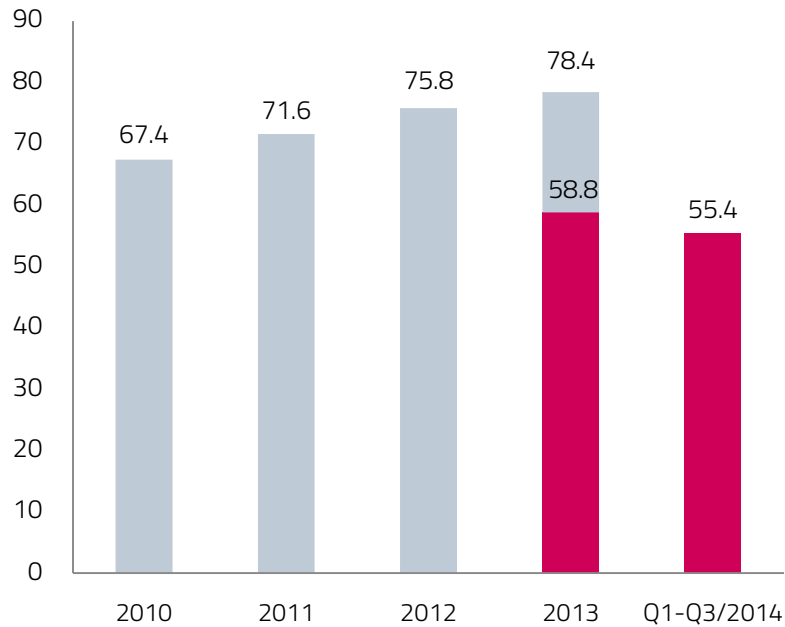
- Stable occupancy rate
- Average rent development stable, though under pressure in Finland
- Continued modest occupancy cost ratio

Robust operating numbers

Reduced opex and admin expenses

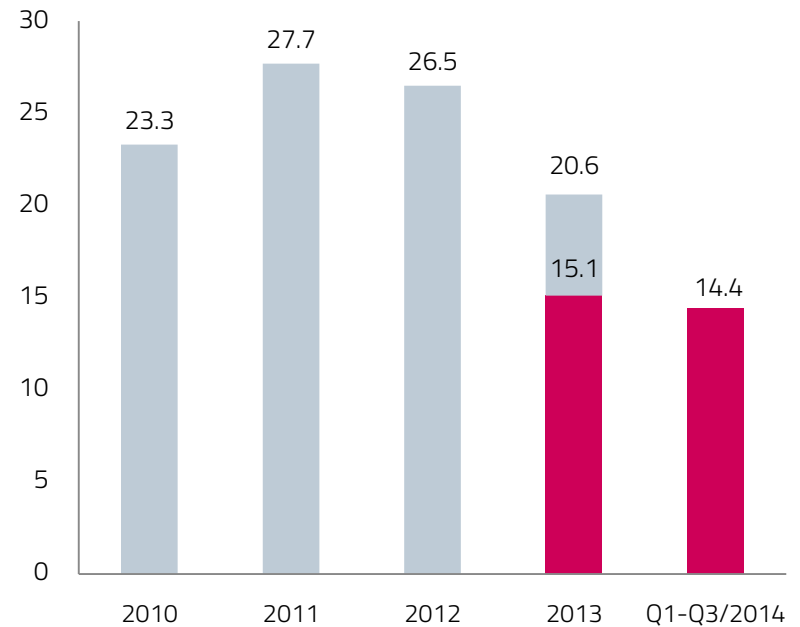
Property operating expenses

EUR million



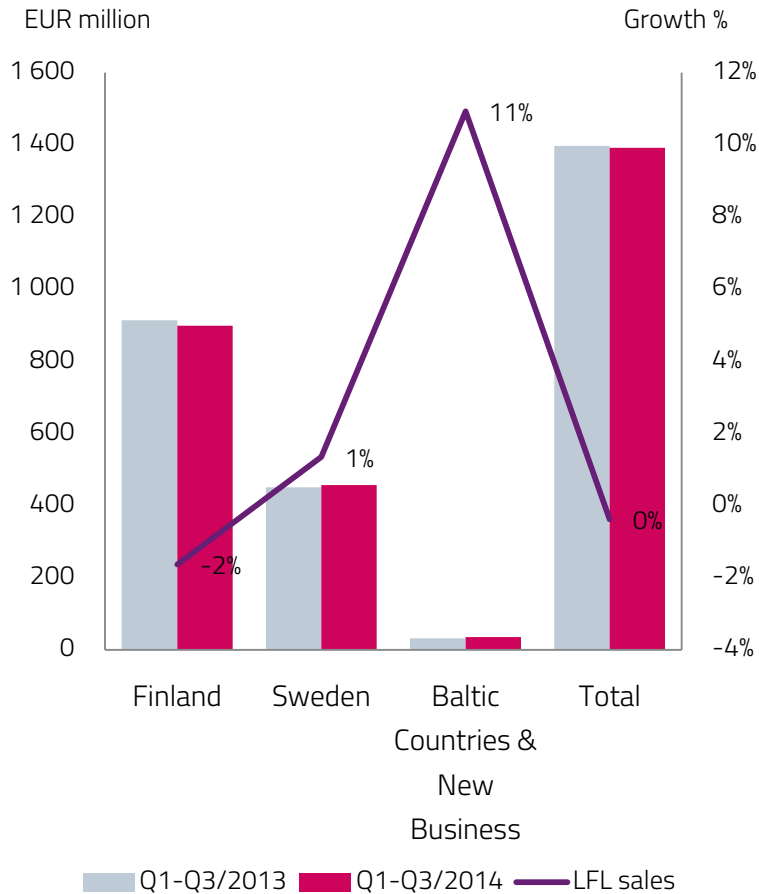
Administrative expenses

EUR million

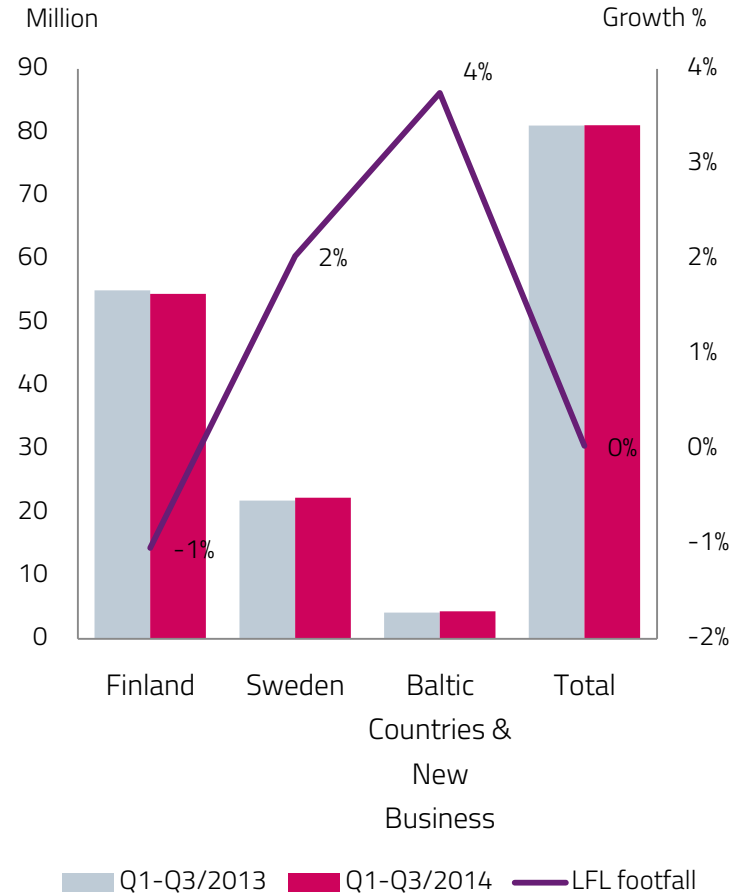


Robust operating numbers LFL sales and footfall stable

LFL shopping centre sales



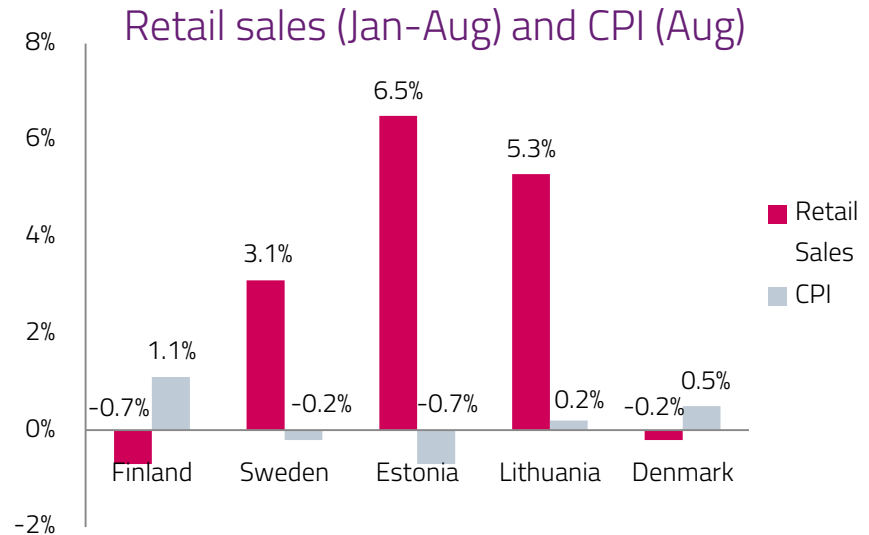
LFL shopping centre footfall



Retail environment promising in Sweden, challenging in Finland

- Finland
 - GDP forecast close to zero
 - Consumers hold back on spending
- Sweden
 - Stronger economic fundamentals drive retail spending
- Baltics
 - Steady retail outlook

Urban, grocery-anchored shopping centre strategy proves to be resilient



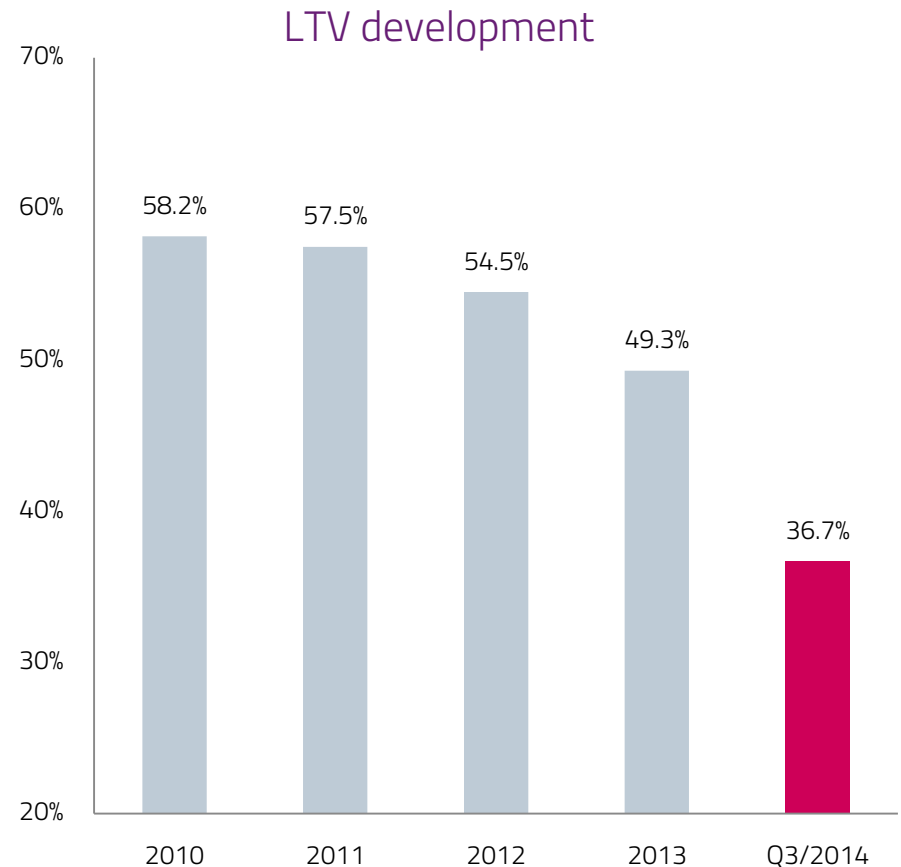
GDP growth estimates

	2014	2015
Finland	0.2	1.0
Sweden	2.8	3.0
Estonia	1.9	3.0
Lithuania	3.3	3.7
Denmark	1.5	1.9

Sources: Statistics Finland/Sweden/Estonia/Lithuania /Denmark, European Commission

Strongly enhanced financial profile

- Completion of EUR 400 million share issuances
 - Decreased LTV
 - Stronger ownership base with CPPIB as 15% shareholder
- Investment-grade credit ratings upgraded
 - S&P BBB (from BBB-)
 - Moody's Baa2 (from Baa3)
- Successful Eurobond issue of EUR 350 million
 - Supports extension of average debt maturities and reduction of cost of debt



Acquisition and (re)development of Mölndals Galleria in Gothenburg

- Modern urban city gallery focusing on daily necessities
- (Re)development in 50% JV with NCC PD, Citycon to purchase NCC's share after completion
- Citycon's total investment c. EUR 120 million
- Existing old retail property to be demolished and a new centre with c. 25,000 sq.m. of leasable retail area to be rebuilt
- Construction start in 2015 after finalised zoning and pre-leasing



Developments progressing

	Area before/ after, sq.m.	Citycon's (expected) investment need, EUR m	Actual investments by 30.9.2014, EUR m	Expected yield on completion when stabilised, %	Pre-leasing rate, %	Completion target	
Iso Omena	63,300 90,000	88.0	27.8	6.5-7.0	40%	Q3/2016	Extension & (re)development
Iso Kristiina	22,400 34,000	56.0	32.6	7.6	70%	Q4/2015	Extension & (re)development
Stenungs Torg	36,400 41,400	18.0	5.7	7.5	100%	Q4/2015	Extension & (re)development
Kista Galleria	94,600 95,100	6.0	3.0	-	100%	Q4/2015	Upgrade of food court and north entrance
Kista Galleria	94,200 94,600	5.0	5.0	-	100%	Completed Q3/2014	Addition of digital library

Development pipeline

3 projects planned ≥ 2015

	Estimated project area/additional sq.m.	Citycon's expected investment need, EUR m	Target for project initiation/completion	
Mölnåls Galleria	25,000	120	2015/2018	Building of a new shopping centre replacing the old retail property. Joint venture agreement for the (re)development signed with NCC PD. Zoning process ongoing.
Tumba Centrum	11,000	42	2015/2017	Extension project combined with a new bus terminal. Zoning has been approved, pre-leasing ongoing
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.

- Myyrmanni: Decision to focus on refurbishment and upgrade of the existing shopping centre. Potential future extension postponed.

Citycon's strategy reconfirmed

- Citycon continues to focus on owning, developing and managing urban, grocery-anchored shopping centres in the Nordics and Baltics
 - Approx. EUR 300 million to be divested (incl. supermarkets and shops as well as smaller, non-urban shopping centres) over the next years
 - Further balance the share between Finland and Sweden in the portfolio
- LTV target of 40–45%
- Current credit ratings to be maintained or improved

Summary of Q3/2014 and going forward

Solid LFL performance despite weak Finnish environment

Stronger capital base

(Re)developments and selected acquisitions support further earnings growth



16 October: Citycon to acquire GIC's 40% stake in Iso Omena

- GIC has been a co-investor in Iso Omena since 2008
 - Full ownership of the property provides flexibility in terms of future development possibilities
 - Purchase price is in line with the current fair value of Iso Omena
- Fair value Q4/2013: EUR 388.1 million
 - Successful operational performance 2008-2013:
 - Net rental income +30%
 - Sales and footfall +17%
 - Extension project and integration of new metro station expected to increase footfall by 60% and sales by 45%
 - Extension development in 50% JV with NCC PD



FINANCIAL FIGURES

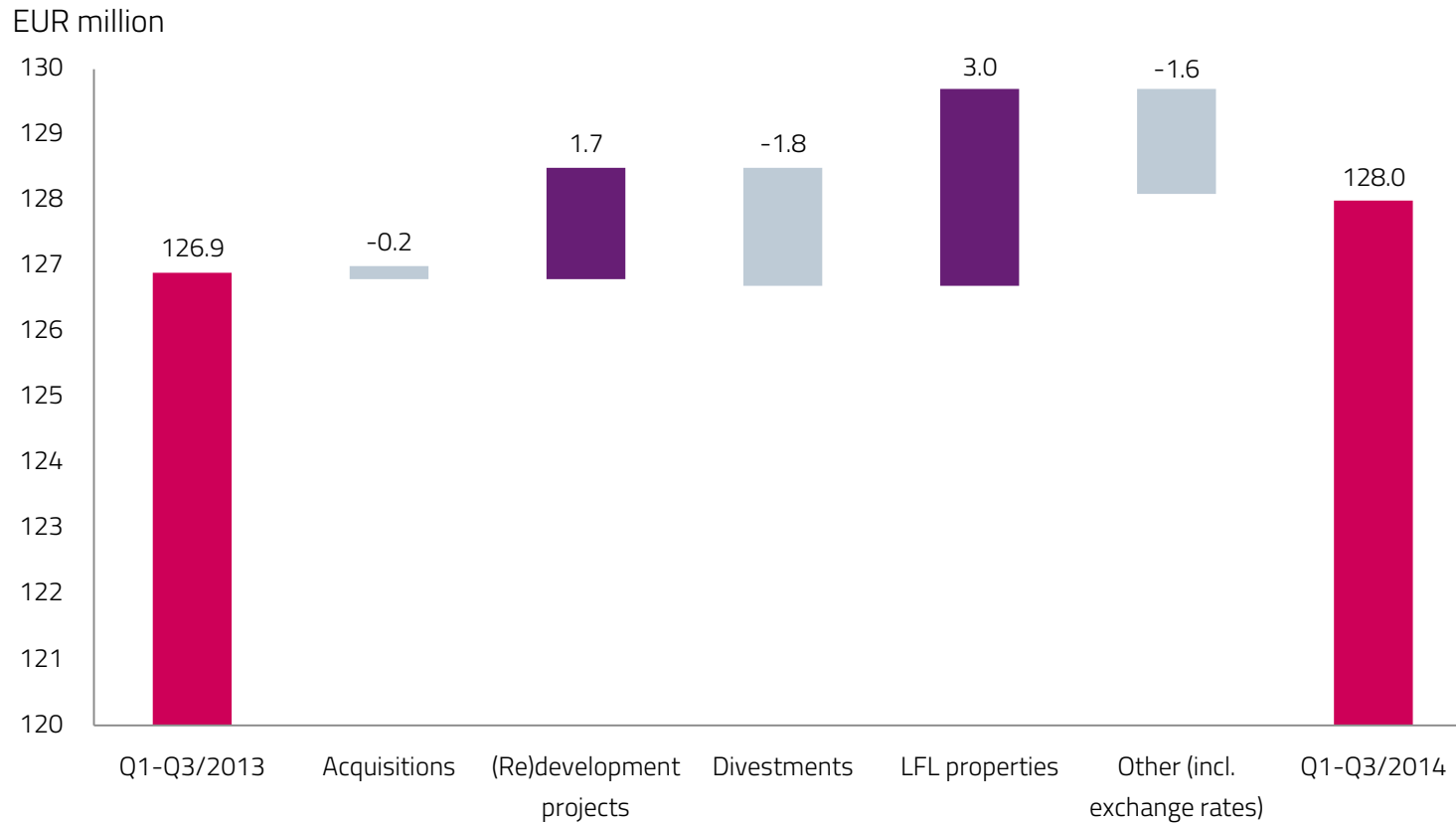


Financial results

EUR million	Q3/2014	Q3/2013	Q1-Q3/ 2014	Q1-Q3/ 2013	Q1-Q3/ 2014 incl. Kista
Net rental income, total	44.0	43.9	128.0	126.9	150.3
NRI, Finland	26.7	26.8	77.1	77.2	77.1
NRI, Sweden	10.2	10.6	29.8	30.7	52.1
NRI, Baltic Countries & New Business	7.1	6.4	21.1	19.0	21.1
EPRA Operating profit	40.2	39.5	114.9	112.6	136.2
EPRA Earnings	29.4	24.2	75.7	64.7	75.7
EPRA EPS (basic)	0.050	0.055	0.152	0.153	0.152

- In Q1-Q3/2014 Kista Galleria contributed to the IFRS based profit for the period by approx. EUR 15.0 million

NRI development



Income statement

EUR million	Q3/2014	Q3/2013	Q1-Q3/ 2014	Q1-Q3/ 2013	Change- %
Turnover	61.4	62.1	184.5	186.6	-1.1
Property operating expenses	16.8	17.8	55.4	58.8	-5.8
Other expenses from leasing operations	0.5	0.4	1.1	0.9	25.1
Net rental income	44.0	43.9	128.0	126.9	0.9
Administrative expenses	4.2	4.7	14.4	15.1	-4.9
Other operating income and expenses	0.3	0.2	1.1	0.8	41.0
Net fair value gains/losses on investment property	0.1	6.3	13.5	21.4	-37.1
Net gains/losses on sale of investment property	-0.3	0.7	-0.3	0.0	-
Operating profit	40.0	46.5	128.0	134.0	-4.5
Net financial income and expenses	-24.1	-15.4	-65.7	-74.9	-12.3
Share of profit/loss of jointly controlled entities	3.4	0.3	9.5	1.4	-
Profit/loss before taxes	19.3	31.4	71.8	60.4	18.8
Profit/loss for the period	21.2	30.7	66.9	55.0	21.7

Balance sheet

EUR million	30 Sep 2014	30 Sep 2013	31 Dec 2013
Investment properties	2,759.0	2,739.4	2,733.5
Total non-current assets	2,944.7	2,910.1	2,896.2
Total current assets	141.8	51.8	74.5
Total assets	3,094.1	2,968.0	2,973.0
Total shareholder's equity	1,692.2	1,236.3	1,278.8
Total liabilities	1,401.9	1,731.7	1,694.2
Total liabilities and shareholders' equity	3,094.1	2,968.0	2,973.0

	30 Sep 2014	30 Sep 2013	31 Dec 2013
EPRA NAV per share, EUR	3.01	3.09	3.13
EPRA NNNNAV per share, EUR	2.65	2.69	2.78
Net yield requirement, %	6.2	6.3	6.3

Property portfolio

	Q3/2014	Q3/2013	Q1-Q3/ 2014	Q1-Q3/ 2013
Occupancy rate (economic), %	95.7	95.8	95.7	95.8
Average rent, EUR/sq.m.	21.7	21.5	21.7	21.5
# of leases started	139	156	411	448
Total area of leases started, sq.m.	27,999	26,507	88,400	97,317
Average rent of leases started, EUR/sq.m.	18.1	18.4	19.0	19.5
# of leases ended	166	209	502	659
Total area of leases ended, sq.m.	28,711	19,101	97,054	120,309
Average rent of leases ended, EUR/sq.m.	21.6	22.3	21.5	18.7

Successful directed share issue and rights issue in June-July

Successful execution

- Directed share issue of approx. EUR 206.4 million to CPPIB (9 June) and a fully subscribed rights issue of approx. EUR 196.5 million to all shareholders (8 July)
- Major shareholder participation

Use of proceeds

- Approx. EUR 300 million used for debt repayments in June-July
- Remaining approx. EUR 100 million will be used for select acquisitions and (re)developments

Strengthened credit profile

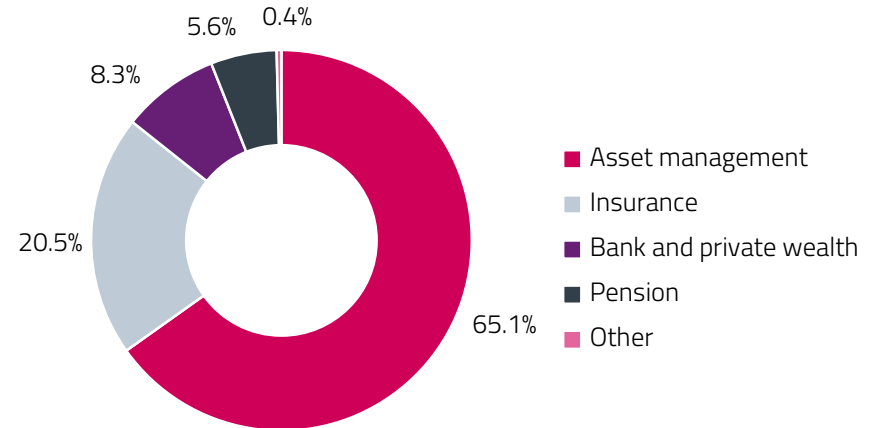
- LTV of 36.7% in Q3/2014 (50.5% in Q3/2013)
- Upgraded credit ratings
 - BBB by S&P and Baa2 by Moody's

EUR 350 million unsecured 10-year Eurobond successfully executed

Transaction terms

Issuer	Citycon Treasury B.V.
Guarantor	Citycon Oyj
Status	Senior, Unsecured, RegS Bearer Notes
Rating	Baa2 (stable) / BBB (stable)
Maturity	1 October 2024
Size	EUR 350,000,000
Coupon	2.50% (Annual, Act/Act)
Re-offer Spread	MS +143bps
Listing	Dublin Exchange

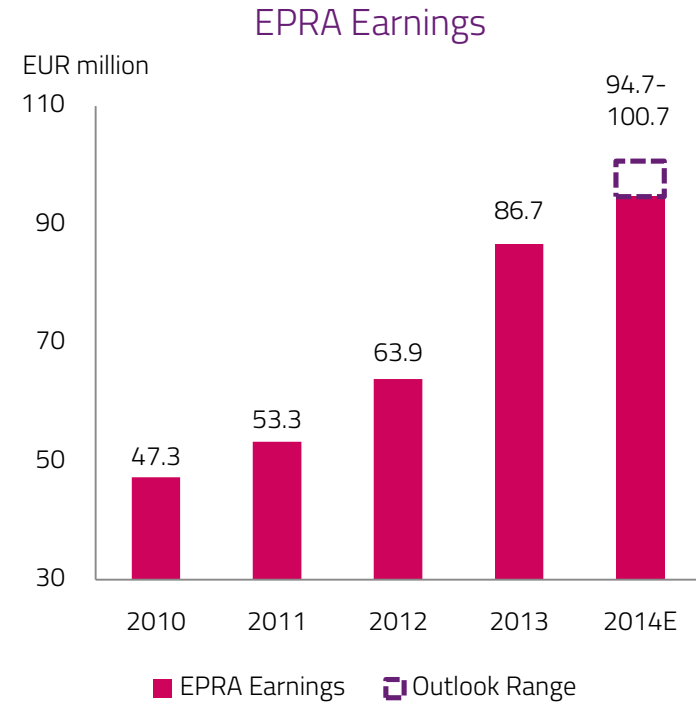
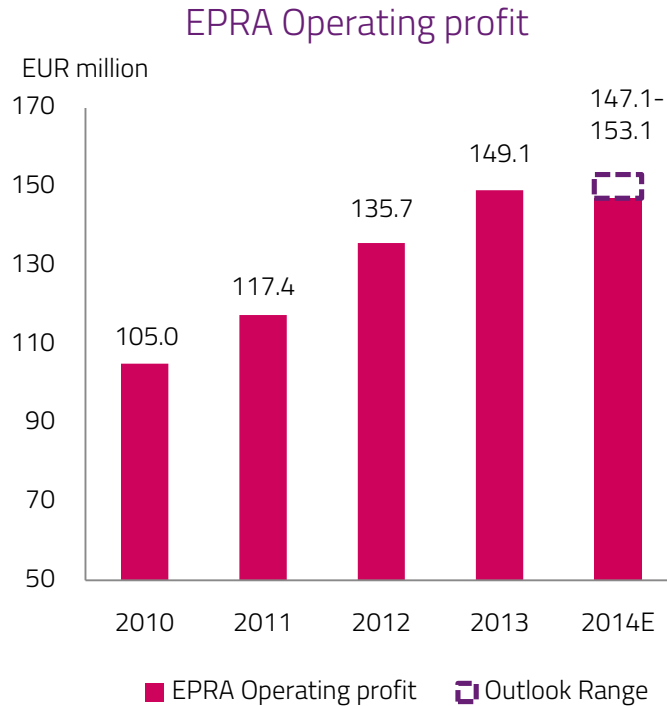
Final allocation



Joint bookrunners



Outlook 2014



- Company guidance 2014:

- Turnover to change by EUR (-4) to 2 million (Q2: EUR (-1) to 7 million)
- EPRA Operating profit to change by EUR (-2) to 4 million (Q2: EUR (-2) to 6 million)
- EPRA Earnings to increase by EUR 8 to 14 million (Q2: EUR 7 to 15 million)
- EPRA EPS (basic) to be EUR 0.18–0.19 (Q2: EUR 0.175–0.195)

FINANCING OVERVIEW



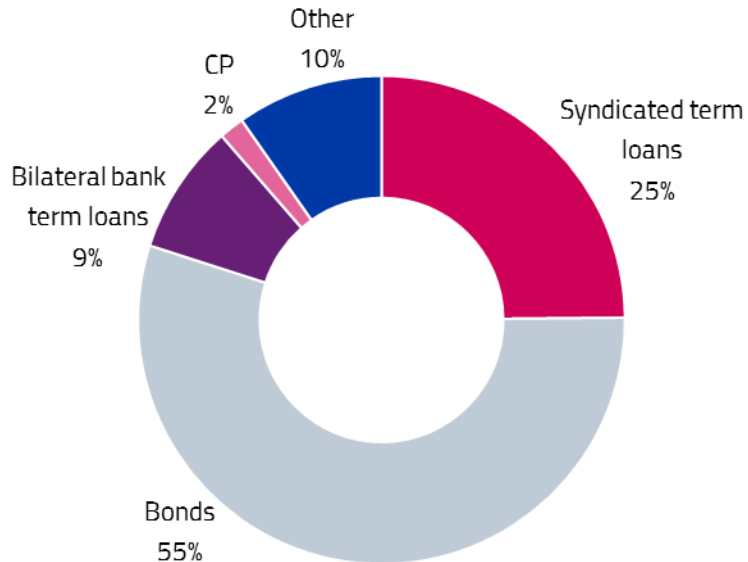
Financing overview – Key figures

	30 Sep 2014	30 Sep 2013	30 Jun 2014
Interest bearing debt, fair value, EUR Million	1,200.9	1,499.5	1,308.6
Available liquidity, EUR million	514.2	405.0	419.9
Average loan maturity, years	3.8	4.3	3.8
Average fixing period, years	3.7	4.2	3.7
Hedging ratio, %	87.4	91.1	85.7
Weighted average interest rate, % ¹⁾	4.03	4.07	3.98
YTD weighted average interest rate, % ¹⁾	4.01	4.08	4.07
Loan-to-value (LTV), %	36.7	50.5	39.9
Financial covenant: Equity ratio (>32.5%)	54.4	44.1	49.3
Financial covenant: ICR (>1.8)	2.8	2.3	2.6

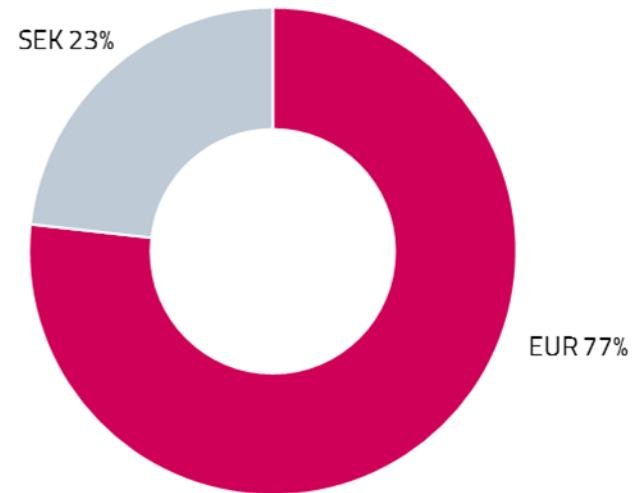
- LTV decreased to 36.7% as a result of the rights issue that was settled in July
- Weighted average interest rate remained fairly stable at 4.03%. Will decrease in Q4 when the new EUR 350 million Eurobond is settled and current debt with higher interest rate is repaid and interest rate swaps are unwound
- 16 October buyout of GIC's 40% stake in Iso Omena will increase LTV by approximately 2%-points

Debt type and currency split

Breakdown by debt type ¹⁾



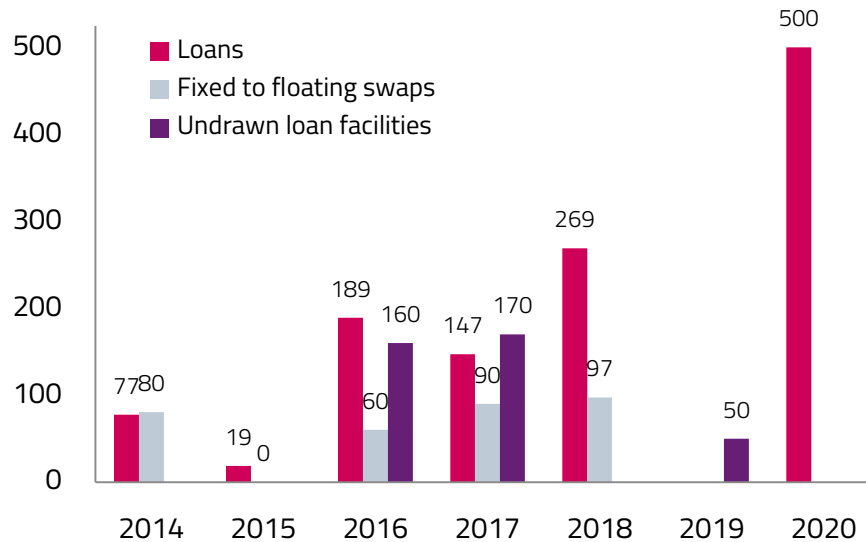
Breakdown by currency ¹⁾



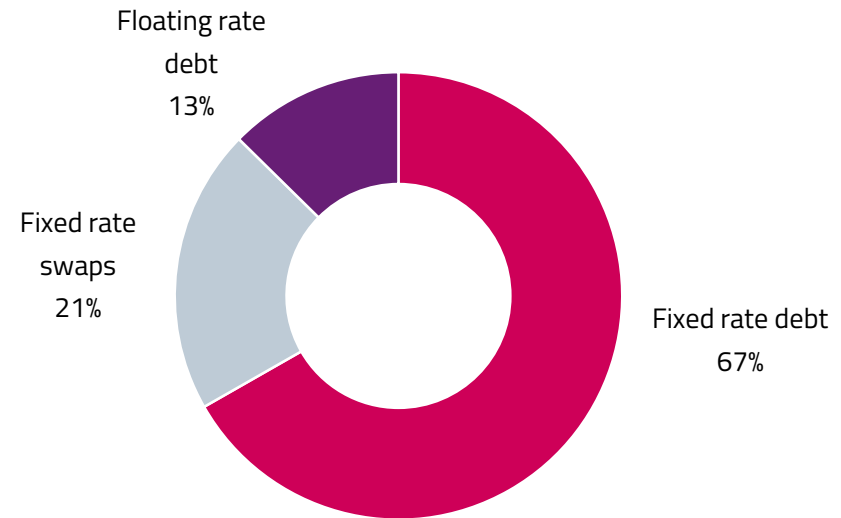
- The share of bonds will increase further to over 80% when the EUR 350 million Eurobond is settled in October and bank loans is prepaid with the proceeds. Currency breakdown also to shift more towards EUR

Debt maturities and interest risk hedging

Maturity profile of loans and derivatives



Interest-bearing debt by fixing type



- Average loan maturity remained on the same level as in previous quarter due to the repayment of shorter term debt during the quarter and despite that no new long-term debt was drawn
- Hedging ratio increased to 87.4% mainly due to the repayment of floating rate debt in July 2014
- Debt prepayments of approximately EUR 275 million and unwinding of related interest rate swaps took place after Q3 in October

1) Calculated based on fair value of interest bearing debt

Financial expenses analysis

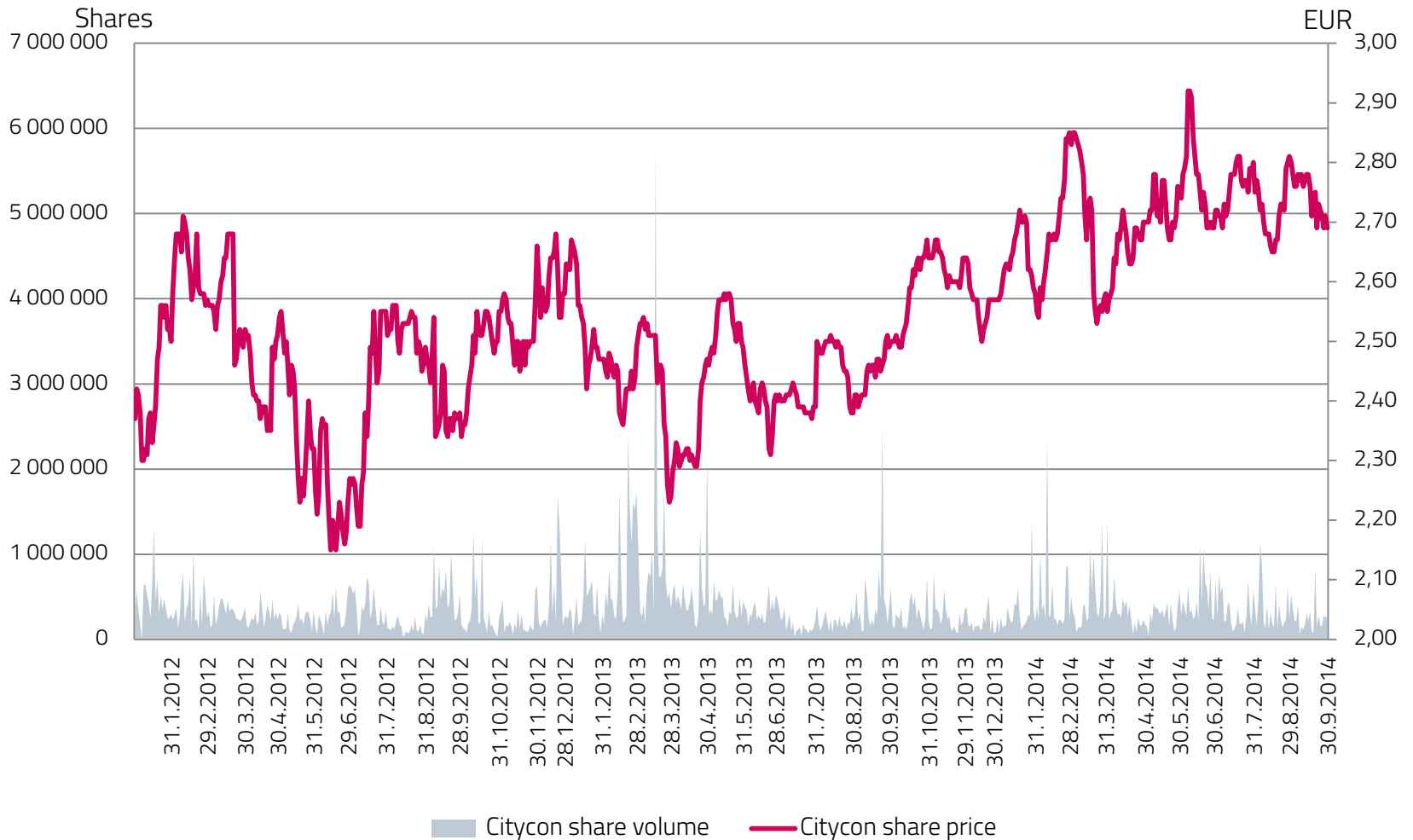
EUR thousand	Q3/2014	Q2/2014	Q3/2013	Q1-Q3/ 2014	Q1-Q3/ 2013
Interest expenses	-11,556	-14,685	-15,919	^(A) -40,889	-49,079
Foreign exchange gains (+) / losses (-)	-2	-50	-32	-89	50
Amortisation of capitalised fees	-363	-906	-412	-1,675	-1,591
Non-cash option expense from convertible bonds	0	0	-85	0	-480
Other expenses	-13,906	-14,049	-746	^(B) -28,314	-28,758
Total expenses	-25,827	-29,691	-17,195	-70,968	-79,859
Interest income	1,739	1,724	1,775	^(C) 5,257	4,921
Net financial expenses	-24,087	-27,968	-15,420	-65,710	-74,938

- A. Interest expenses decreased compared to last year mainly due to a lower average debt level
- B. Other financial expenses in Q3 included EUR 13.3 million fair value losses on the interest rate swaps closed in relation to debt prepayments in October
- C. Interest income is mainly received from the shareholder loan given to Kista Galleria



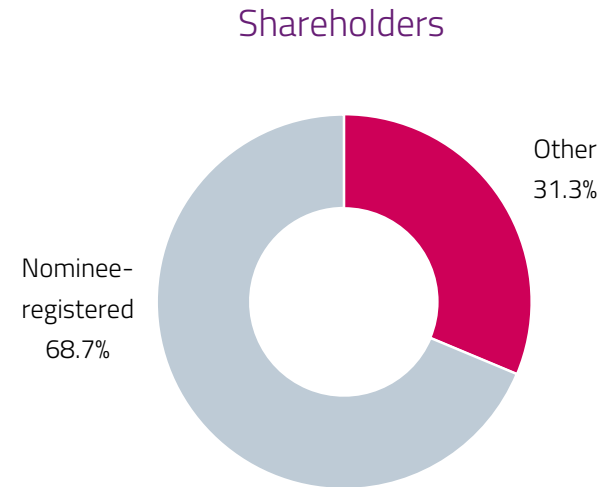
SHARES AND SHAREHOLDERS

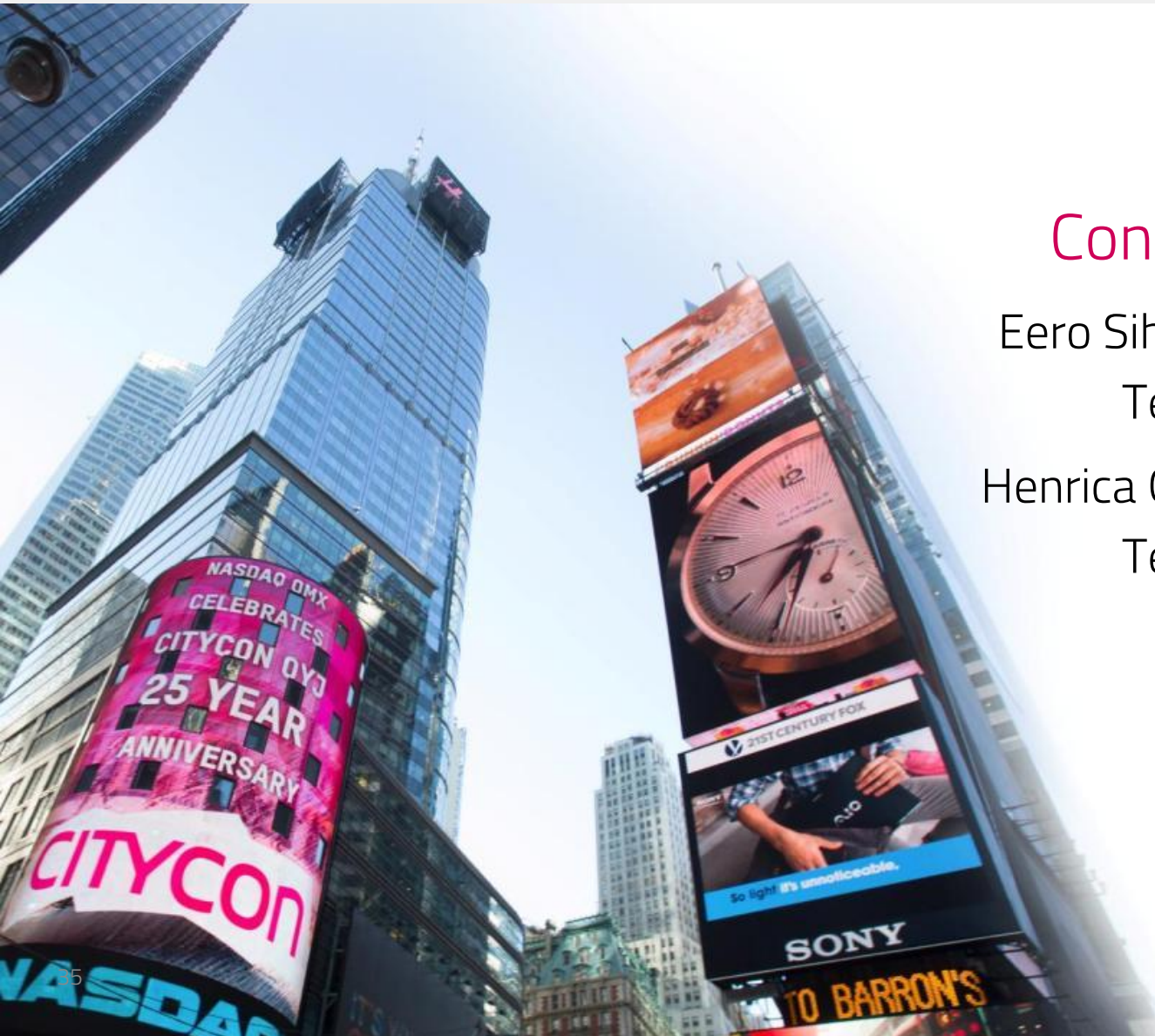
Share performance and volume



Ownership, 30 September 2014

- Established and listed on the Helsinki Stock Exchange in 1988
- Market cap **EUR 1,572.3 million**
- Total registered shareholders **7,694** (8,789), of which nominee-registered **68.7%** (77.4%) of total
- Largest shareholders:
 - Gazit-Globe 42.2%
 - CPPIB 15.0%
 - Ilmarinen 7.6%
- Included in FTSE EPRA/NAREIT Global Real Estate Index, iBoxx BBB Financial index (EUR 500 million bond)





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