

19.10.2017

AUDIOCAST PRESENTATION

Q3/2017

Q3/2017: GOOD OPERATIONAL RESULTS IN SWEDEN AND NORWAY





HIGHLIGHTS Q3/2017

4.7% INCREASE IN EPRA EPS TO EUR 0.133

- Overall net rental income growth and lower administrative expenses
- Completed (re)development projects support earnings growth (e.g. Iso Omena and Myyrmanni)

POSITIVE LIKE-FOR-LIKE NET RENTAL INCOME

- LFL NRI +1.1% including Kista Galleria (50%)
- Strong performance in Sweden and Norway compensates for weaker Finland

ACCELERATED CAPITAL RECYCLING

- Divestment of 8 properties, including building rights for approx. MEUR 140
- Additional committed divestments include 5 shopping centres in Finland and 1 in Norway for approx. MEUR 190
- Divestments will reduce LTV to approx. 45-46% in Q4

SUCCESSFUL PLACEMENT OF NOK 1,000 MILLION BOND

- 8-year maturity with a 2.75% fixed annual interest

GUIDANCE MAINTAINED

- EPRA EPS EUR 0.165-0.175, including the forthcoming Q4 disposals
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FINANCIAL HIGHLIGHTS

MEUR	Q3/2017	% ¹⁾
Net rental income	174.6	3.3
Direct operating profit	154.7	4.1
EPRA Earnings	118.5	4.7
EPRA EPS (basic)	0.133	4.7
EPRA NAV per share	2.78	-1.8
Fair value change	-32.3	-
Loan to Value (LTV), %	47.5	2.7

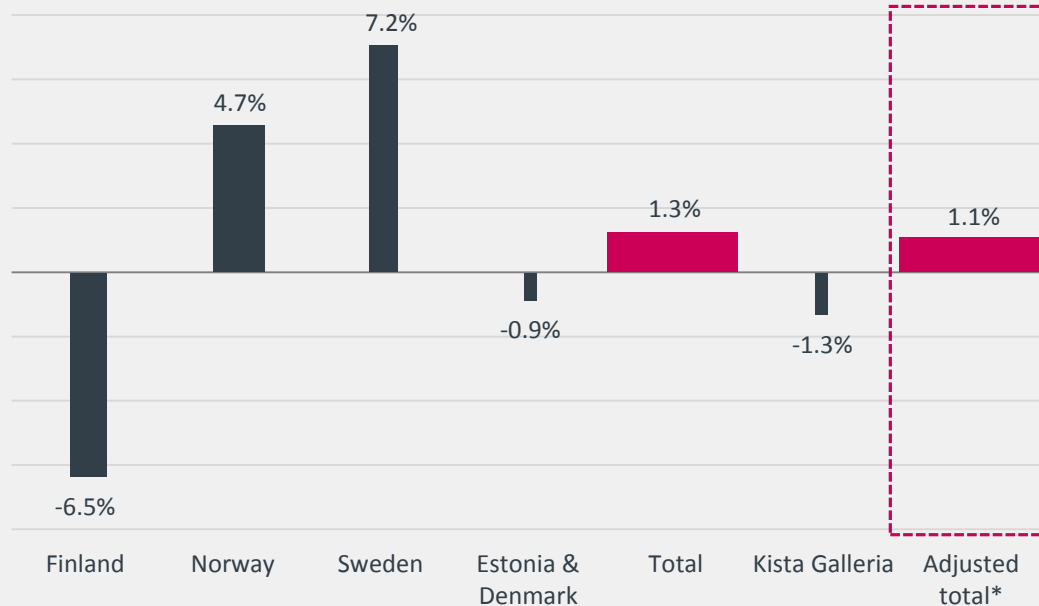
¹⁾ Change from previous year (Q1-Q3/2016)

STRONG LIKE-FOR-LIKE NRI GROWTH IN SWEDEN AND NORWAY COMPENSATES FOR WEAKER FINLAND



OVERALL LIKE-FOR-LIKE NRI GROWTH 1.1%

LIKE-FOR-LIKE NET RENTAL INCOME GROWTH ¹⁾



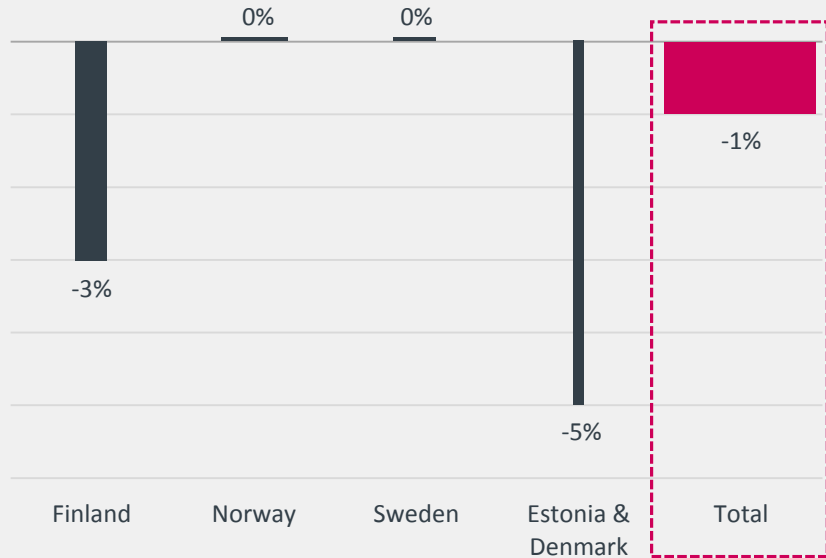
- Strong shopping centres in the Helsinki metropolitan area (Iso Omena, Myyrmanni, Lippulaiva) all out of the like-for-like portfolio due to (re)development projects
- Like-for-like portfolio in Finland represents 29% of the total value of the Finnish portfolio

OVERALL SALES +3%, FOOTFALL +1%

LFL SALES AND FOOTFALL SLIGHTLY DOWN

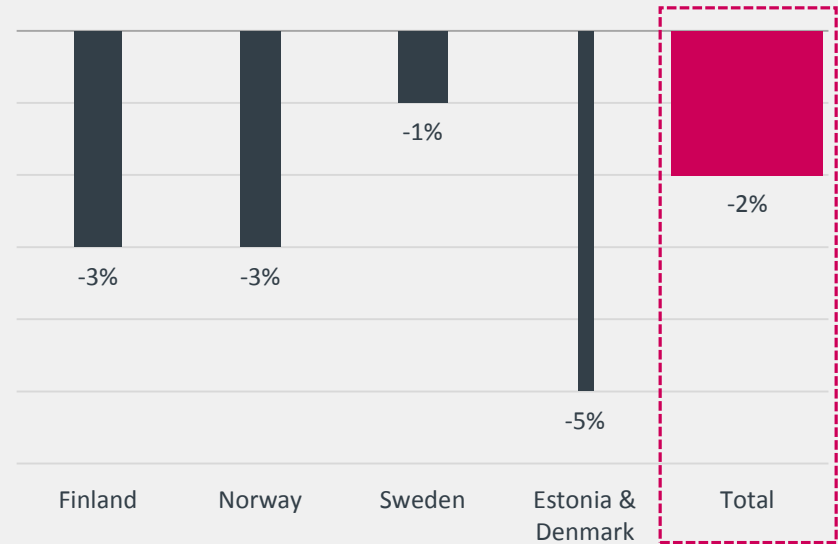
LIKE-FOR-LIKE SALES

Q1-Q3/2017 vs. Q1-Q3/2016, % ¹⁾



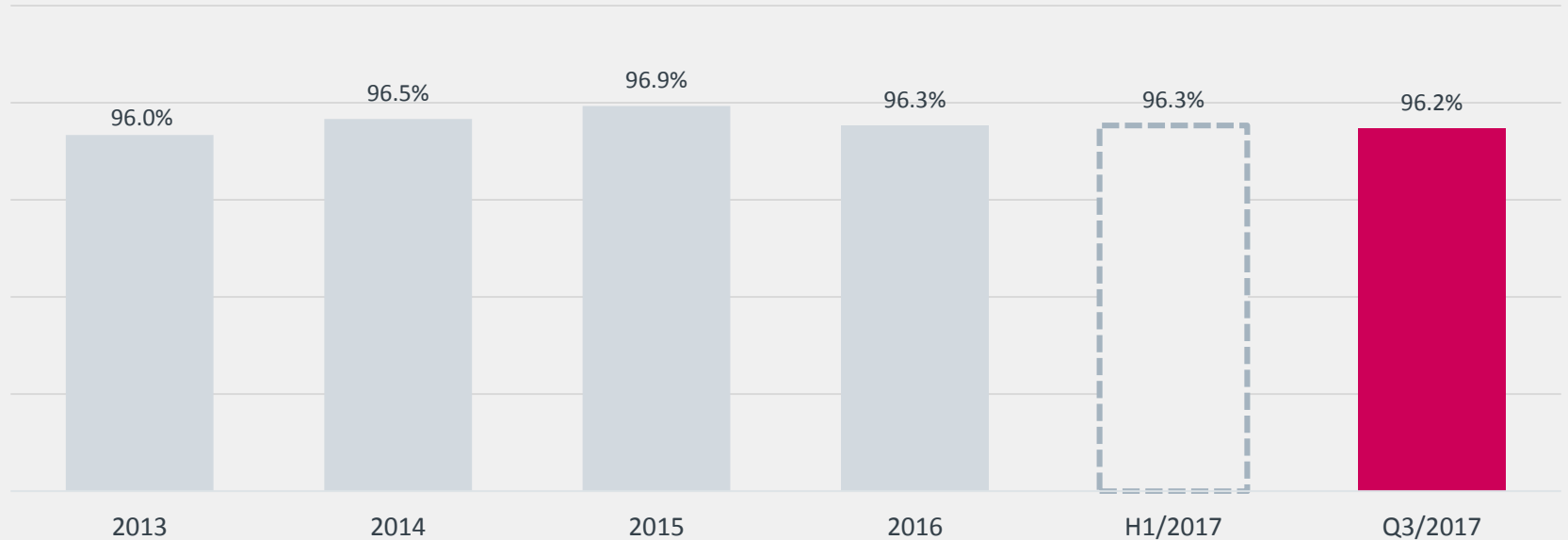
LIKE-FOR-LIKE FOOTFALL

Q1-Q3/2017 vs. Q1-Q3/2016, % ¹⁾



OCCUPANCY REMAINED STABLE

OCCUPANCY RATE ¹⁾



SIGNED LETTER OF INTENT ON 31 AUGUST TO DEVELOP 'GLOBEN SHOPPING' TOGETHER WITH KLÖVERN



- Joint venture to acquire and develop the shopping centre part of the property Arenan 2
- Development plan is to double the size of the current 20,000 sq.m. shopping centre
- Ownership Citycon 55% and Klöver 45%
- Total investment of approx. EUR 260-290 million
- Timeline approx. 2022-2023

STOCKHOLM AREA

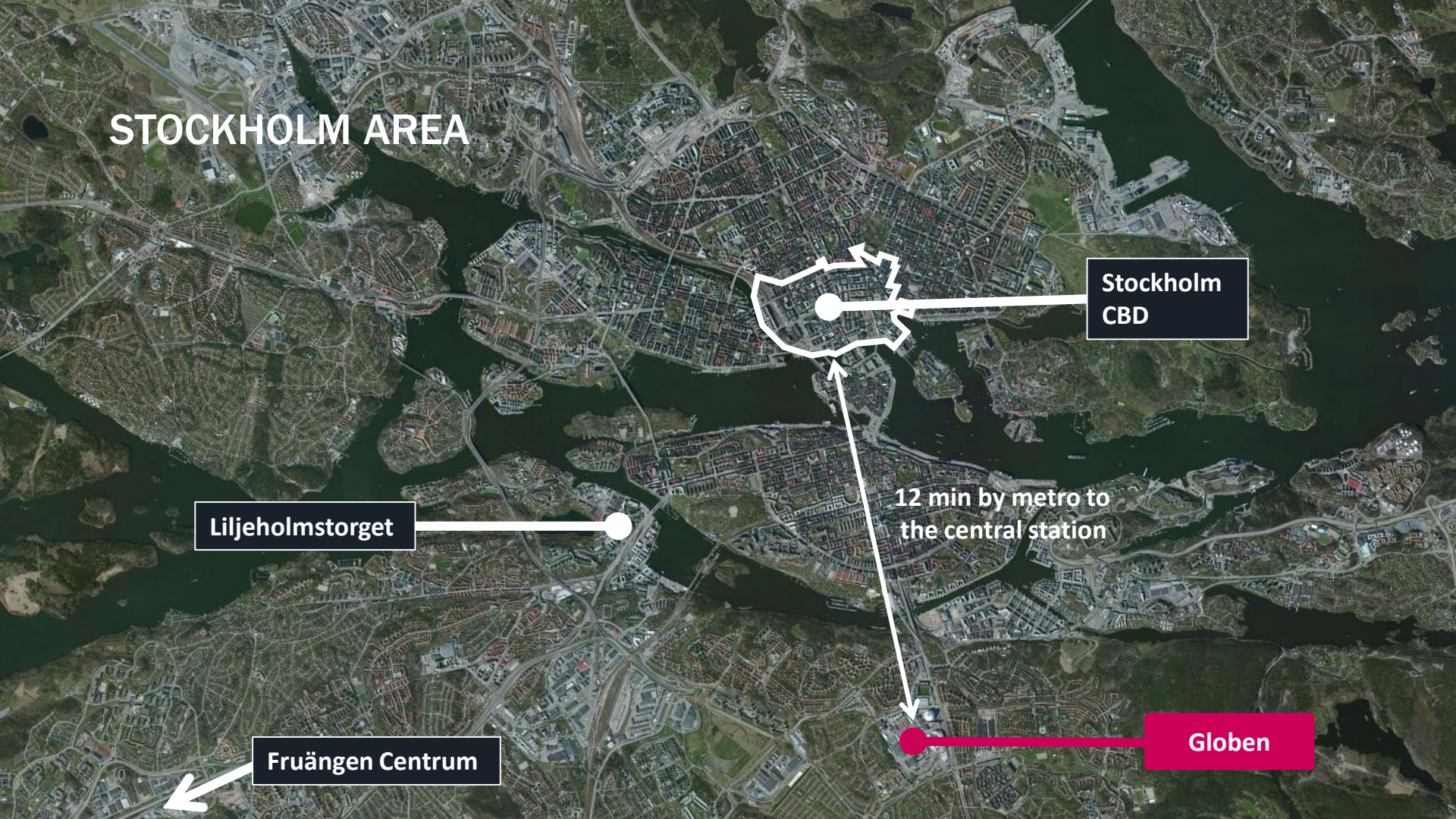
Stockholm
CBD

Liljeholmstorget

12 min by metro
to the central station

Fruängen Centrum

Globen



MEUR 167 DIVESTMENT OF A PORTFOLIO OF NON-CORE ASSETS IN FINLAND

CLOSED AND COMMITTED DIVESTMENTS IN 2017

	Assets	Value, MEUR
Finland	9	237
Norway	3	54
Sweden	1 + building rights	37
Total	13	328

– Signed agreement on 24 August to divest a portfolio of 5 non-core properties in Finland:

- Espoontori
- Tikkuri
- Myllypuron Ostari
- Martinlaakson Ostari
- Jyväskylän Forum



DEVELOPMENT PORTFOLIO



URBAN DEVELOPMENTS PROGRESSING

ONGOING PROJECTS

	City	Area before/ after, sq.m.	Expected investment, MEUR	Cumulative investment, MEUR	Yield on cost ¹⁾ , %	Pre-leasing, %	Completion target
1 Mölndal Galleria	Gothenburg	- /24,000	60.0 (120.0)	40.8	~6.5	70	Q3/2018
2 Lippulaiva	Helsinki metropolitan area	19,200/44,300	215.0	44.0	~6.5	55	2021

¹⁾ Expected stabilised yield (3rd year after completion). Calculated on total development costs, also including financing and Citycon internal costs.



ISO OMENA HAS BECOME THE LEADING SHOPPING AND LEISURE DESTINATION IN THE HELSINKI METROPOLITAN AREA

- Successful second phase opening 20 April 2017
- Strong and international tenant mix, 98% leased
- Strong operational performance since opening:
 - Footfall +25%
 - Customers by car +40%
 - Total turnover +37%
 - Turnover of existing tenants +13%
- Metro opening expected in November
- 4,500 sq.m. Dudesons Activity Park opened



DEVELOPMENT PIPELINE



DEVELOPMENT PIPELINE – URBAN LOCATIONS IN CAPITAL CITIES

	City	Area before/ after, sq.m.	Expected investment, MEUR	Target initiation/ completion
COMMITTED				
Down Town	Porsgrunn	38,000/46,000	80	2018/2020
PLANNED (UNCOMMITTED)				
Tumba Centrum	Stockholm	23,100/30,500	40	2018/2020
Kista Galleria	Stockholm	92,500/105,000	80 ¹⁾	2020/2023
Oasen	Bergen	56,800/68,800	100	2019/2022
Liljeholmstorget Galleria	Stockholm	40,500/64,500	100	2020/2023
Trekanten	Oslo	23,800/45,000	135	2019/2022

– Development investments of MEUR 150-200 p.a. sourced through capital recycling

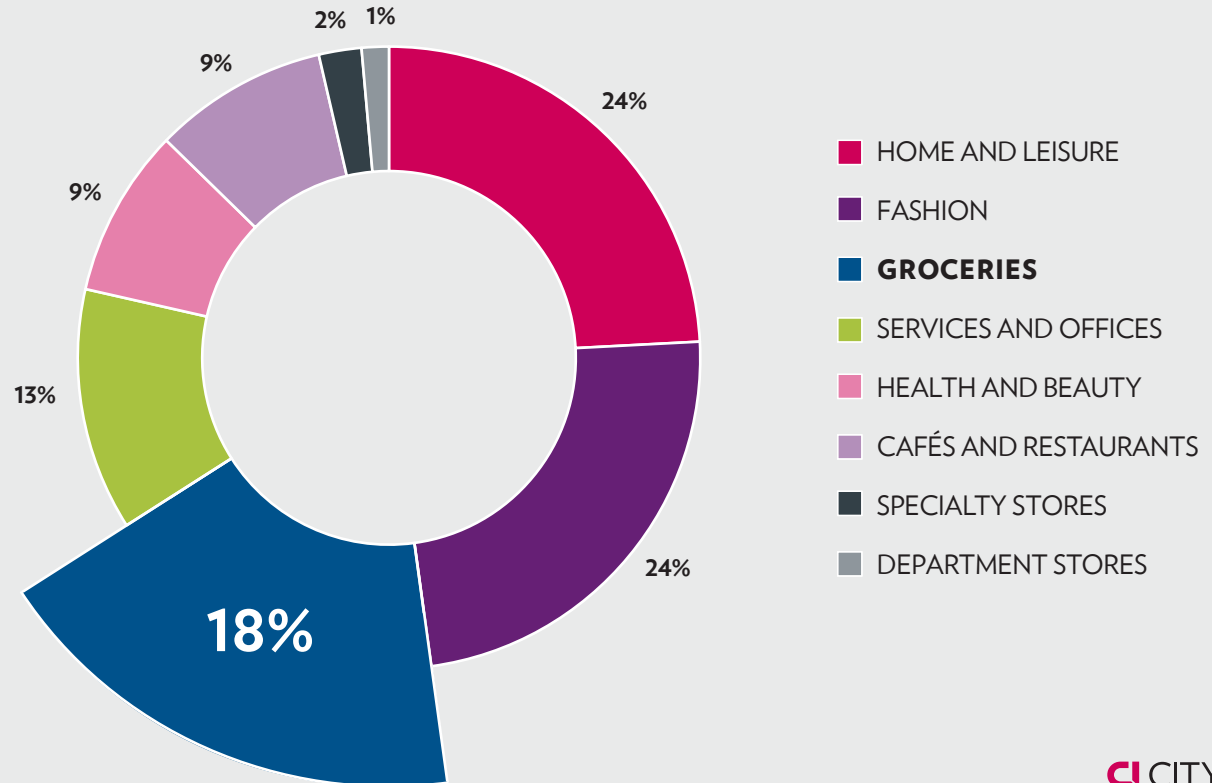
¹⁾ Citycon's share MEUR 40 (50%)



CLEAR **POSITIONING**

**URBAN
CONVENIENCE
IN THE HEART OF
COMMUNITIES**

FOOD AND NECESSITY-BASED



INCLUDING KISTA GALLERIA 50%

PUBLIC SERVICES ARE OUR NEW ANCHORS

ISO OMENA PUBLIC SERVICE SQUARE



1.500.000
ANNUAL VISITORS

LILJEHOLMSTORGET HEALTHCARE



800.000
ANNUAL VISITORS

KISTA GALLERIA LIBRARY

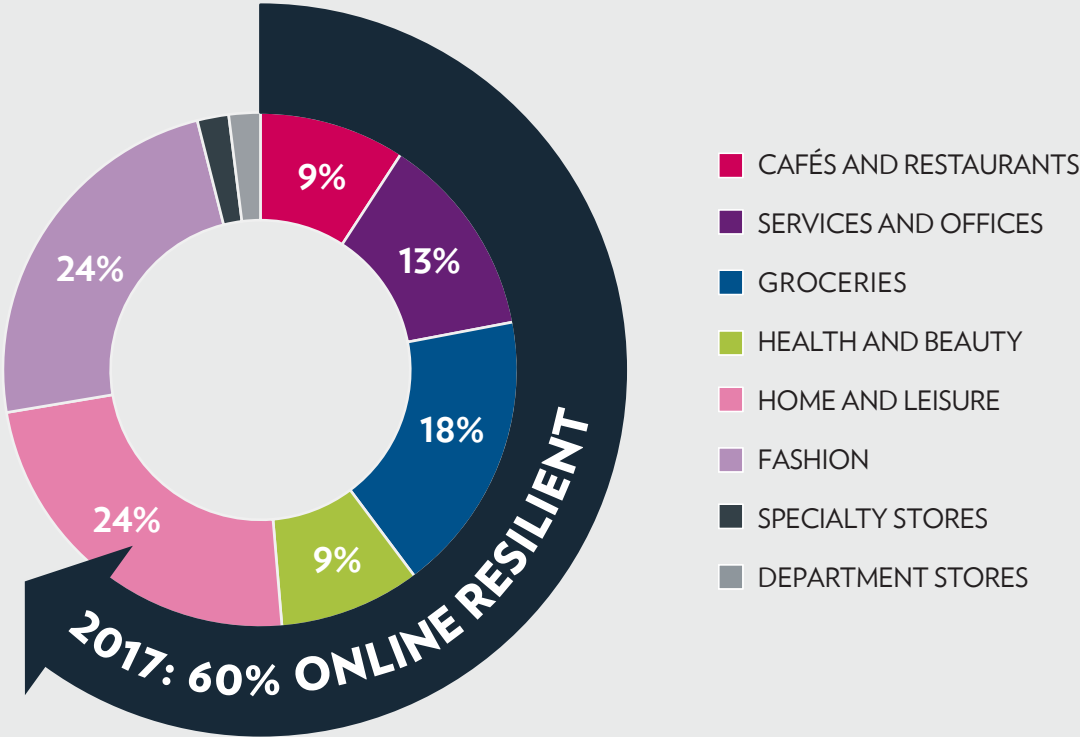


700.000
ANNUAL VISITORS

DUDESON'S ACTIVITY PARK OPENED IN ISO OMENA



DAILY CONVENIENCE & ENTERTAINMENT



INCLUDING KISTA GALLERIA 50%



KEY TARGET AREAS 2017 AND ONWARDS

FURTHER CAPITAL RECYCLING

- Closing of committed divestments in 2017 (total approx. MEUR 330)
 - Continue to improve the quality of the portfolio by recycling approx. 5-10% of the total property portfolio within 3 to 5 years
 - MEUR 150-200 p.a. developments within the existing portfolio with an average YoC of 150 bps over yield requirement
 - Selective acquisitions
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LONG-TERM LFL NRI GROWTH OF 100 BPS ABOVE INFLATION

- Following completion of divestment plan
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LOAN TO VALUE TARGET 40-45%

- Recycling of capital
 - Selective joint venture opportunities
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FINANCIAL OVERVIEW



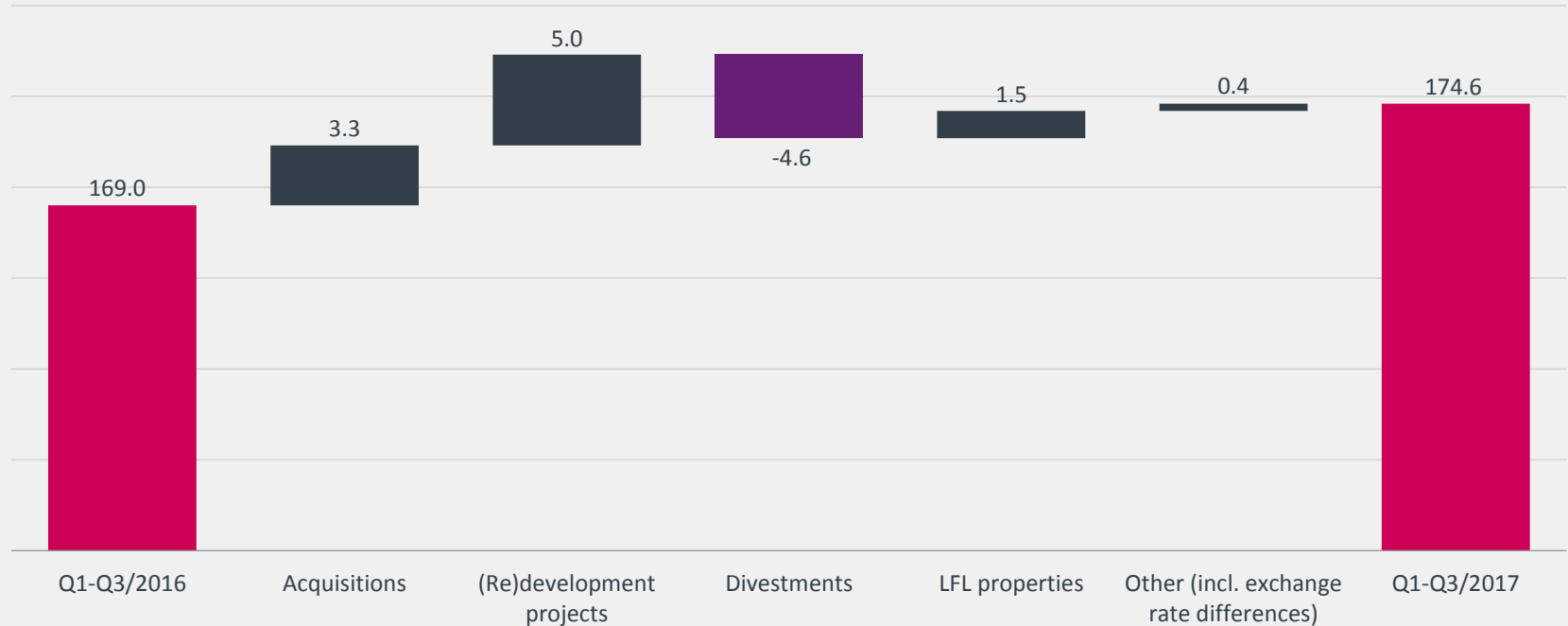
FINANCIAL RESULTS

MEUR	Q3/2017	Q3/2016	%	Q3/2017 INCL. KISTA 50%
Gross rental income	195.3	187.3	4.3	207.8
Net rental income	174.6	169.0	3.3	185.7
Direct operating profit	154.7	148.6	4.1	165.4
EPRA Earnings	118.5	113.2	4.7	n.a.
EPRA EPS (basic)	0.133	0.127	4.7	n.a.
EPRA NAV per share	2.78	2.83	-1.8	n.a.

- EPRA EPS increased due to higher net rental income and lower direct administrative expenses
- Kista Galleria contributed to the IFRS-based profit for the period by approx. MEUR 3.2 in Q3/2017

(RE)DEVELOPMENT PROJECTS COMING ONLINE SUPPORTED NET RENTAL INCOME GROWTH

NRI DEVELOPMENT MEUR





INCREASED AVERAGE RENT, OCCUPANCY AT A GOOD LEVEL

		Q3/2017	Q3/2016
Occupancy rate (economic)	%	96.2	96.1
Average rent	EUR/sq.m.	23.4	23.1
Average remaining length of lease portfolio	years	3.4	3.4
		Q1-Q3/2017	Q1-Q3/2016
Average rent of leases started	EUR/sq.m.	23.3	23.2
Average rent of leases ended	EUR/sq.m.	22.8	21.6
Leasing spread of renewals and re-lettings	%	-4.1	-5.4

- Q1-Q3/2017 leasing spread improved, still negative mainly due to challenging retail environment in Finland and increased competition in Estonia

All figures including Kista Galleria 50%



INTERNAL Q3 VALUATION BASED ON CBRE ADVISORY

FAIR VALUE CHANGES, MEUR	Q3/2017	Q3/2016	Q1-Q3/2017	Q1-Q3/2016
Finland	-21.2	0.3	-36.3	-14.9
Norway	-12.3	0.5	-11.5	24.8
Sweden	10.7	7.4	18.9	29.2
Estonia & Denmark	-1.1	-0.9	-3.3	-0.7
Investment properties, total	-23.9	7.4	-32.3	38.4
Kista Galleria (50%)	0.0	0.1	0.5	2.1
Investment properties and Kista Galleria (50%), total	-23.9	7.6	-31.8	40.5
WEIGHTED AVERAGE YIELD REQUIREMENT, %	30 SEP 2017	30 SEP 2016	31 DEC 2016	
Investment properties and Kista Galleria (50%), average	5.3	5.5	5.4	

Note: Kista Galleria and development properties externally valued by CBRE

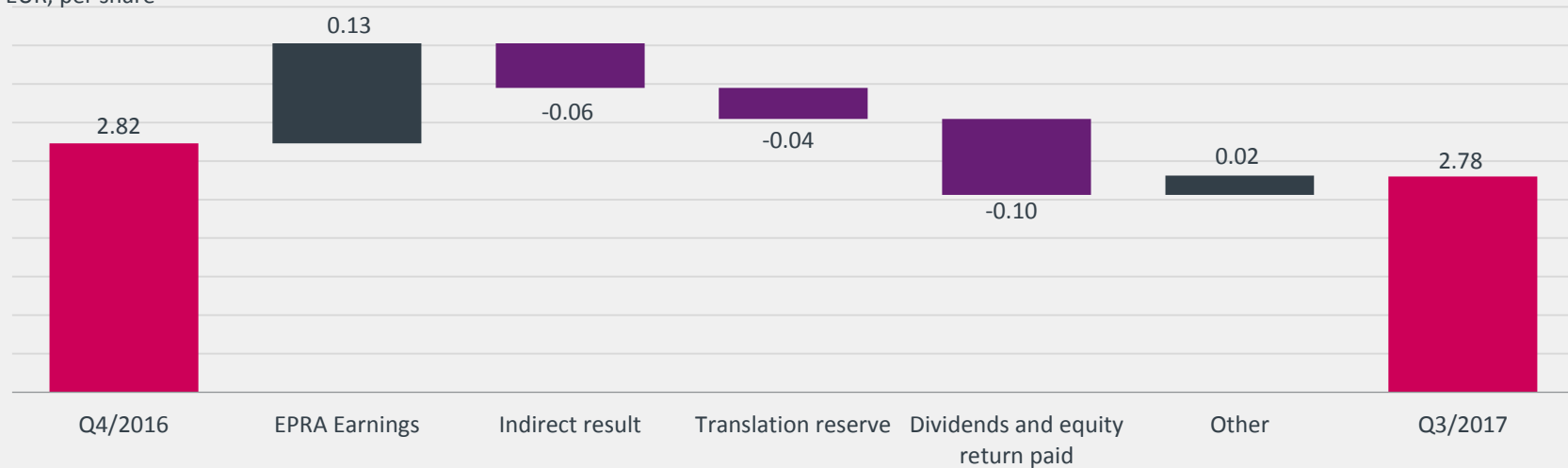
INCOME STATEMENT

MEUR	Q3/2017	Q3/2016	%	Q1-Q3/2017	Q1-Q3/2016
Gross rental income	63.8	61.9	3.1	195.3	187.3
Service charge income	19.0	19.2	-1.0	58.9	59.4
Property operating expenses	-23.9	-23.8	0.3	-78.3	-76.7
Other expenses from leasing operations	-0.4	-0.6	-36.0	-1.3	-1.1
Net rental income	58.6	56.8	3.3	174.6	169.0
Administrative expenses	-7.1	-7.2	-0.4	-20.9	-21.9
Other operating income and expenses	-2.6	0.6	-	-4.6	1.5
Net fair value gains/losses on investment property	-23.9	7.4	-	-32.3	38.4
Net gains on sale of investment property	0.4	0.8	-47.7	9.8	4.3
Operating profit	25.4	58.4	-56.5	126.6	191.3
Net financial income and expenses	-13.2	-18.2	-27.2	-42.8	-44.7
Share of profit/loss of joint ventures	0.0	0.9	-96.3	-1.3	4.7
Profit/loss before taxes	12.2	41.1	-70.3	82.4	151.3
Profit/loss for the period	5.5	31.8	-82.7	64.7	127.0

STABLE EPRA NAV

CHANGE OF NET ASSET VALUE (EPRA NAV)

EUR, per share



	30 SEP 2017	30 SEP 2016	31 DEC 2016
EPRA NAV per share, EUR	2.78	2.83	2.82
EPRA NNAV per share, EUR	2.41	2.42	2.47

BALANCE SHEET

MEUR	30 SEP 2017	30 SEP 2016	31 DEC 2016
Investment properties	4,184.2	4,354.8	4,337.6
Total non-current assets	4,607.4	4,771.0	4,762.8
Investment properties held for sale	206.6	22.1	81.9
Total current assets	43.2	73.3	56.2
Total assets	4,857.2	4,866.3	4,900.9
Total shareholders' equity	2,254.5	2,316.2	2,312.3
Total liabilities	2,602.7	2,550.1	2,588.7
Total liabilities and shareholders' equity	4,857.2	4,866.3	4,900.9

FINANCING OVERVIEW





MAIN FINANCING TARGETS

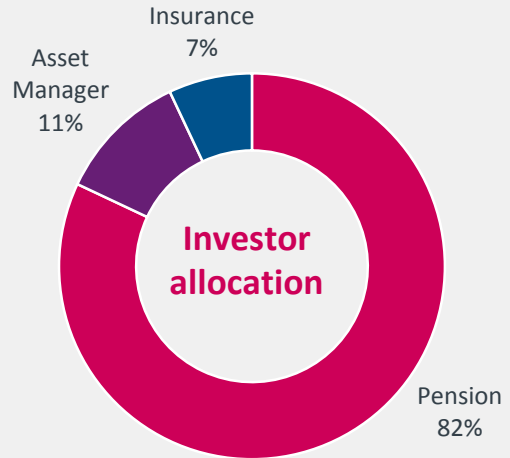
- Loan to Value 40-45% - 47.5%
- Average maturity of loan portfolio > 5 yrs ✓ 5.2
- Debt portfolio's hedge ratio 70-90% ✓ 90%
- Strong investment-grade credit ratings ✓ BBB/Baa1
- Financing mainly unsecured ✓ 95%
- Substantial liquidity buffer ✓ MEUR 557

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

CITYCON ISSUED A NOK 1,000 MILLION BOND WITH 2.75% COUPON AND 8 YEAR MATURITY

KEY TERMS

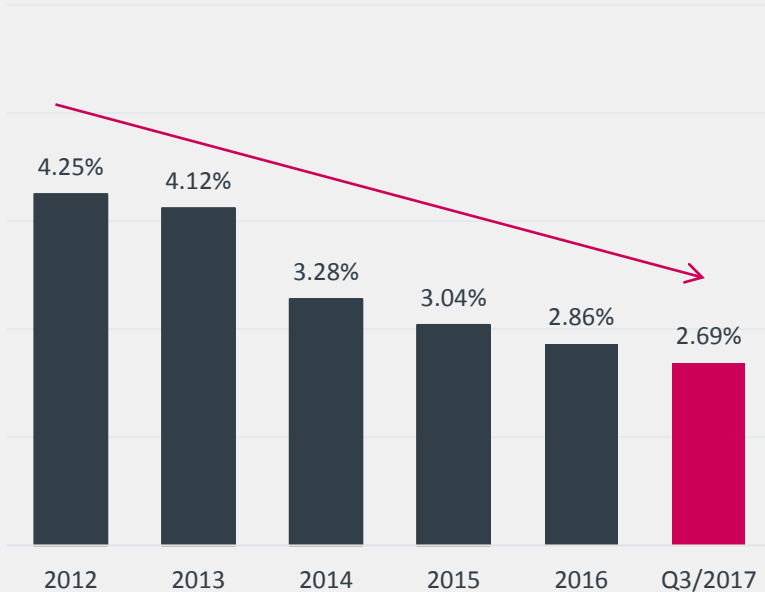
Bond rating:	Baa1 (Moody's), BBB (S&P)
Status:	Senior, Unsecured
Settlement date:	22 September 2017
Maturity:	8-years
Amount:	NOK 1,000 million
Maturity date:	22 September 2025
Coupon:	2.750%
Listing:	Oslo Stock Exchange



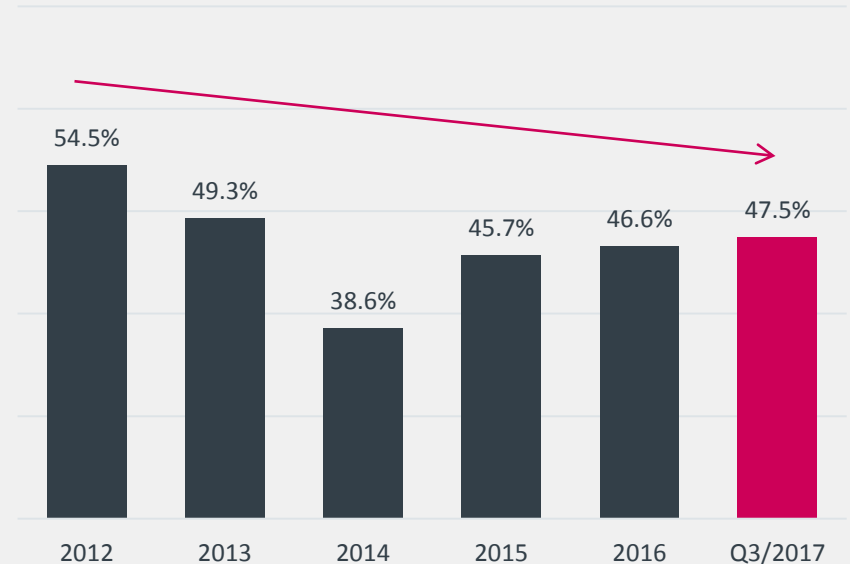
- Since the Citycon's inaugural dual tranche NOK bond issues in 2015 Citycon decided to return to the NOK market to balance its finance needs with another NOK bond in September 2017

FORTHCOMING DIVESTMENTS WILL REDUCE LTV CLOSE TO 45-46% IN Q4

WEIGHTED AVERAGE INTEREST RATE



LOAN TO VALUE (LTV)

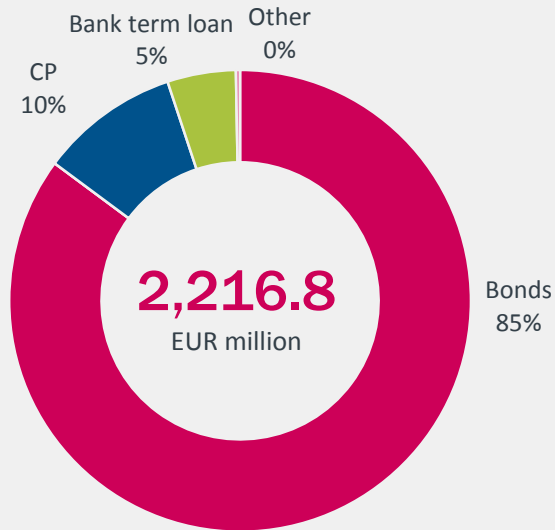


FINANCING KEY FIGURES

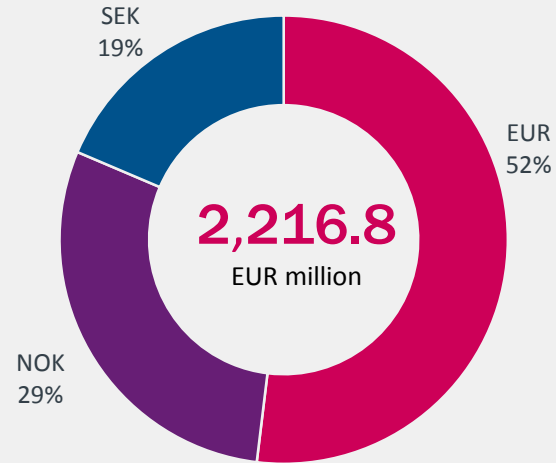
		30 SEP 2017	30 SEP 2016	31 DEC 2016
Interest bearing debt, fair value	MEUR	2,216.8	2,156.4	2,191.5
Available liquidity	MEUR	557.5	583.3	560.4
Average loan maturity	years	5.2	5.8	5.6
Interest rate hedging ratio	%	89.9	94.8	93.1
Weighted average interest rate ¹⁾	%	2.69	2.90	2.86
Loan to Value (LTV)	%	47.5	46.2	46.6
Financial covenant: Equity ratio (> 32.5%)	%	46.5	47.7	47.3
Financial covenant: Interest cover ratio (> 1.8)	%	3.7	3.9	3.8

90% OF DEBT FIXED RATE, VAST MAJORITY BONDS

DEBT BREAKDOWN BY TYPE



DEBT BREAKDOWN BY CURRENCY



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

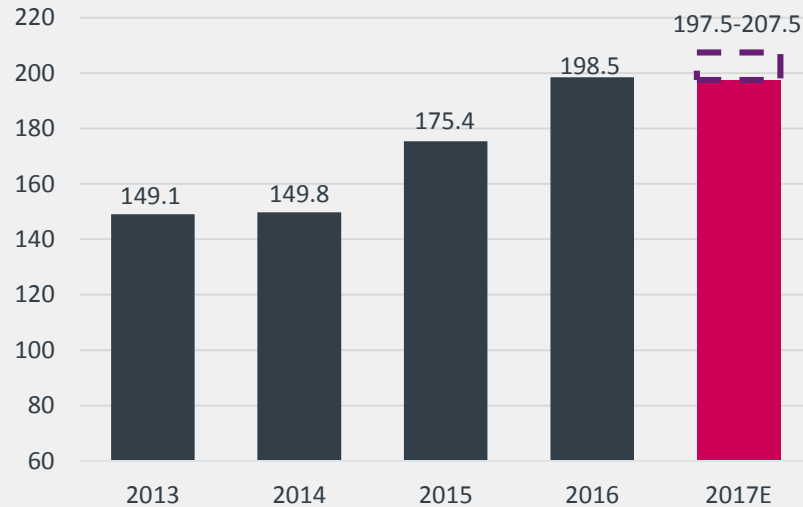
BALANCED MATURITY PROFILE WITH LONG AVERAGE LOAN MATURITY

DEBT MATURITIES

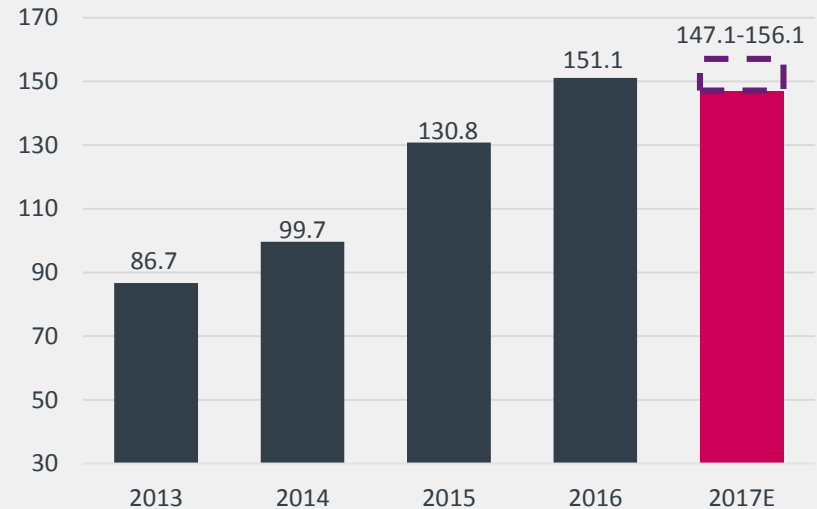


OUTLOOK 2017

DIRECT OPERATING PROFIT



EPRA EARNINGS



- Direct operating profit MEUR -1 to 9
- EPRA Earnings MEUR -4 to 5
- EPRA EPS (basic) EUR 0.165-0.175

- Based on existing property portfolio and already committed divestments, which are expected to be closed by the end of 2017

CONTACT INFORMATION

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