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CFO, EXEC. VP EERO SIHVONEN

AUDIOCAST PRESENTATION Q1/2016

 CITYCON

SOLID QUARTERLY RESULTS SUPPORTED BY GOOD PERFORMANCE IN NORWAY





HIGHLIGHTS Q1/2016

SOLID FINANCIAL RESULTS SUPPORTED BY GOOD PERFORMANCE IN NORWAY

- EPRA Earnings up 32.1% mainly due to acquisition of Norwegian operations
 - EPRA EPS EUR 0.04 close to last year's level with 40% more shares
-

OVERALL STABLE LIKE-FOR-LIKE NET RENTAL INCOME

- Adjusted like-for-like net rental income 0.6% including Norway and Kista Galleria
-

VALUATION UPLIFT DRIVEN BY NORWAY

- Fair value change 26 MEUR mainly from rental growth
-

BALANCE SHEET REMAINS STRONG

- Loan to Value 45.0%, in line with long-term target
-

OUTLOOK REMAINS UNCHANGED

- EPRA EPS EUR 0.155-0.175
-



FINANCIAL HIGHLIGHTS

MEUR	Q1/2016	% ¹⁾
Net rental income	55.2	38.9
Direct Operating profit	47.9	37.3
EPRA Earnings	36.0	32.1
EPRA EPS (basic)	0.040	-5.4
EPRA NAV per share	2.78	-4.7
Fair value change	26.3	-
Loan to Value (LTV), %	45.0	-

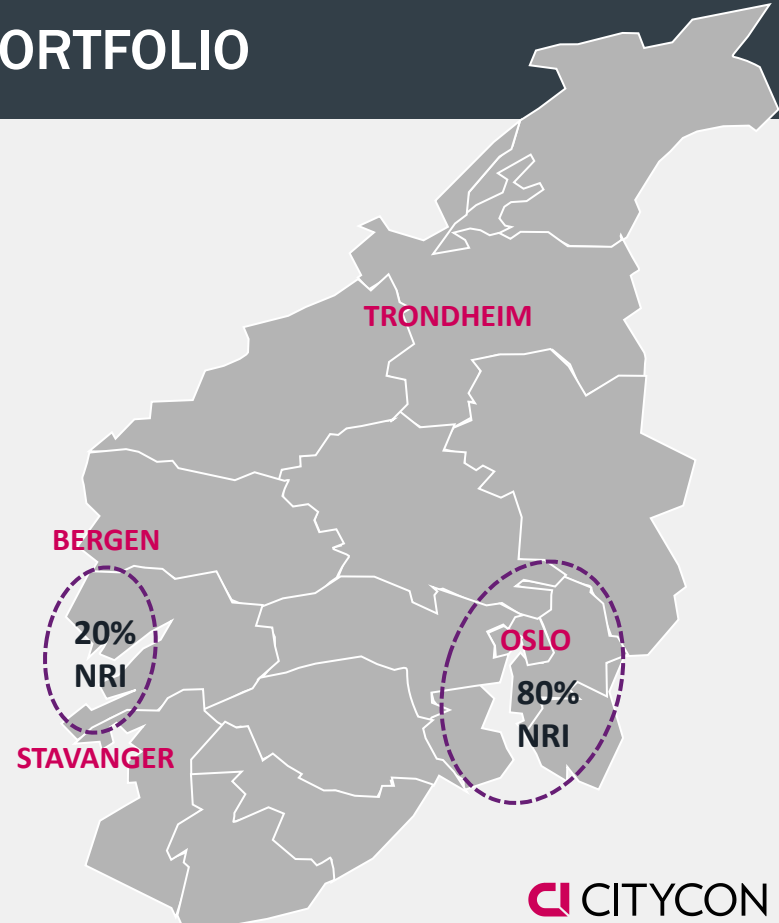
¹⁾ Change from previous year

NORWEGIAN OPERATIONS – A STRATEGIC PART OF THE CITYCON PORTFOLIO

Occupancy	98.7%, +0.1 bps
Like-for-like NRI ¹⁾	3.0%
Fair value change	+24.1 MEUR
Net rental yield	4.1% (9 mth, annualised 5.5%)

Tenant sales	0%	➤ Easter this year in Q1 and last year in Q2
Footfall	-5%	

80% of Citycon's NRI in regions that are less affected by the decline in the oil industry



SUCCESSFUL AND FAST INTEGRATION PROCESS IN NORWAY

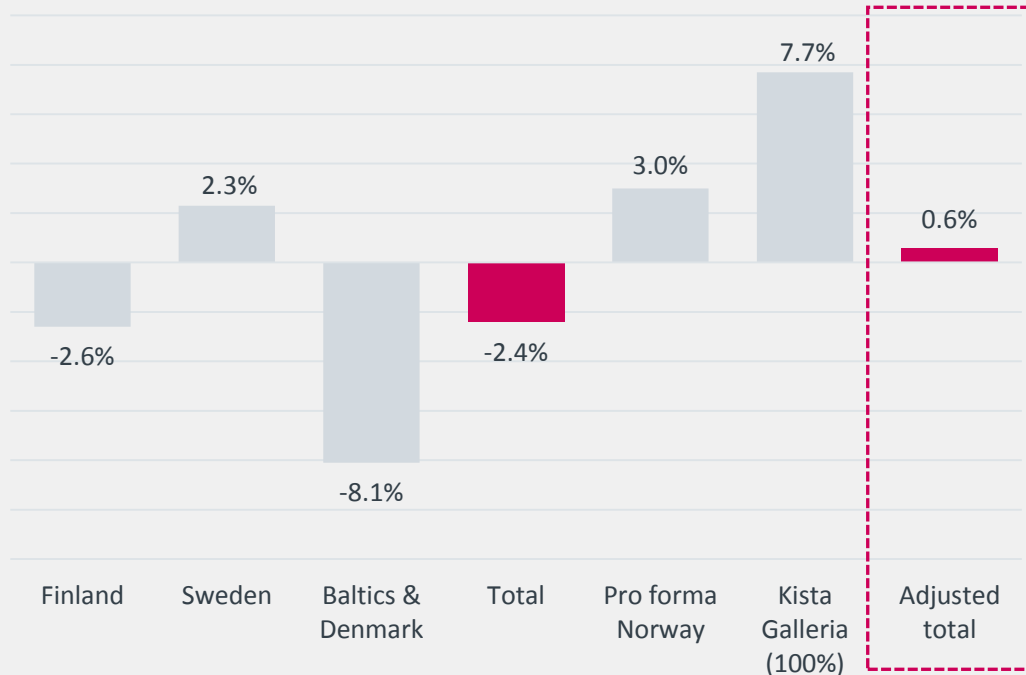
		INITIAL TARGET	STATUS Q1/2016
ORGANIZATION	<ul style="list-style-type: none"> – Savings in Sektor SG&A of $\geq 10\%$ 	≥ 1 MEUR p.a.	Increased to > 2 MEUR p.a.
OPERATIONS	<ul style="list-style-type: none"> – Tenanting, specialty leasing, marketing, digital optimisation – Improved purchasing power 	LFL NRI growth of 100 bps above CPI	Pro forma LFL NRI +3.0%
(RE)DEVELOPMENTS	<ul style="list-style-type: none"> – Extension / (re)development investments of approx. EUR 30–40 million p.a. 	≥ 150 bps over required valuation yield	On track
FINANCE RESTRUCTURING	<ul style="list-style-type: none"> – Lower average cost of debt, decreased net financing expenses 	\sim EUR 2-3 million p.a. (tentative)	\sim EUR 6 million p.a.

STABLE OVERALL OPERATING PERFORMANCE



OVERALL POSITIVE LIKE-FOR-LIKE NRI GROWTH DRIVEN BY NORWAY AND SWEDEN

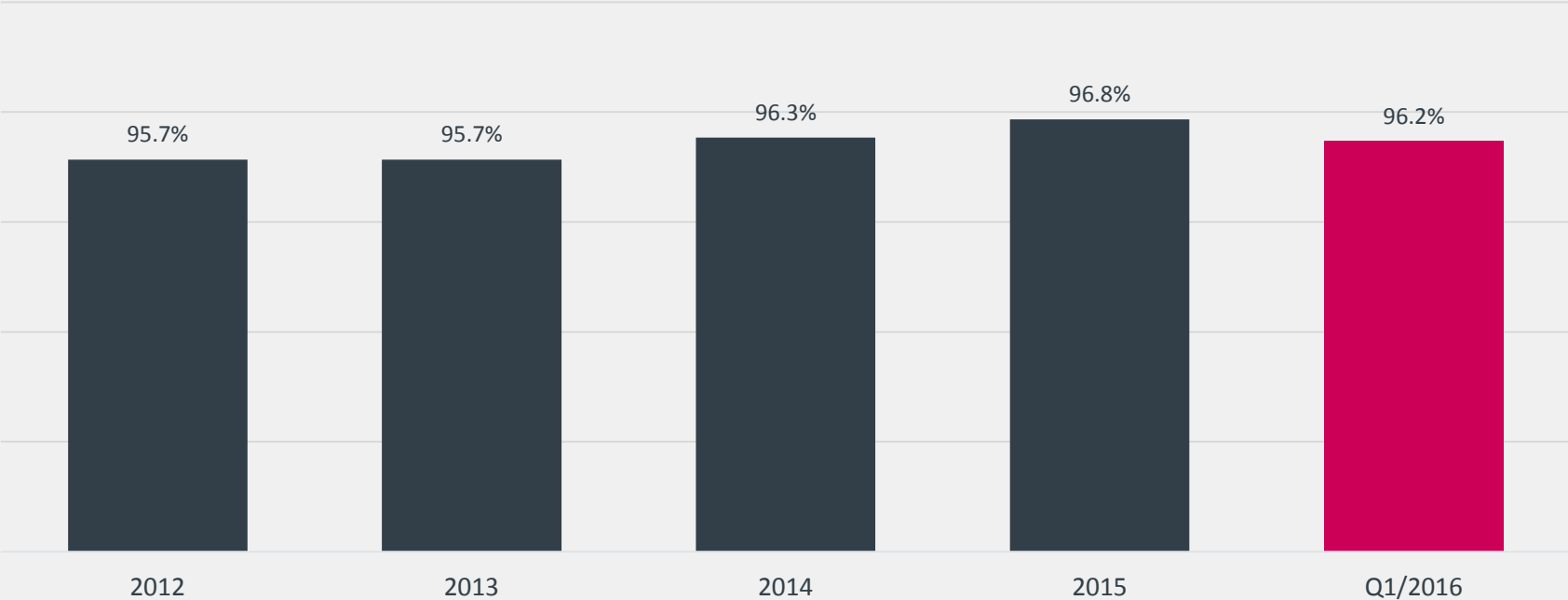
LIKE-FOR-LIKE NET RENTAL INCOME GROWTH



- Operating results reflect the general performance of the main economies
- Iso Omena and Myyrmanni excluded from like-for-like due to projects
- Baltics impacted by increased competition
- Norway not included in the Citycon like-for-like portfolio, however, the pro forma like-for-like for Norway was 3.0%
- Strong performance in Kista Galleria

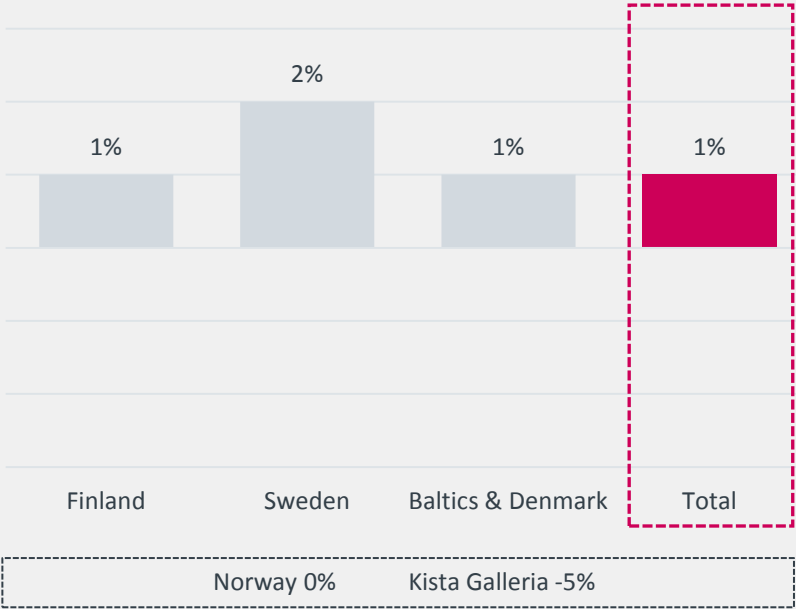
STABLE OCCUPANCY WITH SOME QUARTERLY VARIATIONS

OCCUPANCY RATE

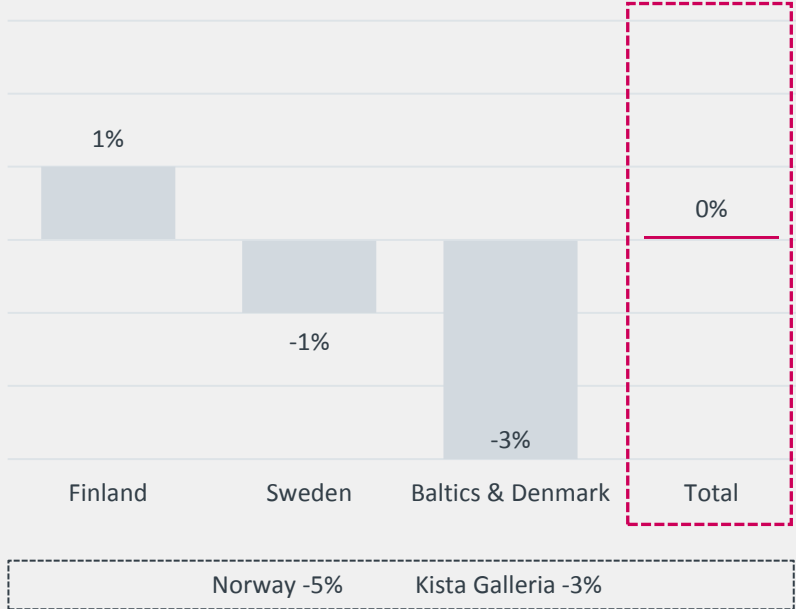


OVERALL POSITIVE SALES DEVELOPMENT – SWEDEN STRONG, FINLAND PICKING UP

SALES, LIKE-FOR-LIKE SHOPPING CENTRES



FOOTFALL, LIKE-FOR-LIKE SHOPPING CENTRES



DEVELOPMENT PORTFOLIO



(RE)DEVELOPMENTS PROGRESSING – ISO OMENA FIRST PHASE OPENING IN AUGUST 2016

	City	Area before/ after, sq.m.	Expected investment, MEUR	Cumulative investment, MEUR	Yield on cost ¹⁾	Pre-leasing	Completion target
Iso Omena	Helsinki area	63,300/99,000	182.0 (250.0)	99.2	6.0%	Part 1: 92% Total SC: 85%	Q3/2016 & Q2/2017
Möln dal Galleria	Gothenburg	- /24,000	60.0 (120.0)	18.1	7.0%	50%	Q2/2018
Porin Asema-aukio	Pori	18,800/23,000	40.0	19.8	-	100%	Q2/2017
Stenungstorg Centrum	Gothenburg area	36,400/41,400	18.0	16.7	7.5%	97%	Q2/2016

¹⁾ Calculated on total development costs, also including financing and Citycon internal costs.



ISO OMENA – BUILDING THE BEST SHOPPING CENTRE IN FINLAND

- First phase opening in August when 28,000 sq.m. will come online and new metro will start operating
- Grand opening of the 100,000 sq.m. shopping centre in May 2017
- Good tenant demand, pre-leasing of phase 1 > 90%
- Creating a true dining destination, 50 restaurants and cafés

DEVELOPMENT PIPELINE – URBAN LOCATIONS IN CAPITAL CITIES

	City	Area before/after, sq.m.	Expected investment, MEUR	Target for project initiation/completion
Tumba Centrum	Stockholm	25,500/35,500	55	2016/2017
Lippulaiva	Helsinki area	19,200/42,000	160–180	2016/2020
Norwegian properties	Mainly Oslo area		30–40 p.a.	



LIPPULAIVA – REBUILDING AN URBAN EVERYDAY SHOPPING CENTRE IN WEALTHY ESPOONLAHTI

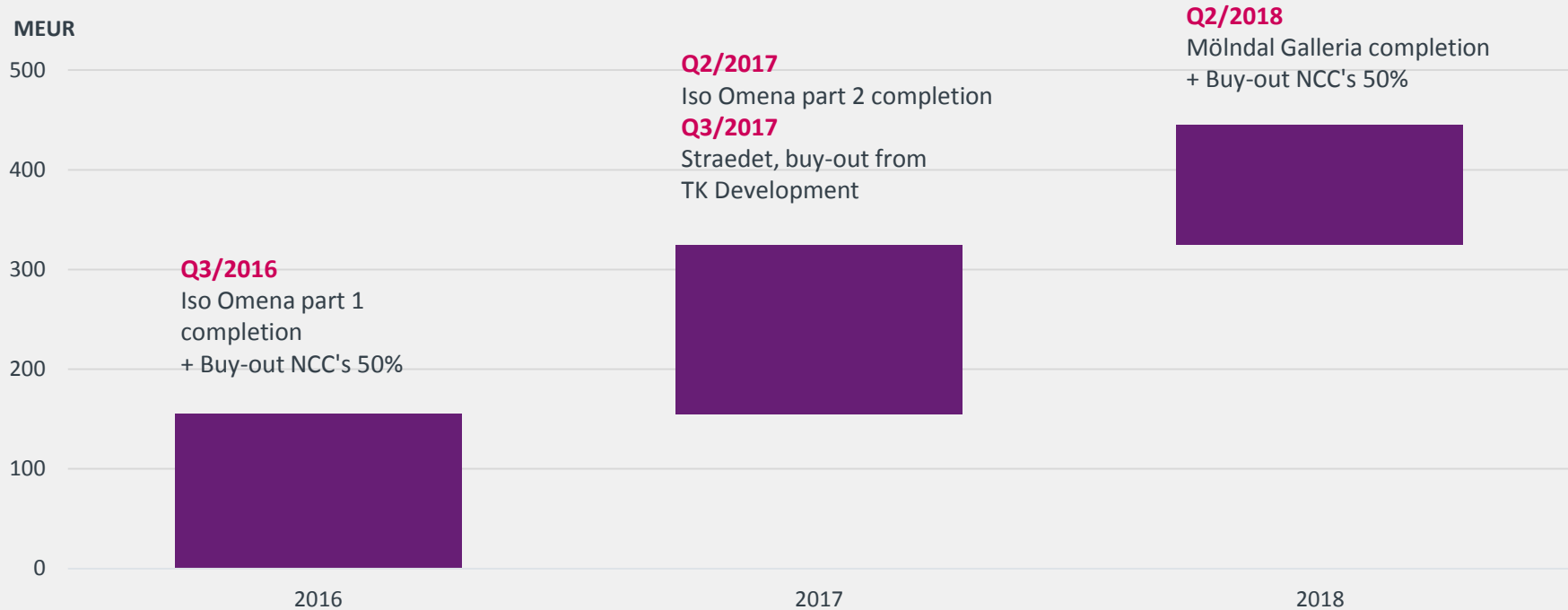


- Target opening 2020 when new metro starts operating
- Strong grocery focus (>35%). Also healthcare and municipal services
- New housing to be built in connection
- Wealthy catchment population, fastest growing area in Helsinki region

450 MEUR OF INVESTMENT COMING ONLINE WITHIN 2 YEARS – AVERAGE YIELD ON COST OF APPROX. 6.5%

INVESTMENT VOLUMES THAT COME ONLINE

MEUR





KEY TARGET AREAS 2016 AND ONWARDS

FURTHER INTEGRATION OF CITYCON NORWAY

- Increased target: > 2 MEUR administrative cost savings p.a.
-

SUCCESSFUL COMPLETION OF ONGOING DEVELOPMENTS

- EUR 150-200 million p.a.
 - Uplift in rental income and earnings 2017 onwards
-

IMPROVE QUALITY OF THE PORTFOLIO THROUGH CONTINUED EXECUTION OF DIVESTMENT STRATEGY

- Divestments of 250-300 MEUR to go
-

OVERALL LONG-TERM LIKE-FOR-LIKE NRI GROWTH TARGET OF 100 BPS ABOVE INFLATION

- After larger (re)developments have come online in 2017/2018
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STABLE FINANCIAL RESULTS





FINANCIAL RESULTS

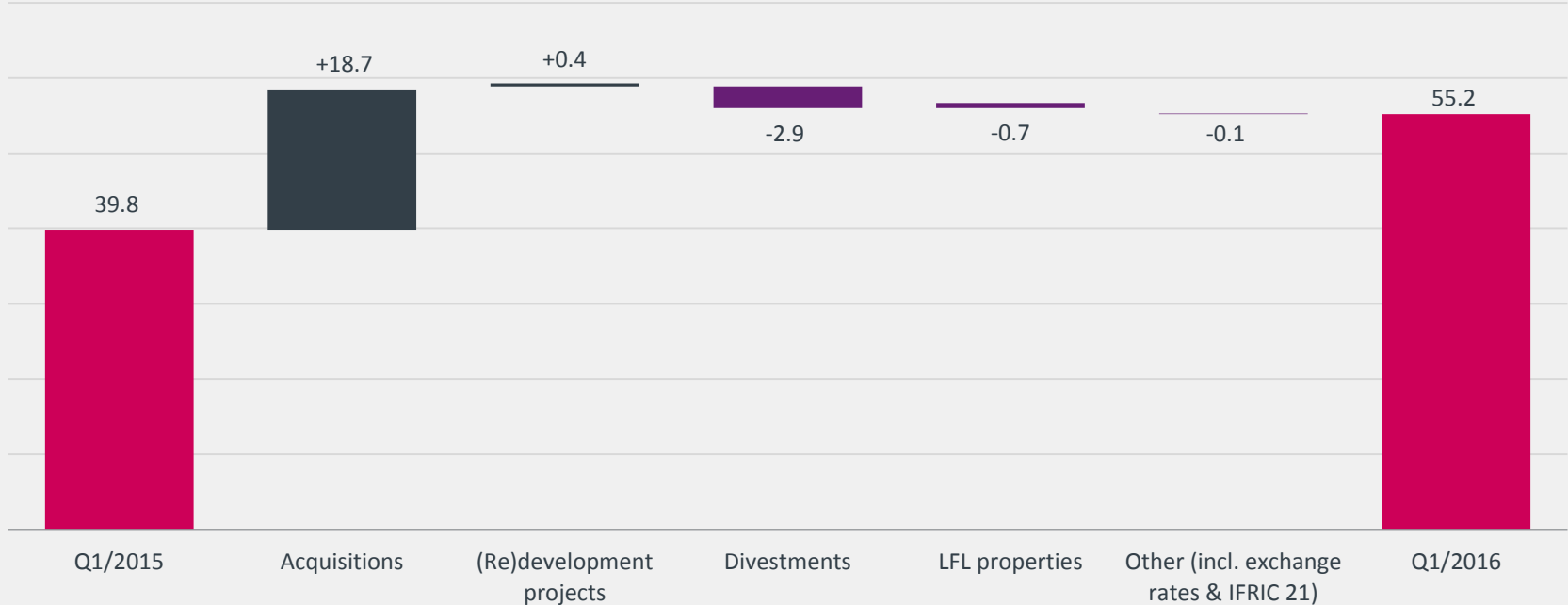
MEUR	Q1/2016	Q1/2015	%	2015
Gross rental income	63.3	46.1	37.4	223.9
Net rental income	55.2	39.8	38.9	199.6
Direct Operating profit	47.9	34.9	37.3	175.4
EPRA Earnings	36.0	27.2	32.1	130.8
EPRA EPS (basic)	0.040	0.043	-5.4	0.173
EPRA NAV per share	2.78	2.92	-4.8	2.74

- Modest decrease of EPRA EPS to EUR 0.04
 - 39.7% increase in average number of shares due to rights issue in July 2015
- Kista Galleria contributed to the IFRS based profit for the period by approx. 3.4 MEUR in Q1/2016

NET RENTAL INCOME UP +38.9% DUE TO ACQUISITION OF NORWEGIAN OPERATIONS

NRI DEVELOPMENT

MEUR





LEASING INDICATORS

		Q1/2016	2015
Average rent	EUR/sq.m.	22.1	22.3
Average remaining length of lease portfolio	years	3.2	3.3
Leases started	pcs	294	895
Average rent of leases started	EUR/sq.m.	19.6	23.2
Leases ended	pcs	371	1,114
Average rent of leases ended	EUR/sq.m.	21.6	20.1
Leasing spread of renewals and re-lettings	%	-11.6	-

- The negative leasing spread during the quarter was mainly caused by one large renewal in a non-core property in Finland outside Helsinki
- Leasing spread excluding the contract referred to above and including Kista Galleria (100%) was -3.4%



POSITIVE VALUATION DRIVEN BY NORWAY

FAIR VALUE CHANGES, MEUR	Q1/2016	2015
Finland	-8.3	-37.1
Norway	24.1	0.2
Sweden	8.8	39.6
Baltics & Denmark	1.7	4.7
Total	26.3	7.3

WEIGHTED AVERAGE YIELD REQUIREMENT, %	31 MAR 2016	31 DEC 2015
Finland	5.9	5.9
Norway	5.2	5.2
Sweden	5.4	5.4
Baltics & Denmark	6.8	6.9
Total	5.7	5.7

– Fair value change for Q1/2016 including Kista Galleria (100%) was 28.7 MEUR

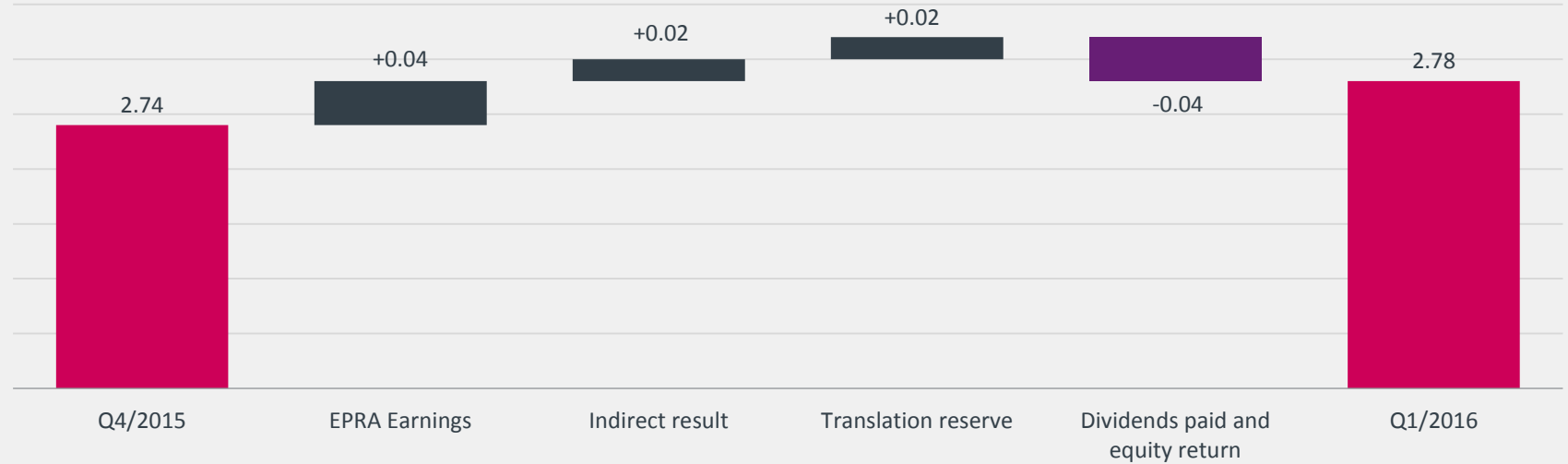
INCOME STATEMENT

MEUR	Q1/2016	Q1/2015	%	2015
Gross rental income	63.3	46.1	37.4	223.9
Service charge income	20.1	14.0	43.0	71.7
Property operating expenses	-27.7	-20.1	37.7	-94.6
Other expenses from leasing operations	-0.4	-0.2	83.8	-1.4
Net rental income	55.2	39.8	38.9	199.6
Administrative expenses ¹⁾	-7.5	-5.5	35.4	-34.5
Other operating income and expenses	0.2	0.7	-	-6.4
Net fair value gains on investment property	26.3	1.2	-	7.3
Net losses on sale of investment property	0.0	-0.4	-	-17.1
Operating profit	74.3	35.7	107.8	148.9
Net financial income and expenses	-13.5	-9.2	47.3	-52.3
Share of profit/loss of joint ventures	4.0	3.5	14.7	19.4
Profit/loss before taxes	64.8	30.1	115.4	116.0
Profit/loss for the period	57.8	26.7	116.5	110.4

EPRA NAV IMPROVED DUE TO POSITIVE RESULTS SUPPORTED BY FAIR VALUE GAINS

CHANGE OF NET ASSET VALUE (EPRA NAV)

EUR, per share



	31 MAR 2016	31 MAR 2015	31 DEC 2015
EPRA NAV per share, EUR	2.78	2.92	2.74
EPRA NNNNAV per share, EUR	2.45	2.50	2.46

STRONG BALANCE SHEET

MEUR	31 MAR 2016	31 MAR 2015	31 DEC 2015
Investment properties	4,079.1	2,801.7	4,091.6
Total non-current assets	4,575.4	3,013.3	4,573.6
Investment properties held for sale	71.7	1.8	1.7
Total current assets	66.8	48.2	89.1
Total assets	4,714.0	3,063.3	4,664.4
Total shareholders' equity	2,281.0	1,592.6	2,245.5
Total liabilities	2,433.0	1,470.8	2,418.8
Total liabilities and shareholders' equity	4,714.0	3,063.3	4,664.4

FINANCING OVERVIEW



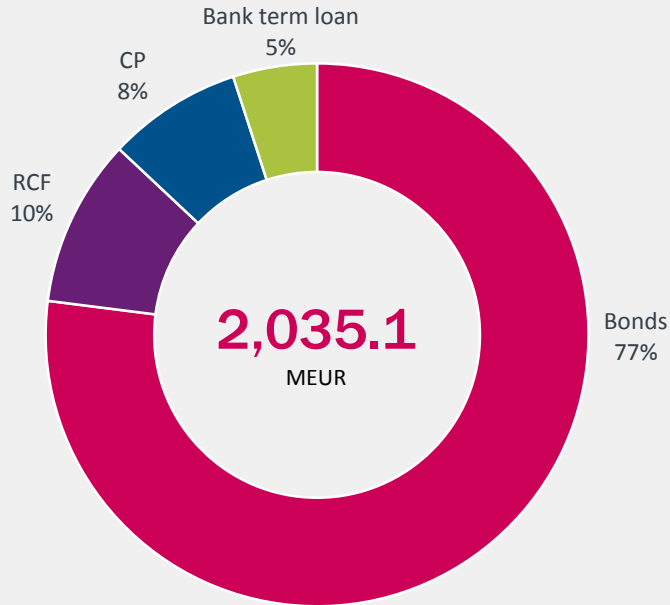
FINANCING KEY FIGURES – NO MAJOR DEBT TRANSACTIONS IN Q1

KEY RATIOS		31 MAR 2016	31 MAR 2015	31 DEC 2015
Interest bearing debt, fair value	MEUR	2,035.1	1,252.5	2,037.1
Available liquidity	MEUR	381.2	388.8	377.1
Average loan maturity	years	5.3	5.6	5.5
Interest rate hedging ratio	%	85.3	83.7	84.8
Weighted average interest rate ¹⁾	%	3.05	3.15	3.04
Loan to Value (LTV)	%	45.0	40.8	45.7
Financial covenant: Equity ratio (> 32.5%)	%	48.5	52.3	48.3
Financial covenant: Interest cover ratio (> 1.8)	%	3.7	3.4	3.8

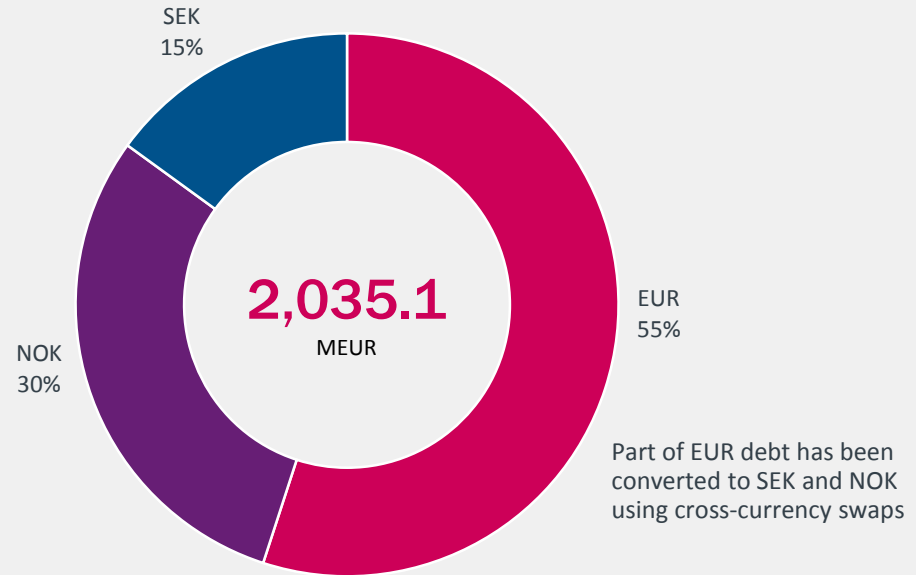
27 ¹⁾ Including cross-currency swaps and interest rate swaps

DEBT TYPE AND CURRENCY SPLIT

DEBT BY TYPE



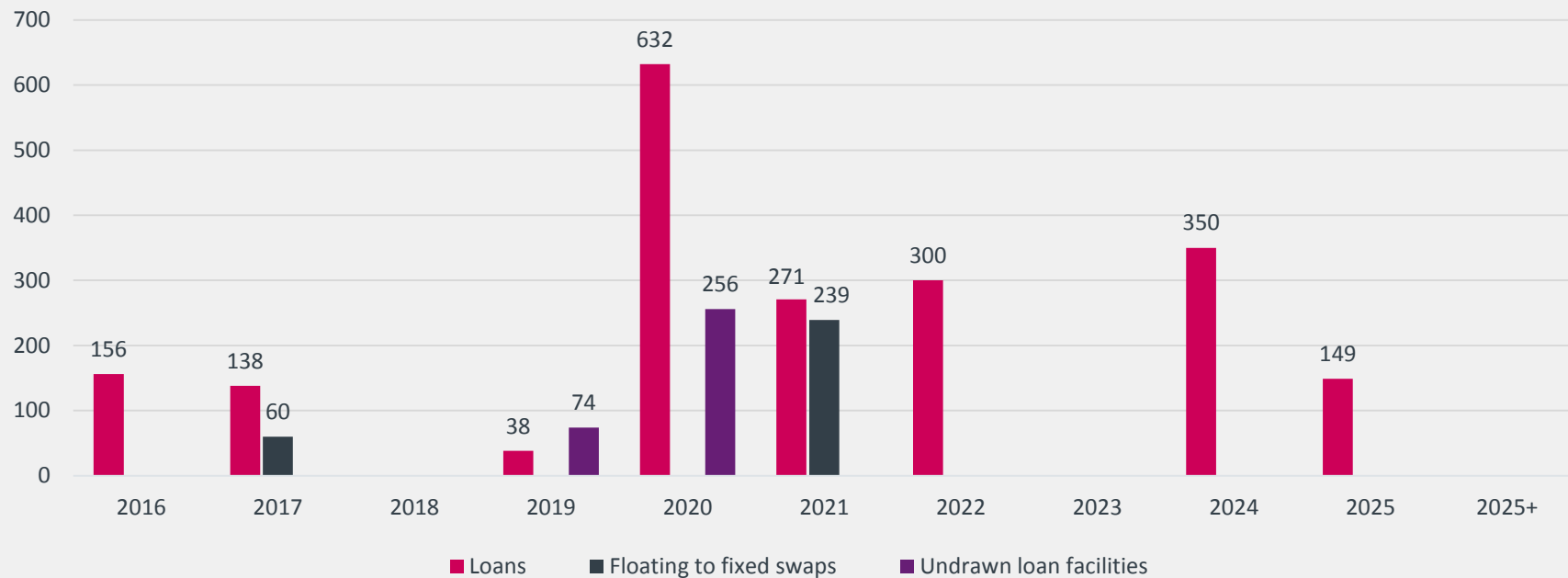
DEBT BY CURRENCY



BALANCED MATURITY PROFILE WITH LONG AVERAGE LOAN MATURITIES AND LIMITED NEAR-TERM MATURITIES

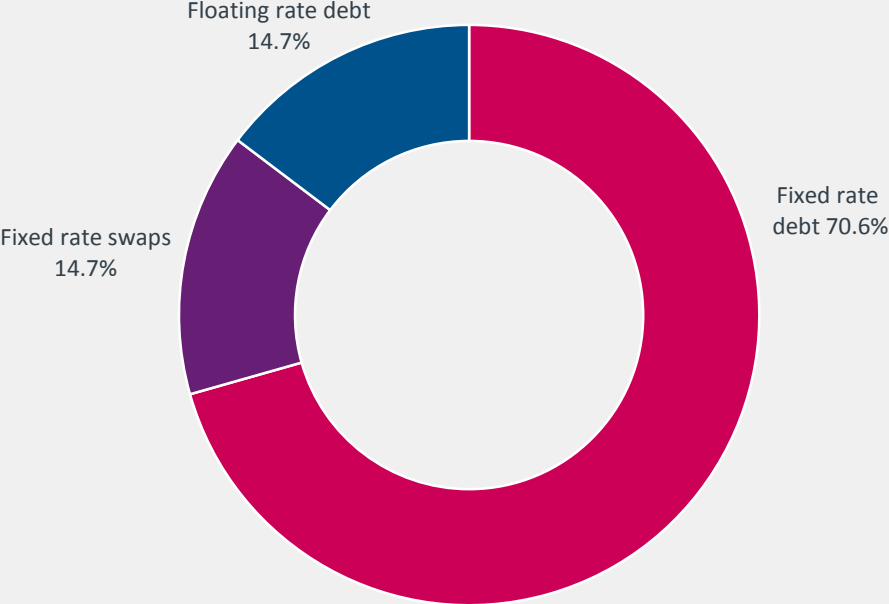
MATURITY PROFILE OF LOANS, INTEREST RATE SWAPS AND DEBT FACILITIES

MEUR



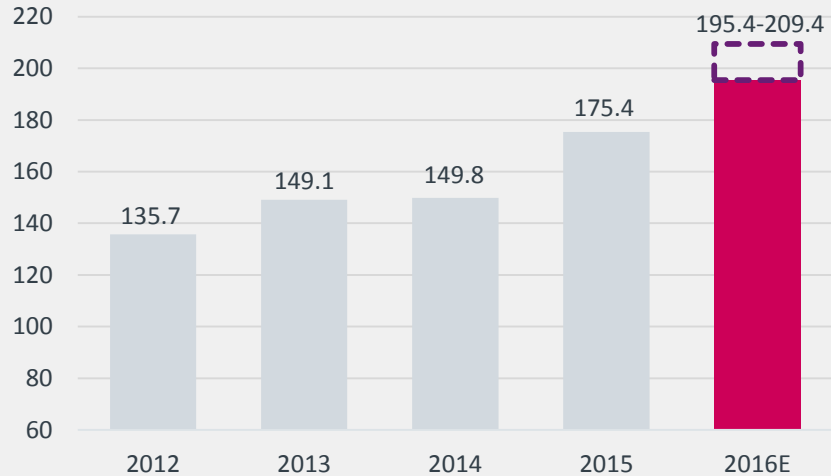
85% OF DEBT FIXED RATE, LIMITED EXPOSURE TO INCREASED INTEREST RATES

DEBT BY FIXING TYPE

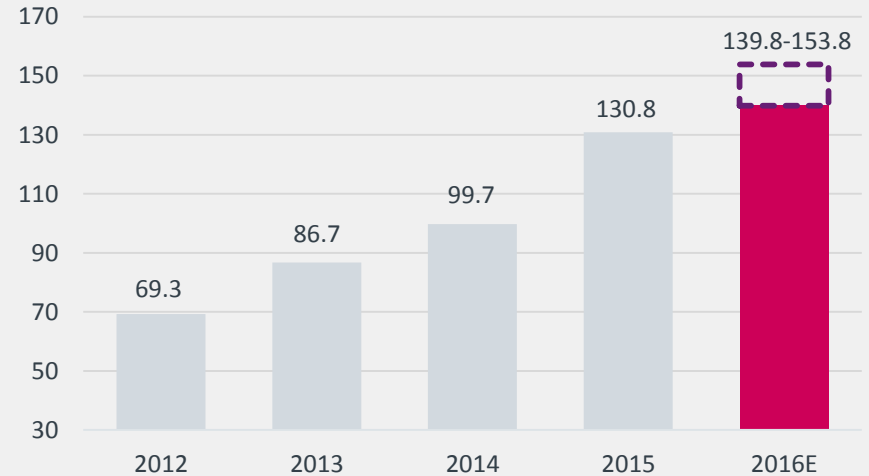


OUTLOOK 2016 UNCHANGED

DIRECT OPERATING PROFIT



EPRA EARNINGS



- Direct Operating profit + 20 to 34 MEUR
- EPRA Earnings + 9 to 23 MEUR
- EPRA EPS (basic) 0.155-0.175 EUR

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