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CFO, EXEC. VP EERO SIHVONEN

AUDIOCAST PRESENTATION Q2/2016

 CITYCON

STABLE RESULTS, COSTS SAVINGS PROGRAM IMPLEMENTED





HIGHLIGHTS Q2/2016

STABLE FINANCIAL RESULTS DRIVEN BY GOOD PERFORMANCE IN SWEDEN AND NORWAY

- EPRA Earnings +28% mainly due to the acquisition of Norwegian operations
- EPRA EPS EUR 0.084 close to last year's level with 40% more shares

POSITIVE OVERALL LFL NRI AND IMPROVED OCCUPANCY

- Adjusted like-for-like net rental income +0.9% including Norway and Kista Galleria 100%
- Occupancy increased +30 bps to 96.5%

SUCCESSFUL DISPOSAL OF NON-CORE ASSETS

- 100 MEUR disposed at above IFRS fair value in 2016

NORWEGIAN INTEGRATION COMPLETED

- Reorganisation and cost savings programme to result in 5 MEUR additional savings in 2017

OUTLOOK SPECIFIED

- EPRA EPS EUR 0.1575-0.1725



FINANCIAL HIGHLIGHTS

MEUR	Q1-Q2/2016	% ¹⁾
Net rental income	112.2	36.3
Direct Operating profit	98.4	35.8
EPRA Earnings	74.6	29.9
EPRA EPS (basic)	0.084	-7.0
EPRA NAV per share	2.80	-6.3
Fair value change	31.0	-
Loan to Value (LTV), %	45.4	9.5

¹⁾ Change from previous year (Q1-Q2/2015)

SUCCESSFUL INTEGRATION IN NORWAY

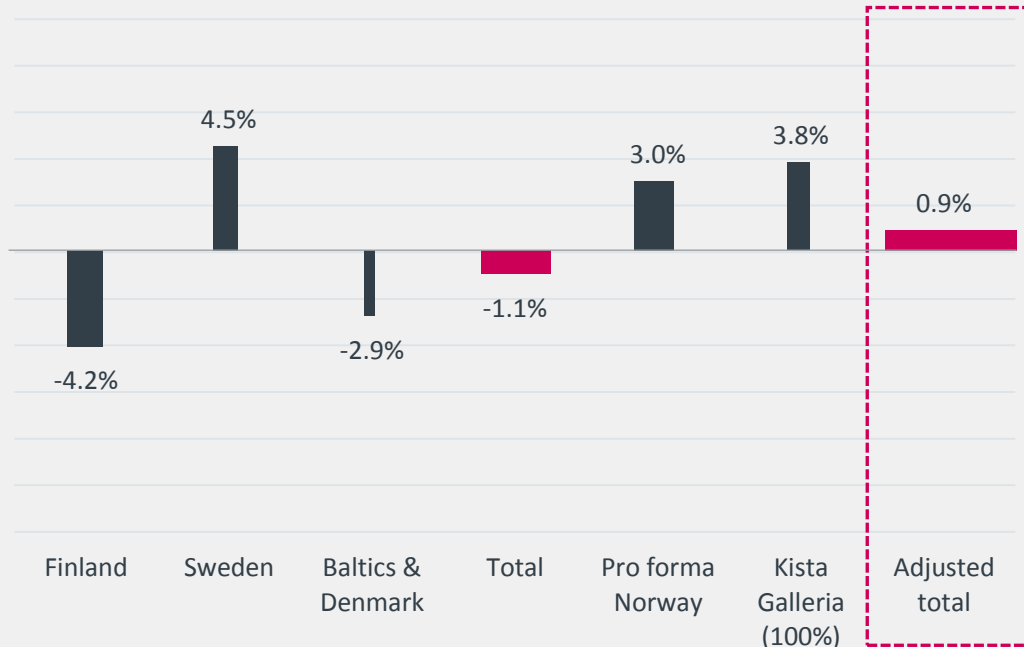
		INITIAL TARGET	STATUS Q2/2016
ORGANIZATION	<ul style="list-style-type: none"> – Savings in Citycon Norway SG&A of $\geq 10\%$ 	≥ 1 MEUR p.a.	Increased to approx. 3.5 MEUR p.a. on group level
OPERATIONS	<ul style="list-style-type: none"> – Tenanting, specialty leasing, marketing, digital optimisation – Improved purchasing power 	LFL NRI growth of 100 bps above CPI	H1/2016 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



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

LIKE-FOR-LIKE NET RENTAL INCOME GROWTH

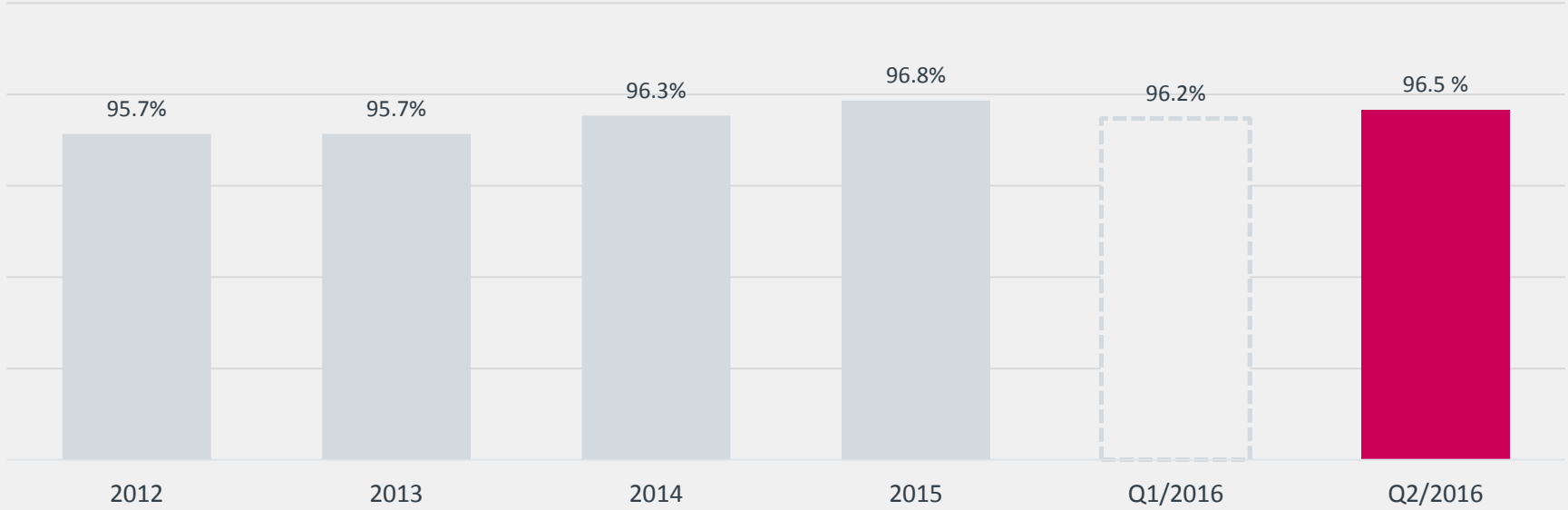


- Operating results reflect the general performance of the main economies
- The standard like-for-like portfolio includes only 42% Citycon's portfolio
- Finland impacted negatively by main properties being under (re)development
- Baltics impacted by increased competition
- The like-for-like NRI growth including pro forma Norway and Kista Galleria 100% was 0.9%
- The adjusted total including Kista Galleria 50% was 0.7%

7 The width of each column refers to the weight of the business unit in the like-for-like portfolio
Citycon's ownership in Kista Galleria is 50%, but management follows it as if it was fully consolidated

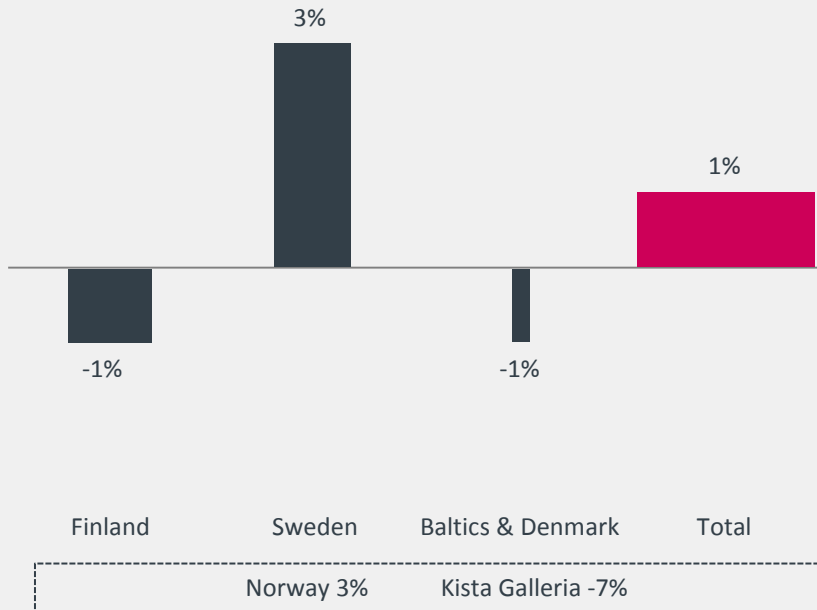
OCCUPANCY REMAINS AT HIGH LEVEL > 96%

OCCUPANCY RATE

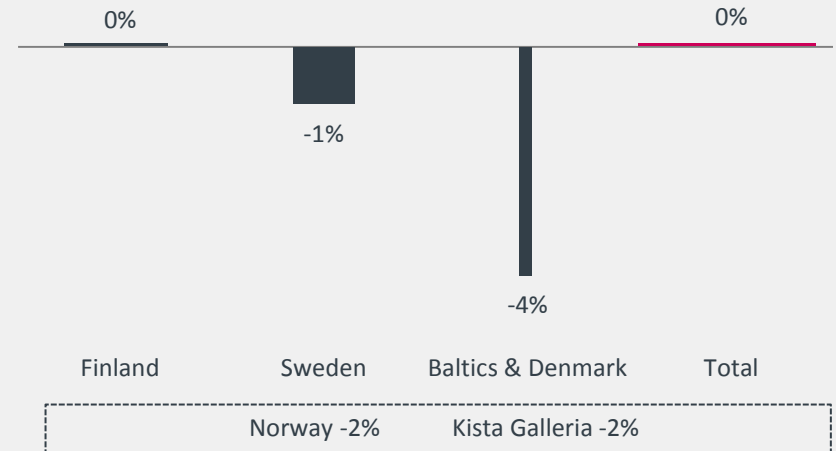


OVERALL STABLE SALES AND FOOTFALL DEVELOPMENT

LIKE-FOR-LIKE SHOPPING CENTRE SALES



LIKE-FOR-LIKE SHOPPING CENTRE FOOTFALL



SUCCESSFUL DELIVERY ON CITYCON'S DISPOSAL PLAN



- Disposal of Magistral in Tallinn in February
- Disposal of 5 supermarket and shop properties in Finland in April
- 100 MEUR divested at above IFRS fair value in Q1-Q2/2016
- Citycon intends to divest an additional EUR 200-250 million within the coming 1-2 years

DEVELOPMENT PORTFOLIO



(RE)DEVELOPMENTS PROGRESSING – ISO OMENA FIRST PHASE OPENING WITH 95% LEASED

	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)	121.5	6.0%	Part 1: 95% Total SC: 90%	Q3/2016 & Q2/2017
Möln dal Galleria	Gothenburg	- /24,000	60.0 (120.0)	21.2	7.0%	60%	Q2/2018
Porin Asema-aukio	Pori	18,800/23,000	40.0	25.8	-	100%	Q2/2017

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



RENEWED ISO OMENA SHOWS INTERNATIONAL APPEAL



- Successful pre-leasing: 4 shops still to be signed (out of total 66 shops)
- 2000m² Zara signed for phase 2 (only one in Western Helsinki area)
- New M.E.E.T food concept - 50 cafés and restaurants in total
- Creating an alternative for Helsinki CBD
- Metro opening delayed to approx. end of the year

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



- Exceptional pre-leasing result $\geq 50\%$ signed in Q2
- Temporary 10,000 m² centre fully leased
- Start of demolition in mid-July 2017
- Daily shopping concept in area with strong population growth (+18% in 10 yrs)
- New metro line to be integrated in the centre

450 MEUR OF DEVELOPMENTS COMING ONLINE WILL STRONGLY SUPPORT EARNINGS GROWTH

INVESTMENT VOLUMES THAT COME ONLINE

MEUR



- Average YoC 6.5% incl. financing and internal expenses
- Corresponds to approx. 30 MEUR p.a. additional NRI when stabilised



KEY TARGET AREAS 2016 AND ONWARDS

SUCCESSFUL COMPLETION OF ONGOING DEVELOPMENTS

- 150-200 MEUR p.a.
 - Uplift in rental income and earnings 2017 onwards
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IMPROVE QUALITY OF THE PORTFOLIO THROUGH CONTINUED EXECUTION OF DIVESTMENT STRATEGY

- Additional divestments of 200-250 MEUR, mainly in Finland
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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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FINANCIAL OVERVIEW





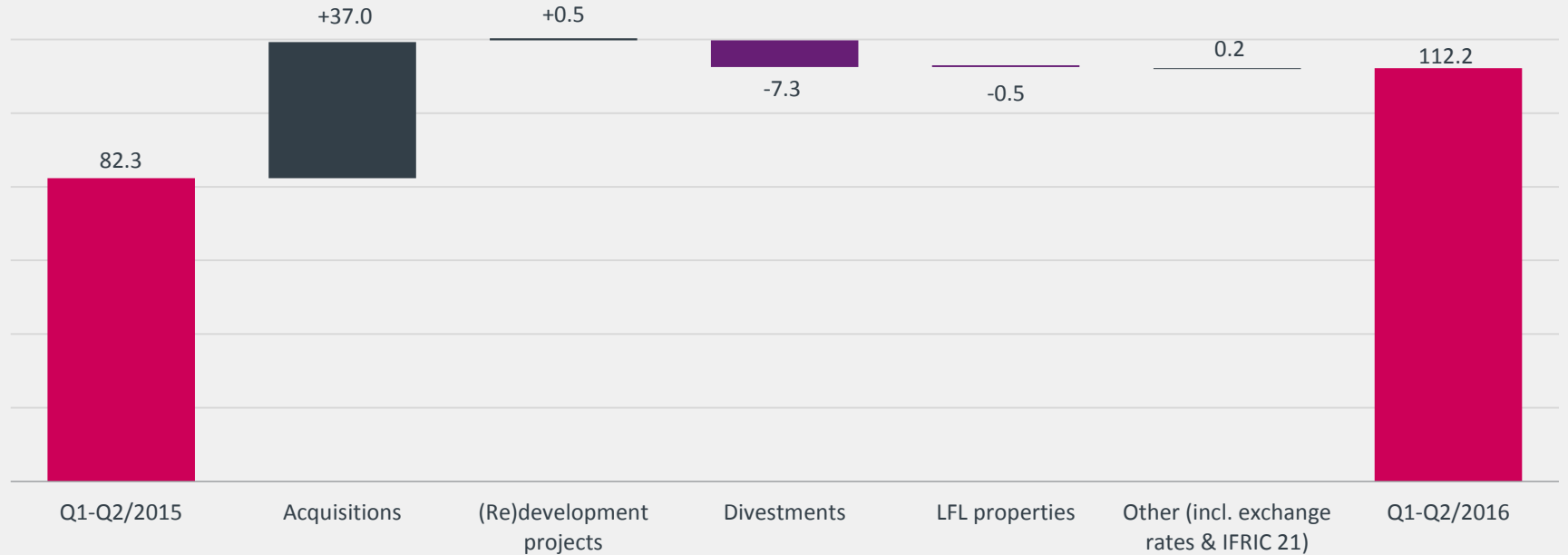
FINANCIAL RESULTS

MEUR	Q2/2016	Q2/2015	Q1-Q2/2016	Q1-Q2/2015	Q1-Q2/2016 INCL. KISTA
Gross rental income	62.2	46.6	125.4	92.6	142.8
Net rental income	57.0	42.6	112.2	82.3	127.6
Direct Operating profit	50.5	37.6	98.4	72.5	113.1
EPRA Earnings	38.7	30.2	74.6	57.5	n.a.
EPRA EPS (basic)	0.043	0.047	0.084	0.090	n.a.
EPRA NAV per share	2.80	2.99	2.80	2.99	n.a.

- Direct Operating profit and EPRA Earnings up by ≥ 30% due to Norwegian acquisition
- EPRA EPS EUR 0.084, close to last years level
 - 40% 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. 4.9 MEUR in Q1-Q2/2016

NET RENTAL INCOME +37% FOLLOWING THE ACQUISITION OF NORWEGIAN OPERATIONS

NRI DEVELOPMENT MEUR





POSITIVE RELEASING SPREAD IN SWEDEN AND NORWAY, NEGATIVE IN FINLAND AND ESTONIA

		Q1-Q2/2016	Q1-Q2/2015
Average rent	EUR/sq.m.	22.4	21.9
Average remaining length of lease portfolio	years	3.2	3.2
Leases started	pcs	515	392
Average rent of leases started	EUR/sq.m.	20.3	21.5
Leases ended	pcs	646	492
Average rent of leases ended	EUR/sq.m.	20.3	20.5
Leasing spread of renewals and re-lettings	%	-8.3	-

- Q2/2016 leasing spread was -2.7%, improving from Q1 (-11.6%). Including Kista Galleria (100%) the leasing spread was +0.2%
- Q1-Q2/2016 leasing spread including Kista Galleria (100%) was -6.2%. Excluding one large renewal in a non-core property outside Helsinki the leasing spread was -2.4%



POSITIVE VALUATION DRIVEN BY NORWAY AND SWEDEN

FAIR VALUE CHANGES, MEUR	Q2/2016	Q2/2015	Q1-Q2/2016	Q1-Q2/2015
Finland	-6.9	-14.3	-15.2	-17.0
Norway	0.2	-	24.3	-
Sweden	12.9	14.6	21.8	18.1
Baltics & Denmark	-1.6	1.6	0.2	2.0
Total	4.7	1.8	31.0	3.0

WEIGHTED AVERAGE YIELD REQUIREMENT, %	30 JUN 2016	30 JUN 2015
Finland	5.8	6.1
Norway	5.2	-
Sweden	5.3	5.6
Baltics & Denmark	6.7	7.0
Average	5.6	6.1

– Fair value change for Q1-Q2/2016 including Kista Galleria (100%) was 34.9 MEUR

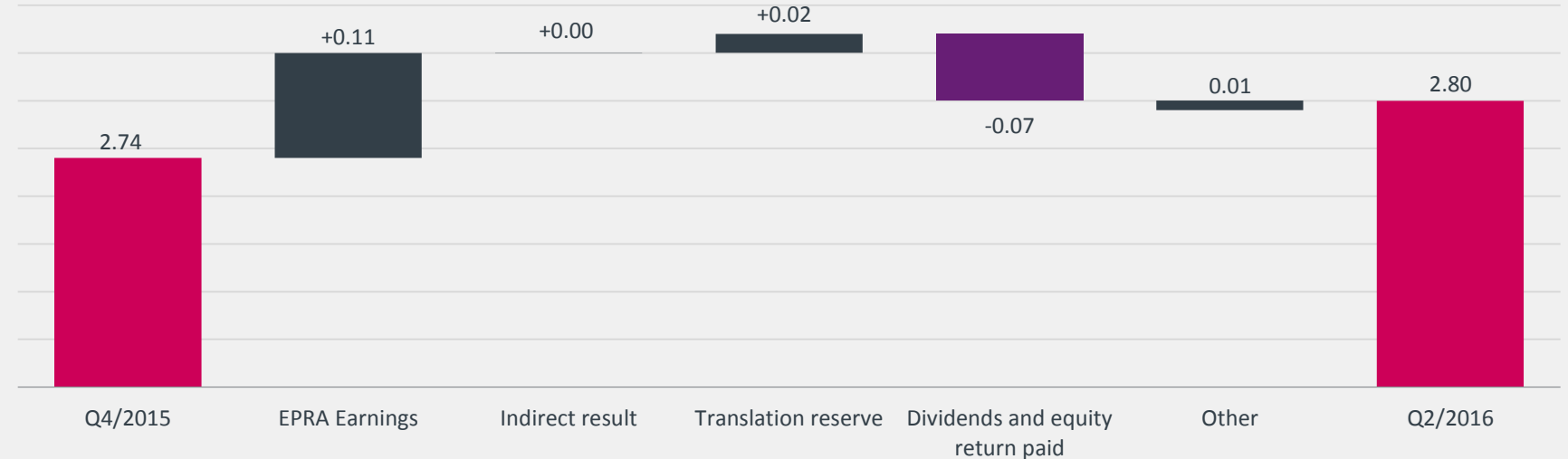
INCOME STATEMENT

MEUR	Q2/2016	Q2/2015	Q1-Q2/2016	Q1-Q2/2015	%
Gross rental income	62.2	46.6	125.4	92.6	35.4
Service charge income	20.2	13.6	40.2	27.6	45.5
Property operating expenses	-25.1	-17.2	-52.9	-37.4	-41.5
Other expenses from leasing operations	-0.2	-0.4	-0.6	-0.6	1.6
Net rental income	57.0	42.6	112.2	82.3	36.3
Administrative expenses	-7.3	-5.6	-14.8	-11.2	32.2
Other operating income and expenses	0.8	0.6	1.0	1.3	-27.0
Net fair value gains on investment property	4.7	1.8	31.0	3.0	-
Net gains on sale of investment property	3.5	0.0	3.5	-0.4	-
Operating profit	58.6	39.4	132.9	75.1	76.9
Net financial income and expenses	-13.0	-7.1	-26.5	-16.3	62.4
Share of profit/loss of joint ventures	-0.2	3.8	3.8	7.3	-48.2
Profit/loss before taxes	45.4	36.0	110.2	66.1	66.7
Profit/loss for the period	37.5	35.4	95.3	62.1	53.5

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

CHANGE OF NET ASSET VALUE (EPRA NAV)

EUR, per share



	Q2/2016	Q2/2015	2015
EPRA NAV per share, EUR	2.80	2.99	2.74
EPRA NNNNAV per share, EUR	2.42	2.64	2.46

STRONG BALANCE SHEET

MEUR	30 JUN 2016	30 JUN 2015	31 DEC 2015
Investment properties	4,110.0	2,819.6	4,091.6
Total non-current assets	4,590.8	3,046.8	4,573.6
Investment properties held for sale	21.3	13.8	1.7
Total current assets	116.3	81.0	89.1
Total assets	4,728.4	3,141.6	4,664.4
Total shareholders' equity	2,290.0	1,630.9	2,245.5
Total liabilities	2,438.4	1,510.7	2,418.8
Total liabilities and shareholders' equity	4,728.4	3,141.6	4,664.4

FINANCING OVERVIEW



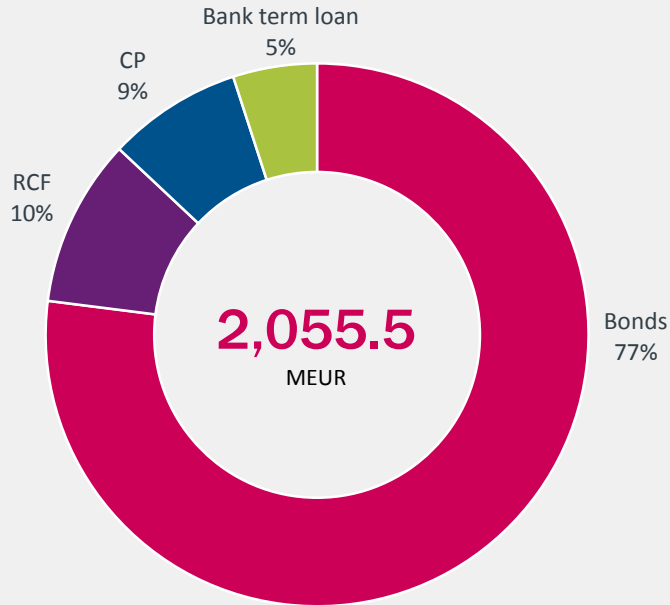
FINANCING KEY FIGURES – NO MAJOR DEBT TRANSACTIONS IN Q2

KEY RATIOS		30 JUN 2016	30 JUN 2015	31 DEC 2015
Interest bearing debt, fair value	MEUR	2,055.5	1,286.4	2,037.1
Available liquidity	MEUR	384.6	343.6	377.1
Average loan maturity	years	5.0	5.3	5.5
Interest rate hedging ratio	%	84.6	81.5	84.8
Weighted average interest rate ¹⁾	%	3.02	3.39	3.04
Loan to Value (LTV)	%	45.4	41.5	45.7
Financial covenant: Equity ratio (> 32.5%)	%	48.5	52.0	48.3
Financial covenant: Interest cover ratio (> 1.8)	%	3.6	4.0	3.8

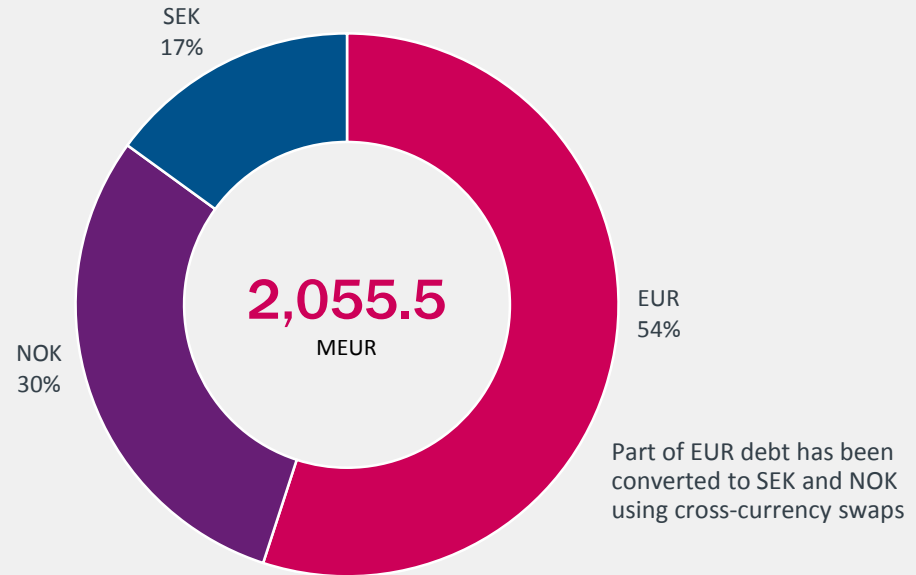
27 ¹⁾ Including cross-currency swaps and interest rate swaps

DEBT TYPE AND CURRENCY SPLIT

DEBT BY TYPE



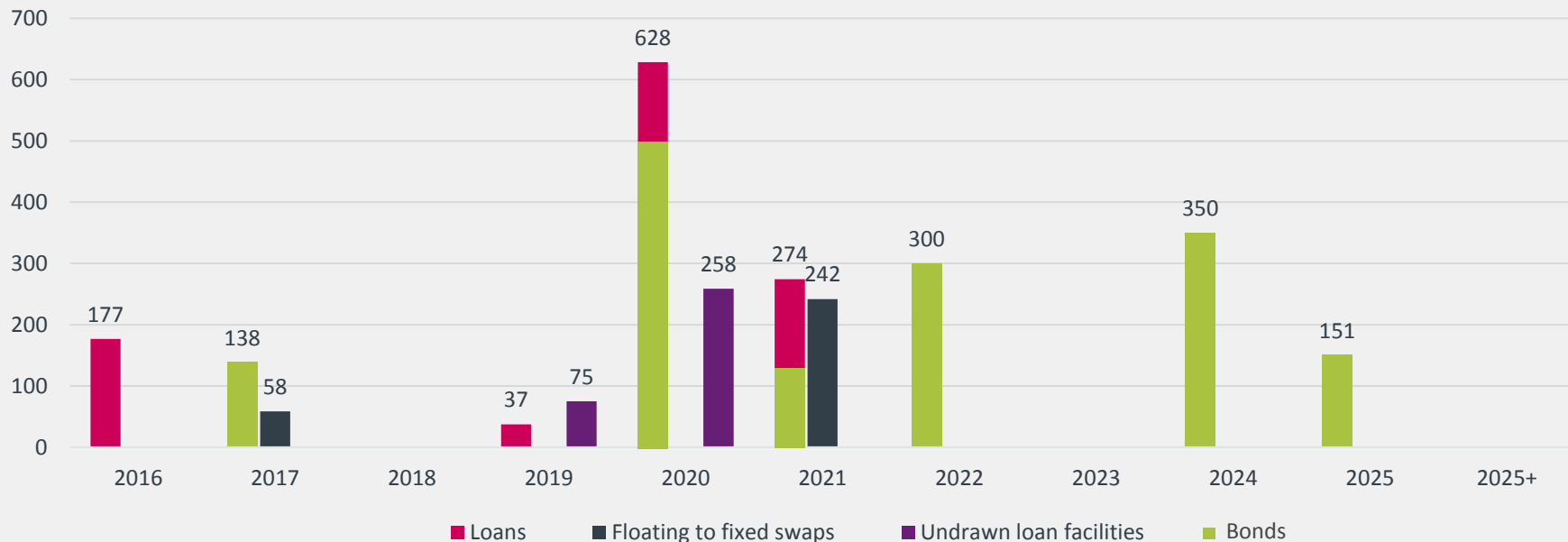
DEBT BY CURRENCY



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

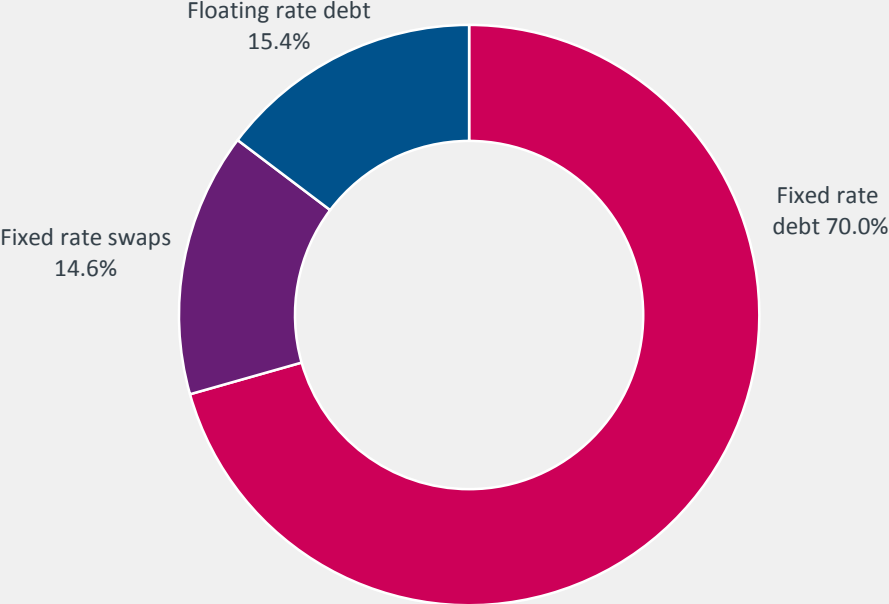
DEBT MATURITIES

MEUR



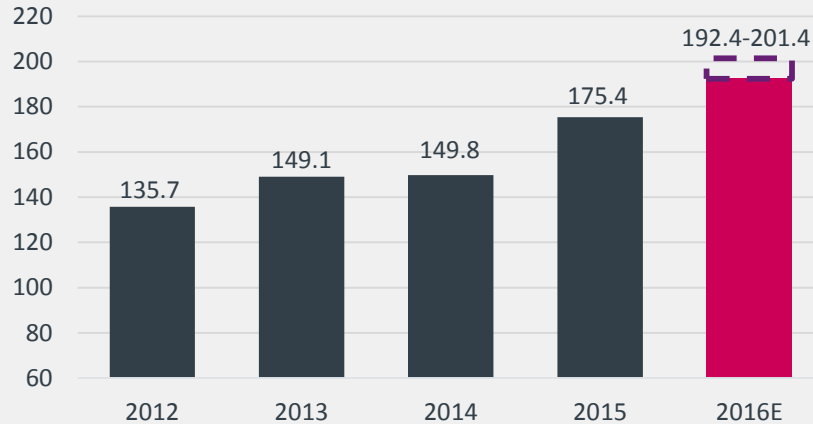
85% OF DEBT FIXED RATE, LIMITED EXPOSURE TO INCREASED INTEREST RATES

DEBT BY FIXING TYPE

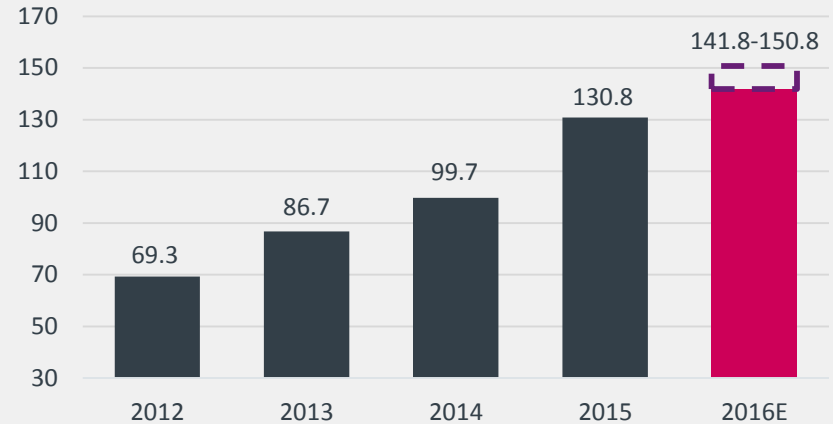


OUTLOOK 2016 SPECIFIED

DIRECT OPERATING PROFIT



EPRA EARNINGS



- Direct Operating profit + 17 to 26 MEUR (previously 16-30)
- EPRA Earnings + 11 to 20 MEUR (previously 9-23)
- EPRA EPS (basic) 0.1575-0.1725 EUR (previously 0.155-0.175)

The guidance includes the impact of the divestments, weaker NOK and Iso Omena metro delay

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