

Audiocast presentation

Q1/2015

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2015
Q1



CITYCON

A photograph of a modern shopping mall interior. The scene is captured from a low angle, looking down a long, brightly lit corridor. The ceiling is high with a series of long, rectangular skylights that allow natural light to flood the space. The floor is highly reflective, showing clear reflections of the people and the storefronts. On the left, a large glass storefront for a store named 'LÉNS' is visible, with the name in large, bold, orange letters. Below the name, there are various product displays and posters. A group of four people are walking away from the camera towards the right. They are dressed in casual attire. In the background, other storefronts and more people can be seen, creating a sense of a busy, active shopping environment. The overall atmosphere is bright and modern.

Q1/2015
SOLID START
TO THE YEAR

Highlights Q1/2015

Financial performance

- Steady result supported by lower financing expenses

Operating performance

- Solid LFL NRI
- Reflection of country retail environment

Stable overall valuation

- Positive development in Sweden

(Re)developments progressing

- IsoKristiina to open in October 2015

2015 Guidance

- Unchanged



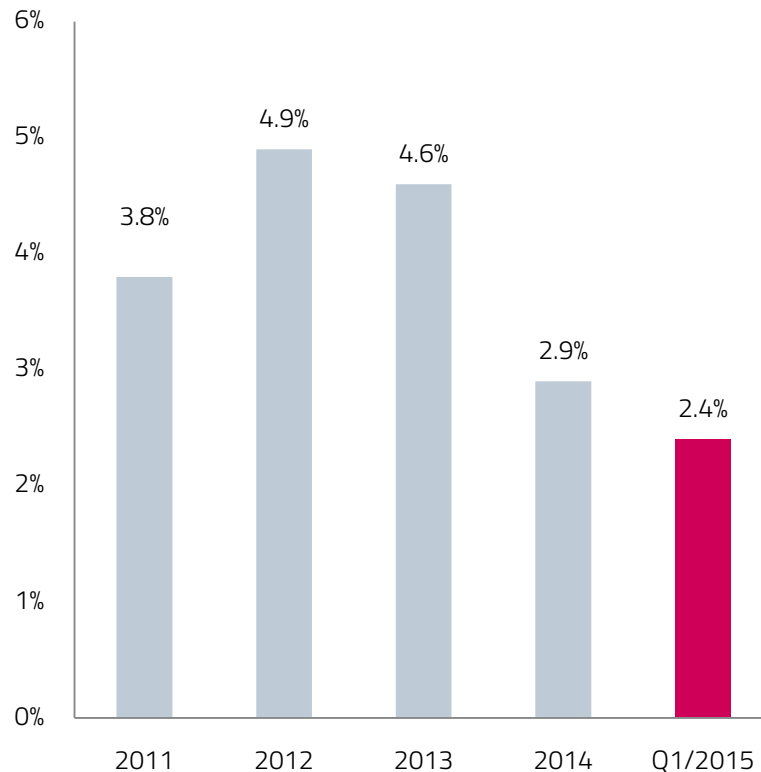
Solid financial and operating performance

MEUR	Q1/2015	Q1/2014	%	2014
Net rental income	39.8	40.1	-0.7	169.4
EPRA Operating profit	34.9	35.5	-1.7	149.8
EPRA Earnings	27.2	21.6	26.0	99.7
EPRA Earnings per share (basic)	0.046	0.049	-6.0	0.191
EPRA NAV	2.92	3.04	-4.0	3.01

- Like-for-like gross rental income (GRI) increase of 1.6%
- Like-for-like net rental income (NRI) increase of 2.4%
- EPRA EPS close to last year's level despite 34% increase in average number of shares.
 - Earnings growth driven mainly by lower financing expenses

Continued growth in like-for-like NRI

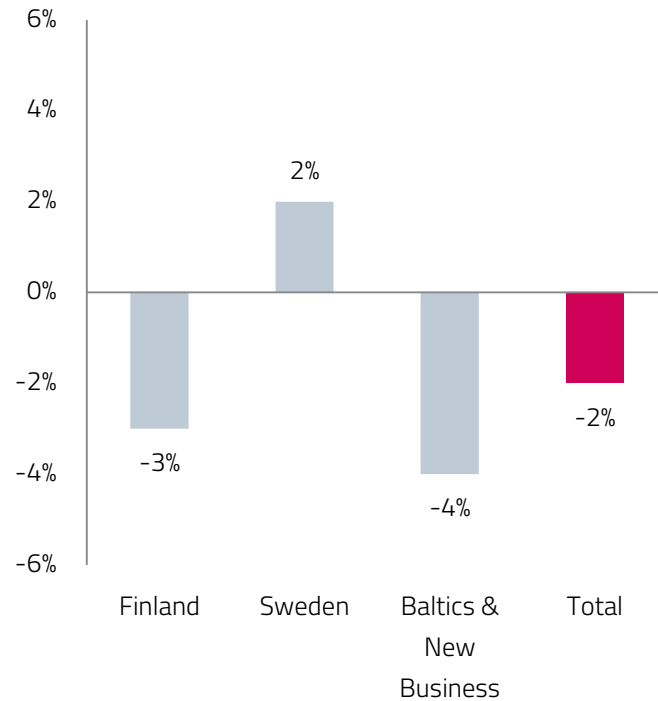
Like-for-like NRI growth



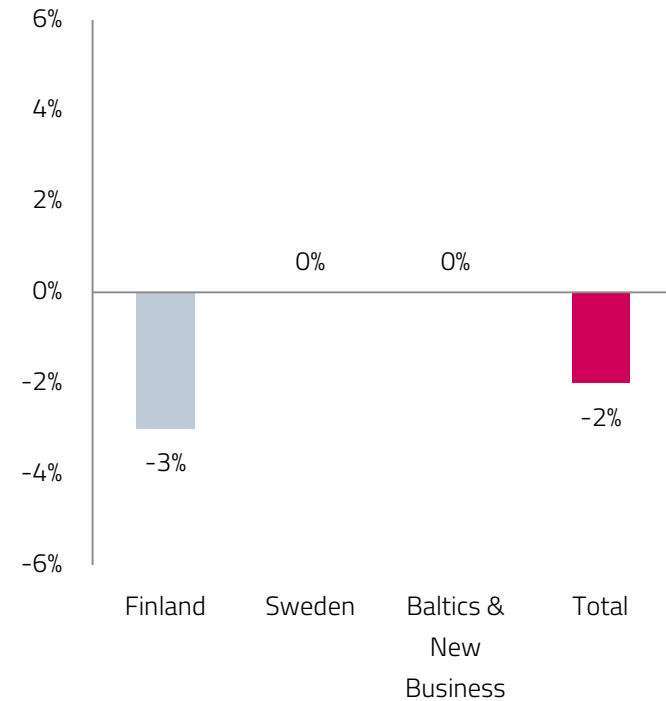
- Continued like-for-like NRI growth in a close to zero inflation environment
 - Shopping centres: 2.3%
 - Supermarkets & shops: 2.8%
- Divergence between countries
 - Finland: -0.4%
 - Sweden: 10.5%
 - Baltics & New Business: 1.0%
- Overall stable occupancy at 95.9%

Sales and footfall in Finland under pressure

Sales in LFL shopping centres



Footfall in LFL shopping centres



Retail environment weak in Finland, but strong in Sweden

2015
Q1

Finland

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

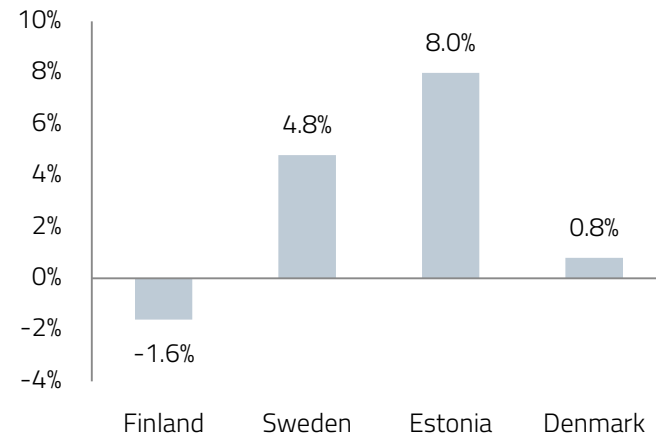
Sweden

- Strong economic fundamentals continues

Baltics

- Still solid growth
- Increased competition in Tallinn

Retail sales Jan-Feb 2015



Consumer price index March 2015



Further enhancement of portfolio: Developments progressing

2015
Q1

	Area before/ after, sq.m.	Citycon's (expected) investment need, MEUR	Actual gross investments by 31.03.2015, MEUR	Expected yield on completion when stabilised, %	Pre-leasing rate, %	Completion target	
Iso Omena	63,300 99,000	182.0	45.6	6.5	35%	Q3/2016 & Q2/2017	Extension & (re)developm ent
Iso Kristiina	22,400 34,000	56.0	45.4	7.3	85%	Q4/2015	Extension & (re)developm ent
Porin Asema- aukio	18,800 23,000	40.0	4.5	-	100%	Q2/2017	Extension & (re)developm ent
Stenungs Torg	36,400 41,400	18.0	10.6	7.5	Phase 1&2 87%	Q1/2016	Phase 1 completed
Kista Galleria	94,600 95,100	6.0	5.9	-	100%	Q2/2015	North entrance & food court

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 Mölndals 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 and pre-leasing ongoing.
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.

(Re)developments and refurbishments put pressure on 2015 and start contributing in 2016

2015
Q1

IsoKristiina (re)development

- Grand opening October 2015

Iso Omena (re)development

- Connection to extension incl. partial demolition of parking building
 - 7% of GLA offline since Feb 2015
- Signing of 7 screen cinema

Lippulaiva refurbishment

- Restructuring of Anttila premises
 - 23% of GLA offline since Feb 2015

Myyrmanni refurbishment

- Phase 1: Restructuring of Anttila premises
 - 17% of GLA offline since Feb 2015
- Phase 2: Upgrade of food court in 2016

Going forward

2015 EPRA EPS guidance
remains unchanged at 17.5-19.5

(Re)developments and selected
acquisitions support further
earnings growth 2016/2017

Maintain strong capital base
Target LTV: 40-45%



FINANCIAL REVIEW



daggar 8-22

Best på mat

KVANTUM

välkommen

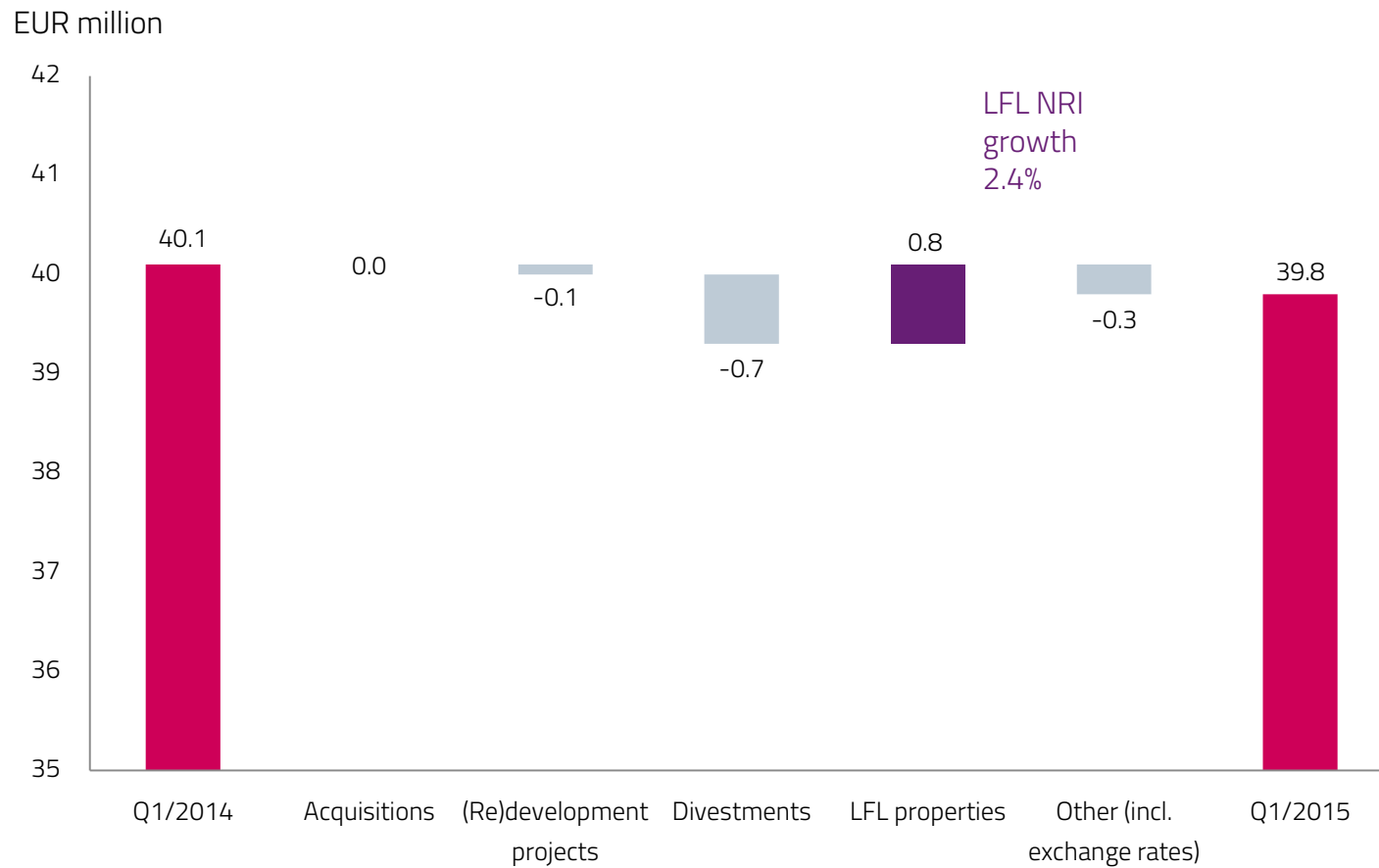
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Financial results

MEUR	Q1/2015	Q1/2014	%	2014
Net rental income, total	39.8	40.1	-0.7	169.4
NRI, Finland	23.5	24.4	-3.7	103.0
NRI, Sweden	9.6	8.8	8.8	38.9
NRI, Baltics & New Business	6.7	6.9	-2.6	27.5
EPRA Operating profit	34.9	35.5	-1.7	149.8
EPRA Earnings	27.2	21.6	26.0	99.7
EPRA EPS (basic)	0.046	0.049	-6.0	0.191

- Earnings growth supported by decreased leverage and lower average cost of debt
- Higher share count due to equity raises
- Kista Galleria contributed to the IFRS based profit for the period by approx. EUR 5.6 million in Q1/2015

NRI development



Stable leasing indicators

	Q1/2015	Q1/2014	Q4/2014
Occupancy rate (economic), %	95.9	95.5	96.3
LFL occupancy rate (economic), %	95.3	95.3	95.8
Occupancy cost ratio, % (LFL shopping centres)	8.8	8.9	8.8
Average rent, EUR/sq.m./mth	21.8	21.7	21.6

- Relatively stable occupancy
 - Slight quarterly decrease of 0.4%-points driven by increased vacancy in Finland and Estonia
- Average rent development stable, though under pressure in Finland
- Continued modest occupancy cost ratio

Stable leasing indicators

	Q1/2015	Q1/2014	Q4/2014
Average rent, EUR/sq.m.	21.8	21.7	21.6
# of leases started	185	144	184
Total area of leases started, sq.m.	44,674	30,696	34,168
Average rent of leases started, EUR/sq.m.	20.6	18.9	22.1
# of leases ended	330	204	222
Total area of leases ended, sq.m.	64,044	37,282	47,826
Average rent of leases ended, EUR/sq.m.	20.1	22.5	20.1
Leasing spread of renewals, %	-2.9	-10.5	-0.5

- Leasing spread of renewals is a new disclosure and refers to leases that are renewed with the same tenant concerning the same premise

Income statement

MEUR	Q1/2015	Q1/2014	%	2014
Turnover	60.1	61.3	-2.0	245.3
Property operating expenses	20.1	21.0	-4.1	74.4
Other expenses from leasing operations	0.2	0.2	-17.7	1.6
Net rental income	39.8	40.1	-0.7	169.4
Administrative expenses	5.5	5.1	9.1	20.7
Other operating income and expenses	0.7	0.4	52.7	1.0
Net fair value gains/losses on investment property	1.2	11.9	-89.9	15.7
Net gains/losses on sale of investment property	-0.4	0.2	-245.1	-0.3
Operating profit	35.7	47.6	-24.9	165.0
Net financial income and expenses	-9.2	-13.7	-32.9	-77.5
Share of profit/loss of joint ventures	3.5	5.0	-29.5	14.9
Profit/loss before taxes	30.1	38.9	-22.7	102.4
Profit/loss for the period	26.7	32.7	-18.3	89.7

Positive valuation driven by Sweden

	Fair value changes MEUR	Weighted average yield requirement, %	
	Q1/2015	31 Mar 2015	31 Dec 2014
Total	1.2	6.1	6.1
Finland	-2.7	6.1	6.1
Sweden	3.5	5.7	5.7
Baltics and New Business	0.4	7.2	7.2

- Fair value change for Q1/2015 including Kista Galleria (100%) was EUR 10.2 million

Strong balance sheet

MEUR	31 Mar 2015	31 Mar 2014	31 Dec 2014
Investment properties	2,801.7	2,744.3	2,769.1
Total non-current assets	3,013.3	2,919.7	2,965.2
Total current assets	48.2	47.7	64.8
Total assets	3,063.3	2,973.2	3,037.2
Total shareholder's equity	1,592.6	1,242.2	1,652.5
Total liabilities	1,470.8	1,730.9	1,384.8
Total liabilities and shareholders' equity	3,063.3	2,973.2	3,037.2

	31 Mar 2015	31 Mar 2014	31 Dec 2014
EPRA NAV per share, EUR	2.92	3.04	3.01
EPRA NNNNAV per share, EUR	2.50	2.61	2.63
Net yield requirement, %	6.1	6.2	6.1

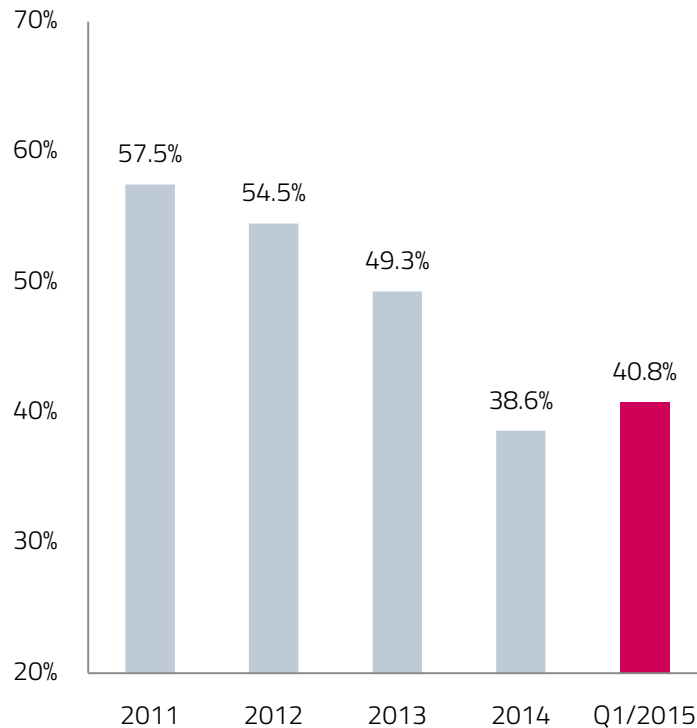
- Stronger balance sheet following equity raises and refinancing
- Annual dividend / capital return the main driver behind slightly lower EPRA NAV

FINANCING OVERVIEW

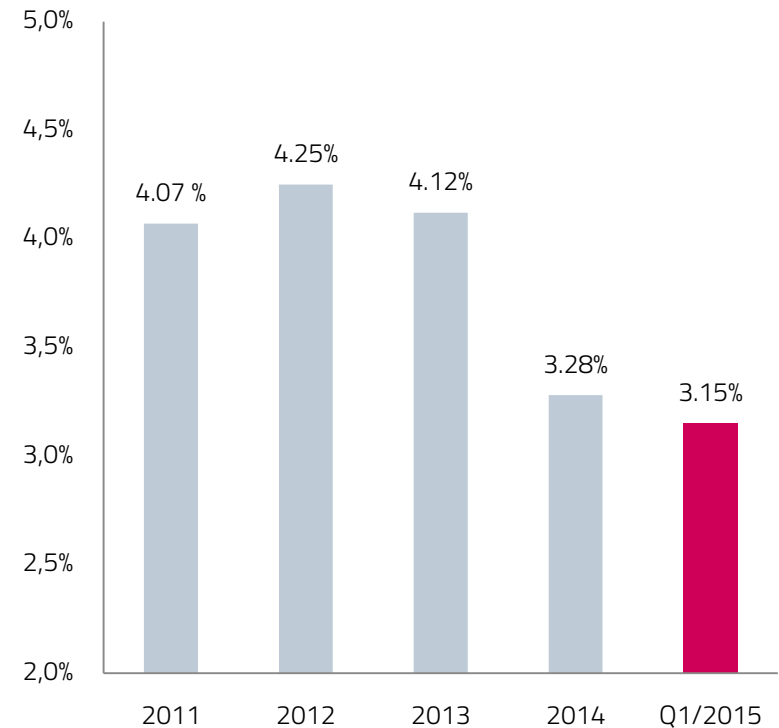


Average cost of debt historically low

Loan to Value



Weighted average interest rate



- Annual dividend / capital return and (re)development expenditure increased LTV

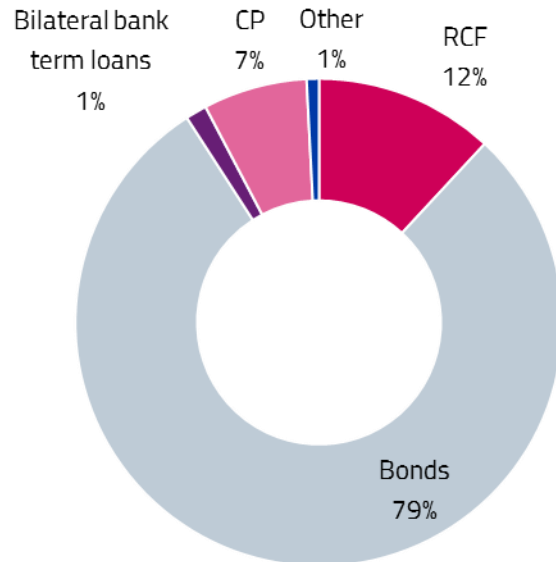
Financing key figures

	Q1/2015	Q1/2014	Q4/2014
Interest bearing debt, fair value, MEUR	1,252.5	1,491.8	1,188.4
Available liquidity, MEUR	388.8	414.2	449.8
Average loan maturity, years	5.6	3.8	5.9
Hedging ratio, %	83.7	82.1	88.0
Weighted average interest rate, % ¹⁾	3.15	4.03	3.28
Loan to Value (LTV), %	40.8	50.3	38.6
Financial covenant: Equity ratio (>32.5%)	52.2	41.9	54.6
Financial covenant: ICR (>1.8)	3.4	2.5	3.1

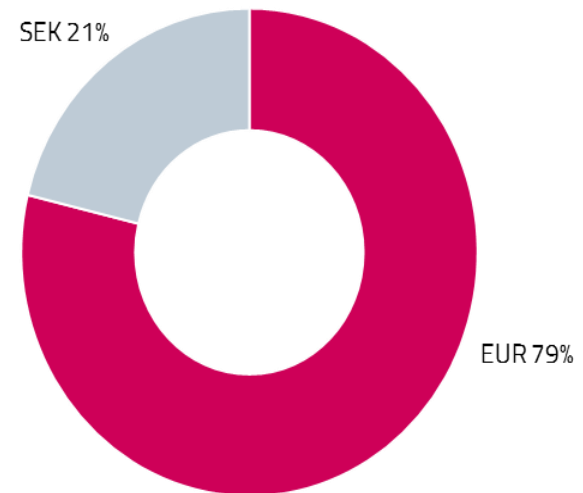
- Average interest rate decreased and average loan maturity increased following the issue of the EUR 350 million 10-year Eurobond, debt prepayments and the closing of interest rate swaps during Q4/2014
- The ICR improved further
- Available liquidity at comfortable levels

Debt type and currency split

Breakdown by debt type ¹⁾



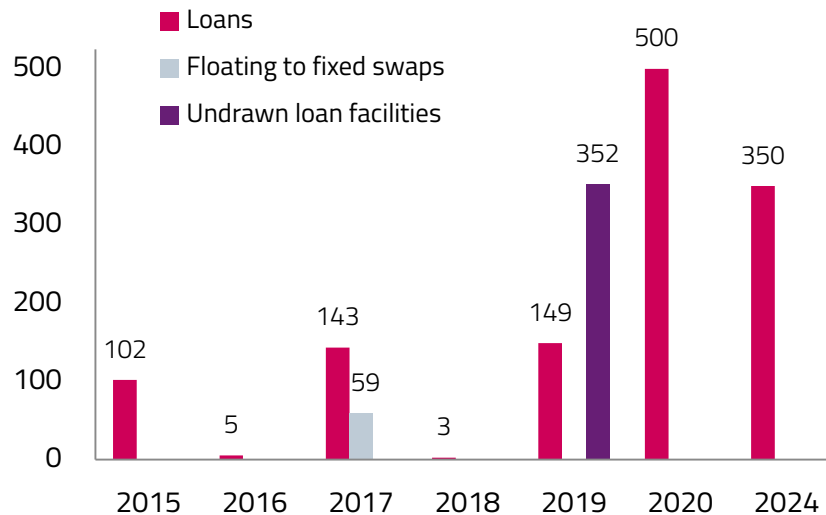
Breakdown by currency ¹⁾



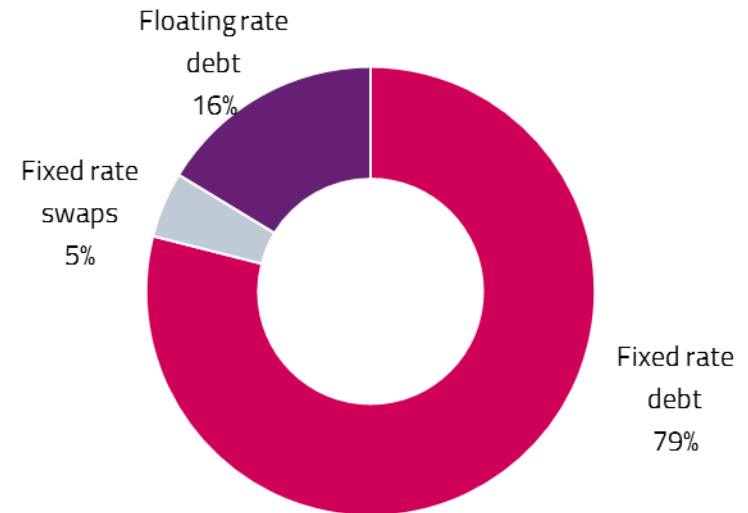
- Share of bond debt increased in Q4/2014 following the EUR 350 million bond issue
- Currency breakdown shifted more towards EUR after bond issue. Part has been converted to SEK debt using cross-currency swaps

Debt maturities and interest risk hedging

Maturity profile of debt ¹⁾



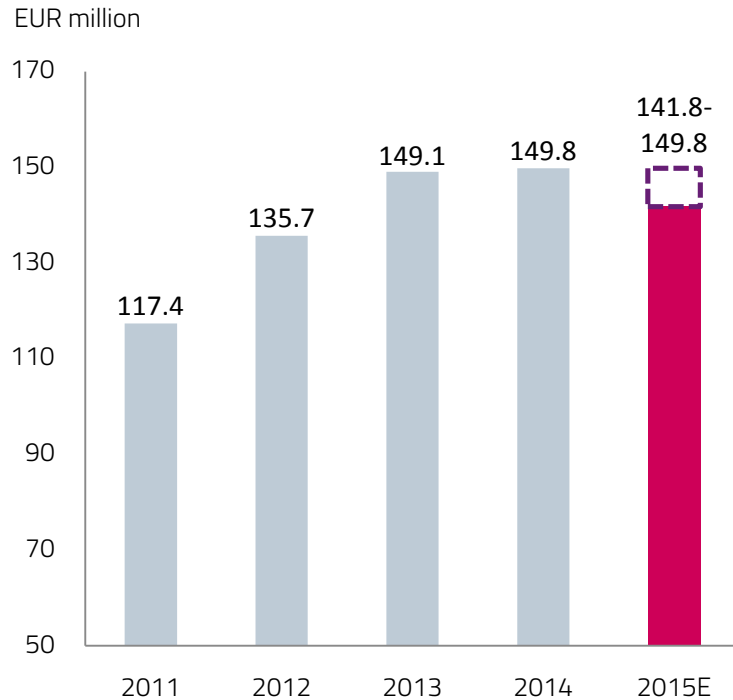
Debt by fixing type



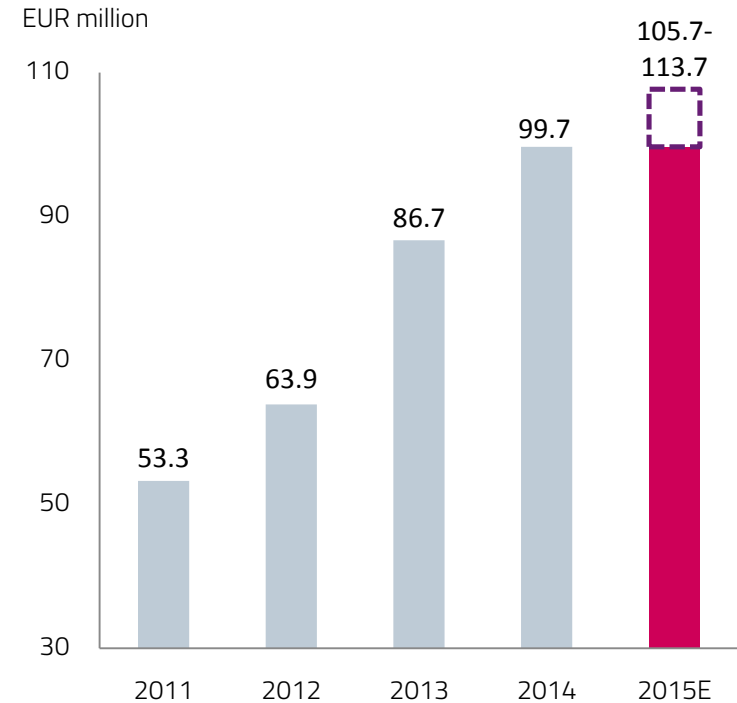
- Average loan maturity increased substantially to 5.6 years as a result of the issue of the 10-year bond maturing in 2024.
- Majority of loan maturities in 2015 are commercial papers that can be rolled over at maturity

Outlook 2015 unchanged

EPRA Operating profit



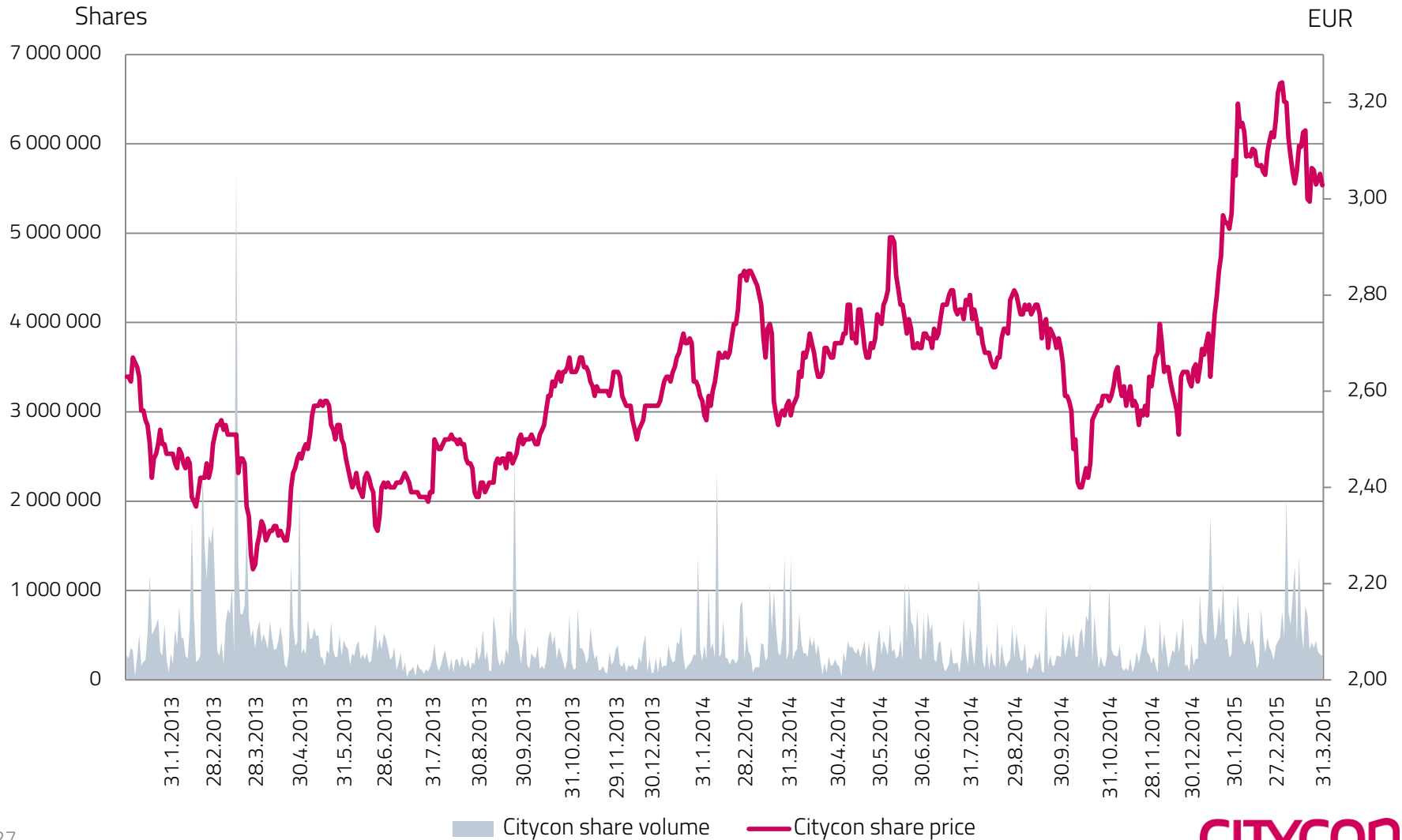
EPRA Earnings



- EPRA Operating profit EUR (-8) to 0 million
- EPRA Earnings EUR 6 to 14 million
- EPRA EPS (basic) EUR 0.175–0.195

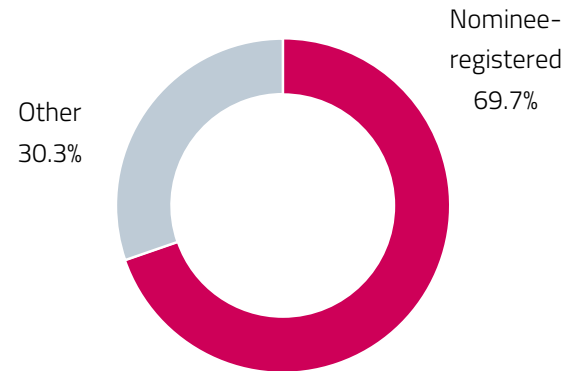
SHARES AND SHAREHOLDERS

Share performance and volume



Ownership, 31 March 2015

- Established and listed on Nasdaq Helsinki in 1988
- Market cap **EUR 1,794.2 million**
- Total registered shareholders **7,260** (8,857), of which nominee-registered **69.7%** (79.0%) of total
- Largest shareholders:
 - Gazit-Globe 42.8%
 - CPPIB 15.0%
 - Ilmarinen 7.44%
- Included in FTSE EPRA/NAREIT Global Real Estate Index, iBoxx BBB Financial index (EUR 500 million bond)



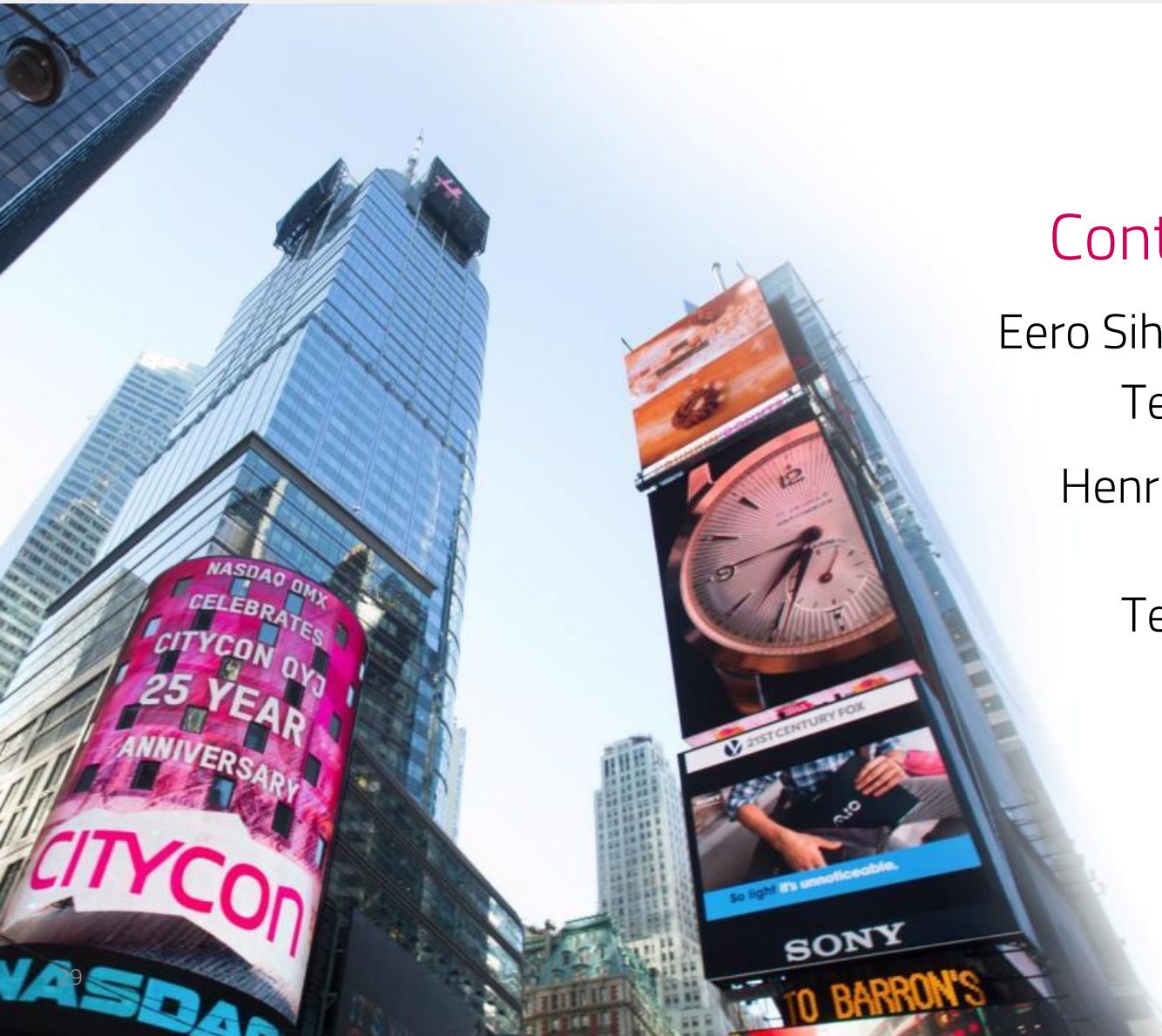
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