

AUDIOCAST PRESENTATION

Q4/2016

2016:
A YEAR OF CONSOLIDATION AND OPERATIONAL IMPROVEMENT



HIGHLIGHTS 2016

EPRA EPS OF EUR 0.170 AT THE HIGHER END OF GUIDANCE

- Close to last year's level with 18% more shares
- Good performance in Sweden and Norway compensates for weaker Finland

POSITIVE OVERALL LIKE-FOR-LIKE NET RENTAL INCOME

- Adjusted LFL NRI +0.7% including Norway and Kista Galleria
- Norwegian operations performing well: 3.6% LFL NRI

FURTHER PORTFOLIO QUALITY UPGRADE

- MEUR 120 divestments slightly above book value and MEUR 78 acquisition in Bergen
- Record year of (re)developments: MEUR 230; successful opening of Iso Omena

IMPROVED COST EFFICIENCY AND DECREASED AVERAGE COST OF DEBT

- EPRA cost ratio improved further to 17.6% (20.3%)
- Successful bond issue at record low fixed coupon of 1.25%

OUTLOOK 2017

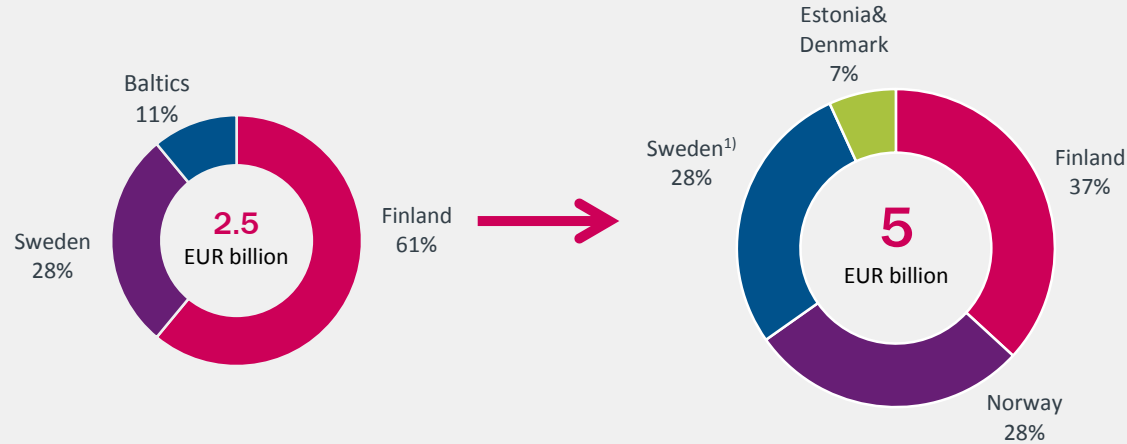
- EPRA EPS EUR 0.155-0.175

PROPOSED DIVIDEND DISTRIBUTION

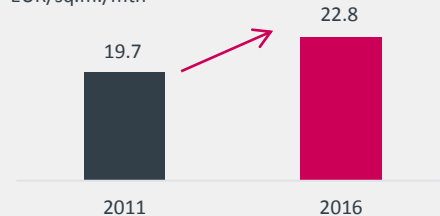
2016 dividend proposal to AGM: EUR 0.13 per share

- In line with:
 - Better quality of assets
 - Improved quality of earnings
- Corresponds to approx. 5.5% dividend yield at current share price
- Approx. 75% payout ratio (on EPRA EPS)

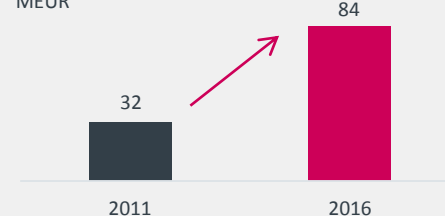
CITYCON'S TRANSFORMATION 2011-2016: IMPROVED PORTFOLIO QUALITY



AVERAGE RENT
EUR/sq.m./mth



AVERAGE VALUE OF PROPERTY
MEUR

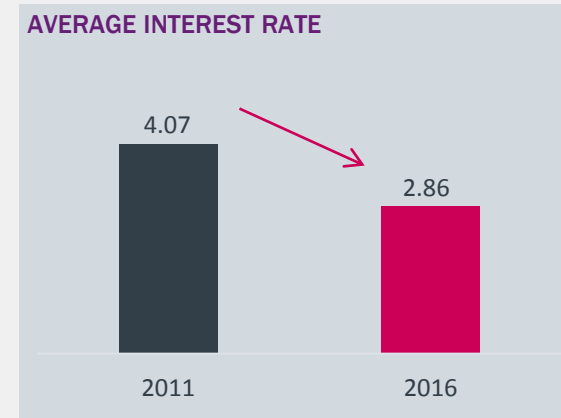
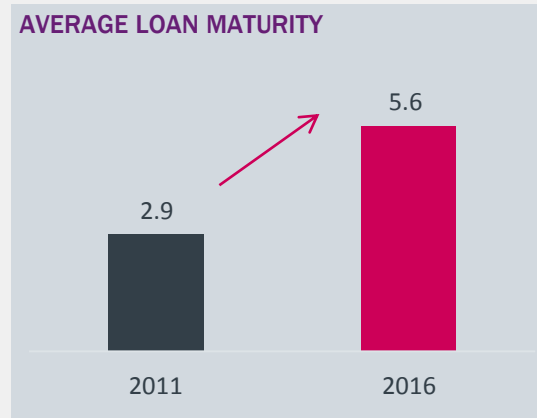
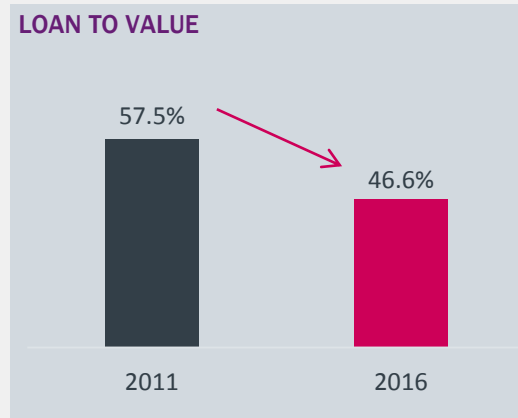


- More balanced Nordic portfolio, reduced Finnish exposure
- Successful divestment of 49 assets (MEUR 350)
- Improved occupancy to >96% and tenant diversification, e.g. Kesko 17%=>6.5%
- Acceleration of urban developments c. MEUR 50 => MEUR 150 p.a.

**Stronger property
fundamentals**

CITYCON'S TRANSFORMATION 2011-2016: STRONGER CREDIT PROFILE

Investment-grade credit ratings from S&P (BBB) and Moody's (Baa1)



FINANCIAL HIGHLIGHTS

MEUR	Q1-Q4/2016	% ¹⁾
Net rental income	224.9	12.7
Direct operating profit	198.5	13.2
EPRA Earnings	151.1	15.5
EPRA EPS (basic)	0.170	-1.9
EPRA NAV per share	2.82	3.2
Fair value change	25.9 ²⁾	253.2
Loan to Value (LTV), %	46.6	-

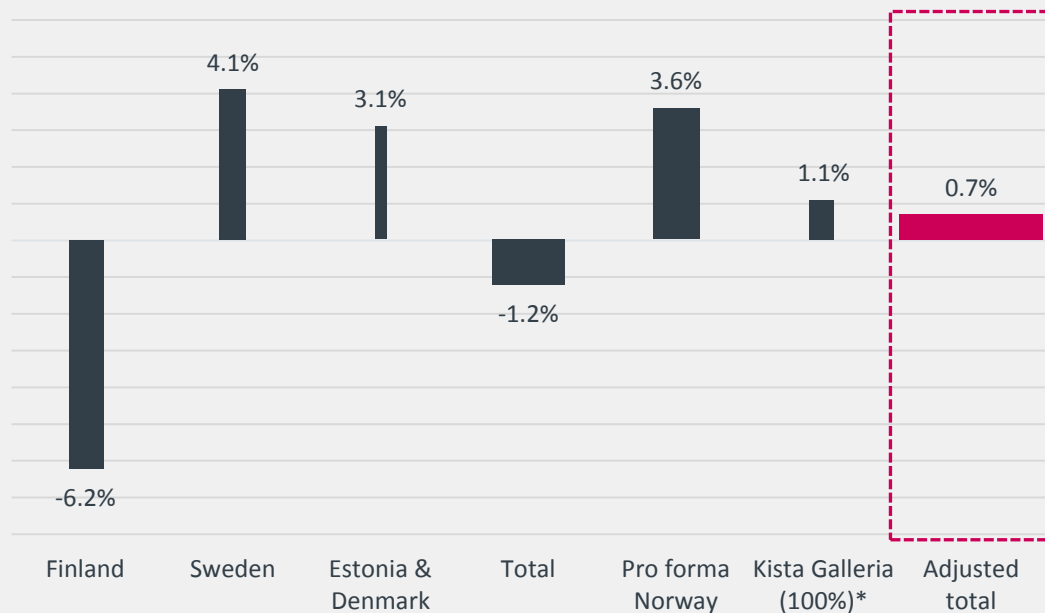
¹⁾ Change from previous year (Q1-Q4/2015)

²⁾ Excludes Kista Galleria fair value change + 11 MEUR (100%)

OVERALL STABLE OPERATING PERFORMANCE – DIVERGING TREND BY COUNTRY CONTINUES

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

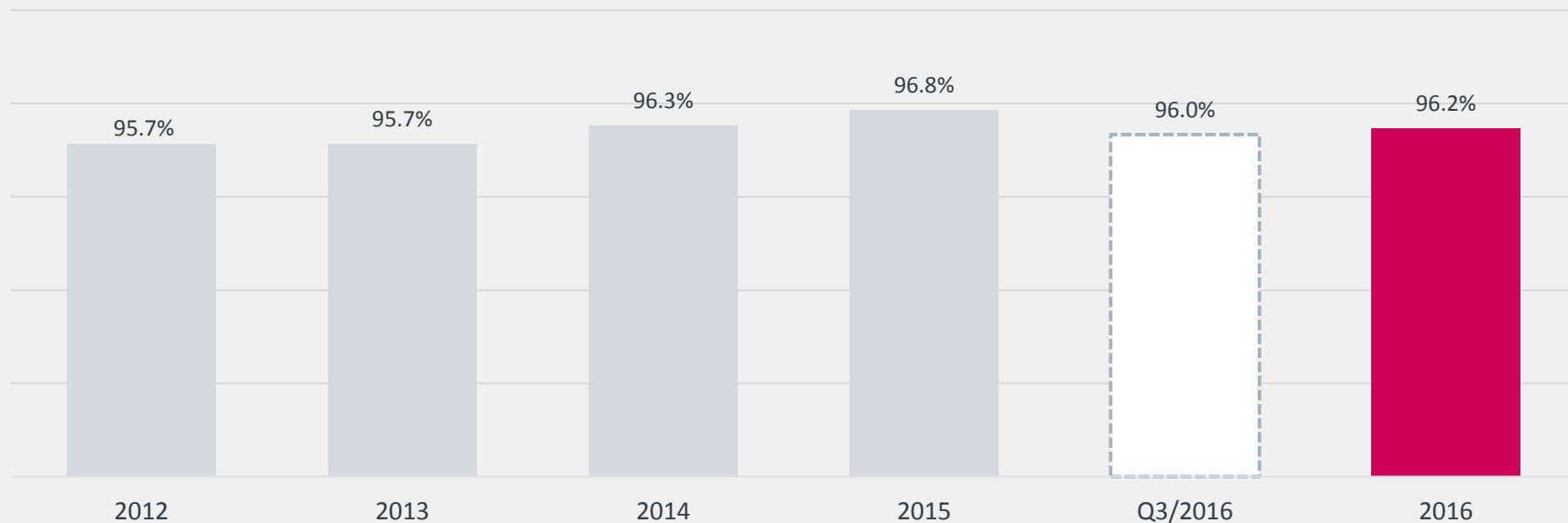
LIKE-FOR-LIKE NET RENTAL INCOME GROWTH



- Operating results reflect the general performance of the main economies
- Strong shopping centres in Helsinki area (Iso Omena, Myyrmanni, Lippulaiva) all under (re)development
- The standard like-for-like portfolio represents only 35% of Citycon's total portfolio

OCCUPANCY REMAINS AT A HIGH LEVEL IMPROVEMENT IN Q4/2016

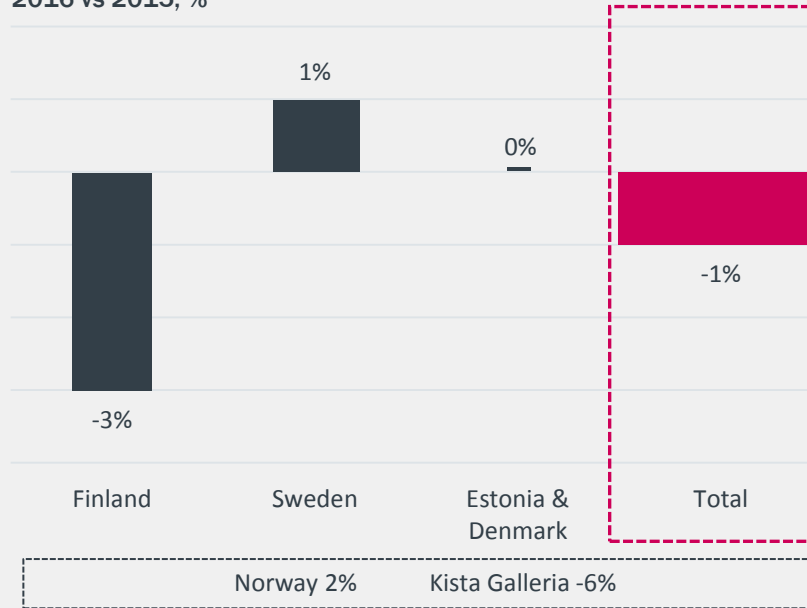
OCCUPANCY RATE



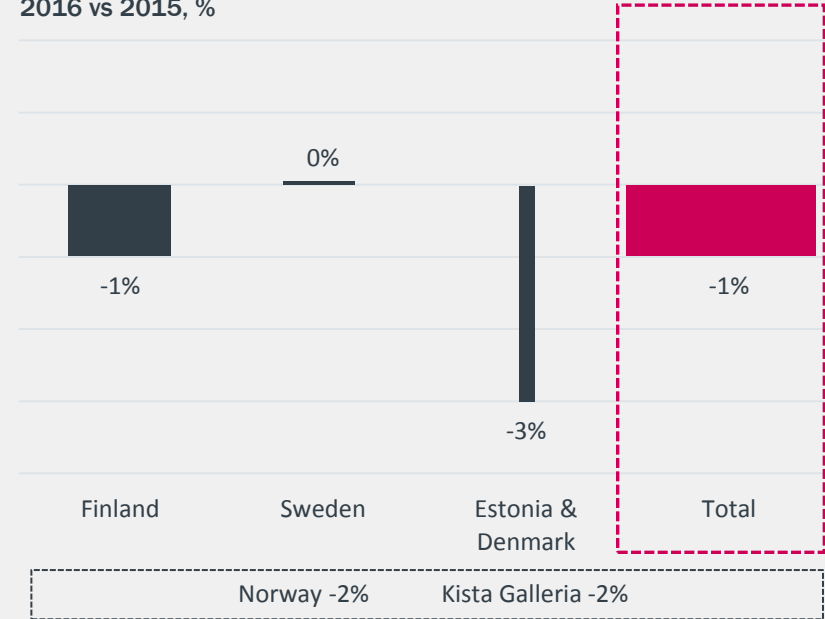
OVERALL SALES +2% AND FOOTFALL +1%

MILD DECREASE OF LFL SALES AND FOOTFALL

SALES, LIKE-FOR-LIKE SHOPPING CENTRES
2016 vs 2015, %



FOOTFALL, LIKE-FOR-LIKE SHOPPING CENTRES
2016 vs 2015, %



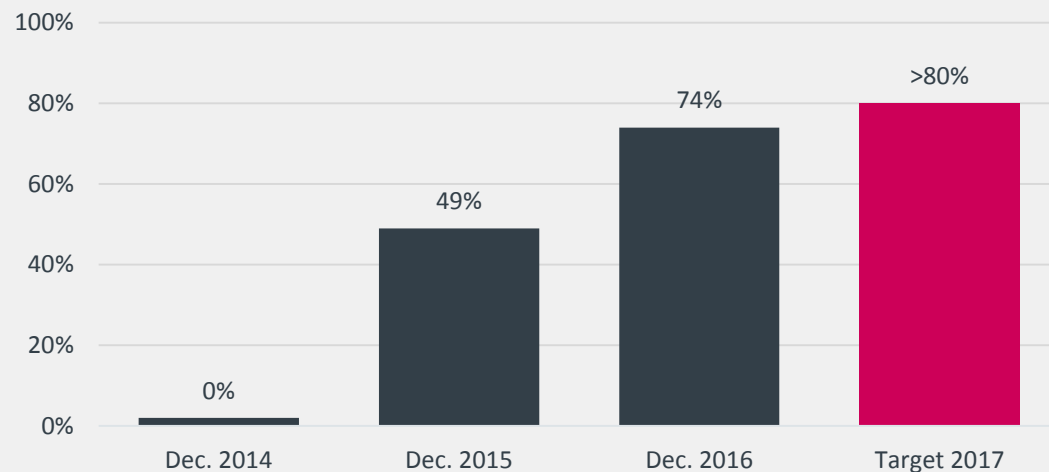


KISTA GALLERIA – CONTINUED STRONG MARKET POSITION

- Occupancy 98.6%
- >19 million visitors in 2016
 - Limited impact from opening of Mall of Scandinavia
 - -2% YoY, but Nov-Dec at same level as previous year
- Positive leasing spread
- Retail and F&B sales strong
 - Pressure on leisure
 - Repositioning leisure ongoing
- New 4,000 sq.m. H&M flagship to fully open in June
- Primary catchment growing (approx. 15% by 2020)

FORERUNNER IN SUSTAINABILITY

Largest shopping centre portfolio with BREEAM In-Use certification in the Nordic countries



KEY INITIATIVES 2016

- Energy consumption, kWh/sq.m.

-6%
since 2014
(target -10% by 2020)

- Within **top 5%** of globally reviewed companies



- Citycon's Buskerud uniquely using **CO2 instead of freon** as a refrigerant, cooling the entire shopping centre
- Finland's first pop-up shopping centre, Pikkulaiva, will be built from **recyclable modules**
- Iso Omena to have Finland's **largest solar power plant** in retail
- Jakobsbergs Centrum shifted to **geothermal heating & cooling** reducing the overall energy consumption by up to 65%

DEVELOPMENT PORTFOLIO

URBAN DEVELOPMENTS PROGRESSING

– SUCCESSFUL OPENING OF ISO OMENA WITH 95% LEASED

ONGOING PROJECTS

	City	Area before/ after, sq.m.	Expected investment, MEUR	Cumulative investment, MEUR	Yield on cost ¹⁾ , %	Pre-leasing, %	Completion target
1 Iso Omena	Helsinki area	63,300/101,000	270.0	242.0	6.0	Phase 2: 90% Total SC: 95%	Phase 2: Q2/2017
2 Mölndal Galleria	Gothenburg	- /24,000	60.0 (120.0)	30.3	7.0	65%	Q3/2018
3 Porin Asema-aukio²⁾	Pori	18,800/23,000	40.0	35.8	-	100%	Q2/2017

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

²⁾ New campus for the Satakunta University of Applied Sciences. Citycon has signed an agreement to sell the property at completion of the project.

Citycon has also signed an agreement with TK Development regarding the forward purchase of Straedet in Köge in the greater Copenhagen area for MEUR 75 (Q3/2017).



STRONG START FOR ISO OMENA FIRST PHASE EXTENSION OPENING +35% FOOTFALL IN DECEMBER



- New strong international brands, e.g. Superdry, O'Learys, The Athlete's Foot, Zara, Nespresso
- New M.E.E.T food concept - 50 cafés and restaurants
- 4,000 sq.m. Dudesons activity park signed
- 6,000 sq.m. first-class healthcare and library
- Daily shopping at the core, 27% groceries
- Grand opening April 2017. Metro opening mid-2017

MÖLNDAL GALLERIA, GOTHENBURG – TOP CLASS COMMUNITY SHOPPING CENTRE IN THE HEART OF GROWING AREA



- Strong tenant demand, pre-leasing 65%
- Focus on wide food & beverage offering
- Expected annual visitors of 5-6 million
- Several large chains signed e.g. H&M, Systembolaget, Lindex, KappAhl, Nordic Wellness and a large ICA grocery store

DEVELOPMENT PIPELINE

DEVELOPMENT PIPELINE – URBAN LOCATIONS IN CAPITAL CITIES

	City	Area before/ after, sq.m.	Expected investment, MEUR	Target initiation/ completion
COMMITTED				
Lippulaiva	Helsinki area	19,200/42,000	200	2017/2020
Down Town	Porsgrunn	38,000/46,000	75	2017/2019
PLANNED (UNCOMMITTED)				
Tumba Centrum	Stockholm	23,400/32,000	50	2018/2020
Kista Galleria	Stockholm	92,500/111,000	80 ¹⁾	2019/2021
Oasen	Bergen	31,300/43,300	80	2019/2021
Liljeholmstorget Galleria	Stockholm	40,500/63,000	120	2020/2022
Trekanten	Oslo	23,900/45,000	110	2020/2022

- Development investments of MEUR 150-200 p.a. sourced through recycling of capital
- Further upside potential through residential development – making use of urban locations

¹⁾ Citycon's share MEUR 40 (50%)

ACQUISITION IN BERGEN – CREATING AN URBAN FLAGSHIP OF OASEN

- Sale and leaseback with insurance company Tryg (10 yrs contract)
- Potential for retail extension 28,000 => 40,000 sq.m. and improved circulation
- 20,000 sq.m. resi potential
- Urban area with strong demographics
- New light rail in front of the centre



STRONG DEMAND FOR LIPPULAIVA PRE-LEASING >60%



- 4 strong groceries signed (>35% of GLA)
- Wide food & beverage offering (>10% of GLA)
- Extensive private and public services e.g. healthcare, kindergarten, gym, Espoo city services
- 8,500 sq.m. pop-up shopping centre fully leased and to open in summer when demolition starts
- Fastest growing area in Helsinki region >25% by 2030



KEY TARGET AREAS 2017 AND ONWARDS

FURTHER UPGRADE OF PORTFOLIO QUALITY

- MEUR 200-250 divestments, mainly in Finland within the coming 1-1.5 years
- MEUR 150-200 p.a. in developments within the existing portfolio with an average YoC of 150 bps over yield requirement
- Selective acquisitions

LONG-TERM LFL NRI GROWTH OF 100 BPS ABOVE INFLATION

- Following completion of disposal program

LOAN TO VALUE TARGET 40-45%

- Recycling of capital
 - Selective joint venture opportunities
-

FINANCIAL OVERVIEW

FINANCIAL RESULTS

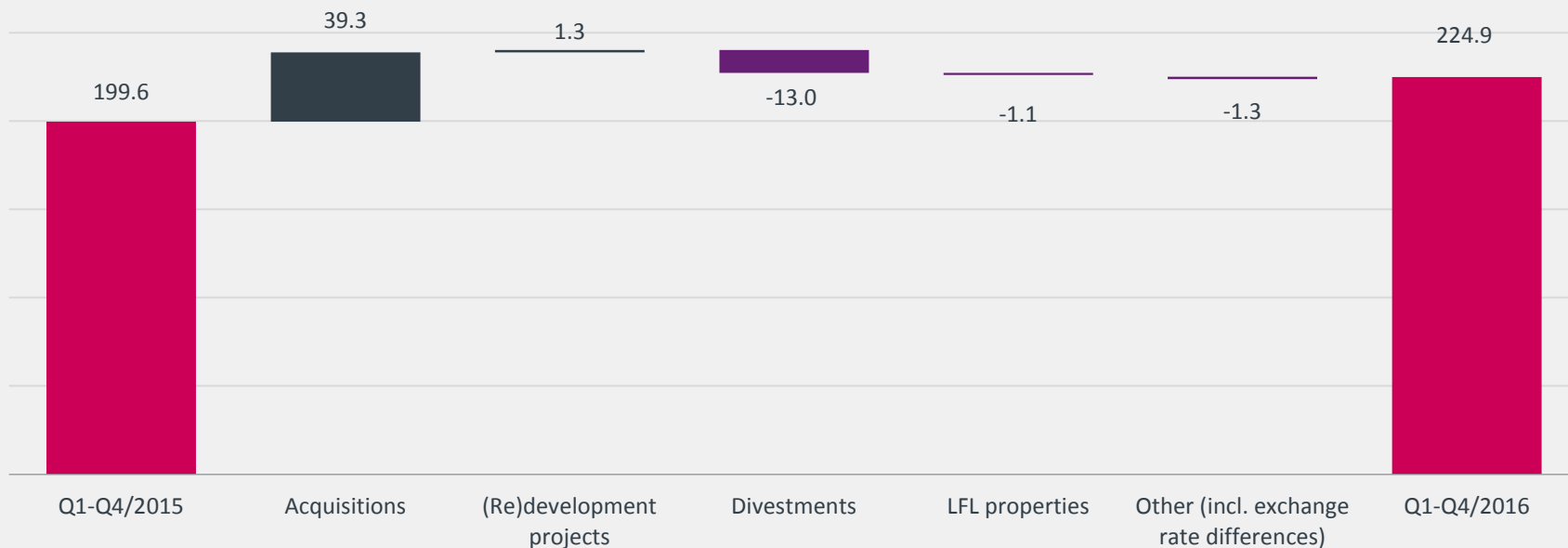
MEUR	2016	2015	%	2016 INCL. KISTA
Gross rental income	251.4	223.9	12.3	285.8
Net rental income	224.9	199.6	12.7	255.0
Direct operating profit	198.5	175.4	13.2	227.4
EPRA Earnings	151.1	130.8	15.5	n.a.
EPRA EPS (basic)	0.170	0.173	-1.9	n.a.
EPRA NAV per share	2.82	2.74	3.2	n.a.

- Increase in direct operating profit and EPRA Earnings mainly due to the Norwegian acquisition and strict cost management
- EPRA EPS EUR 0.17, close to last year's level
 - 18% 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. MEUR 16.0 in 2016

NET RENTAL INCOME +13% FOLLOWING THE ACQUISITION OF NORWEGIAN OPERATIONS

NRI DEVELOPMENT

MEUR



INCREASED AVERAGE RENT, OCCUPANCY AT A GOOD LEVEL

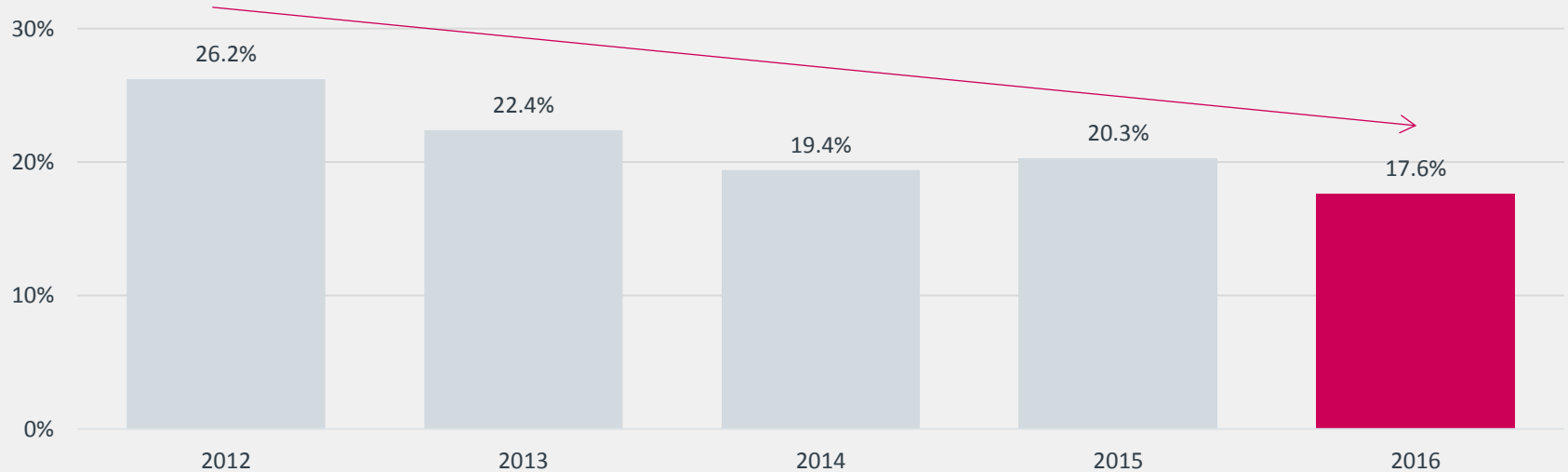
		Q4/2016	Q3/2016
Occupancy rate (economic)	%	96.2	96.0
Average rent	EUR/sq.m.	22.8	22.7
Average remaining length of lease portfolio	years	3.3	3.4
		Q1-Q4/2016	Q1-Q4/2015
Average rent of leases started	EUR/sq.m.	21.9	23.2
Average rent of leases ended	EUR/sq.m.	20.8	20.1
Leasing spread of renewals and re-lettings	%	-3.1	-

- 2016 leasing spread was -3.1%. Improving during the year.
- 2016 leasing spread incl. Kista Galleria (100%) was -2.0%

STEADILY IMPROVING EPRA COST RATIO

EPRA COST RATIO

Including direct vacancy costs





POSITIVE VALUATION DRIVEN BY SWEDEN

FAIR VALUE CHANGES, MEUR	Q4/2016	Q1-Q4/2016	Q1-Q4/2015
Finland	-18.3	-33.2	-37.1
Norway	-5.0	19.8	0.2
Sweden	10.5	39.7	39.6
Estonia & Denmark	0.3	-0.4	4.7
Total	-12.5	25.9	7.3
WEIGHTED AVERAGE YIELD REQUIREMENT, %	31 DEC 2016	30 SEPT 2016	31 DEC 2015
Finland	5.6	5.7	5.9
Norway	5.3	5.2	5.2
Sweden	5.2	5.2	5.4
Estonia & Denmark	6.7	6.7	6.9
Average	5.5	5.6	5.7

- Fair value changes in 2016 including Kista Galleria (100%) was MEUR 37.0

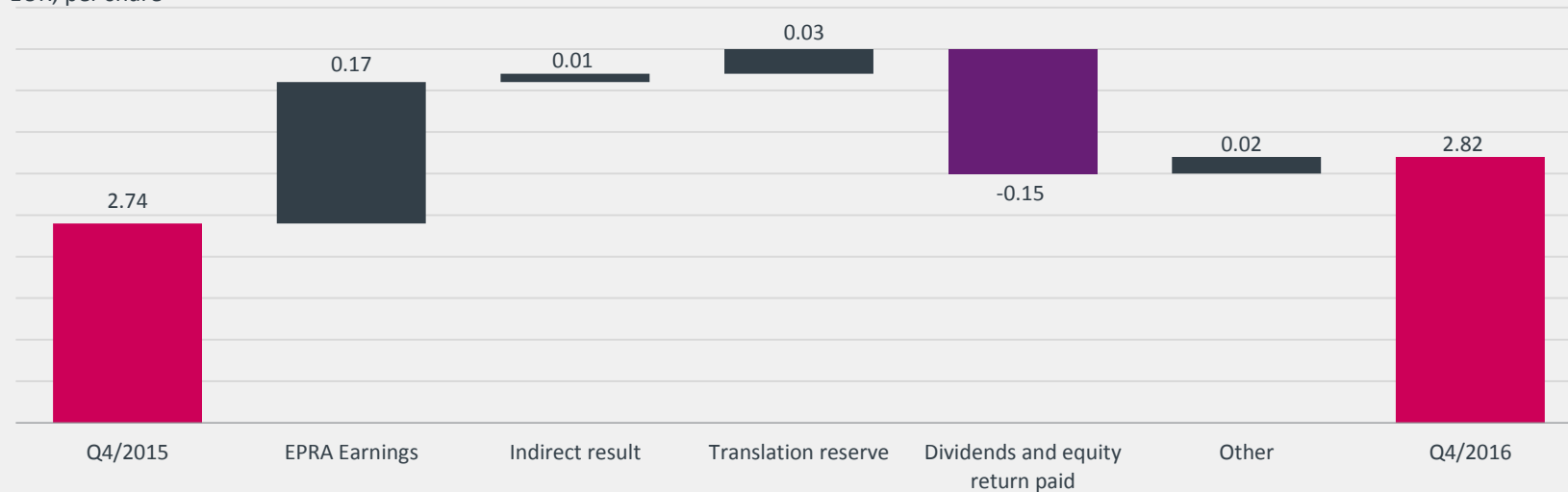
INCOME STATEMENT

MEUR	Q4/2016	Q4/2015	2016	2015	%
Gross rental income	64.1	65.3	251.4	223.9	12.3
Service charge income	20.9	24.0	80.3	71.7	12.0
Property operating expenses	-28.8	-31.5	-105.5	-94.6	11.6
Other expenses from leasing operations	-0.2	-0.3	-1.4	-1.4	-3.0
Net rental income	55.9	57.5	224.9	199.6	12.7
Administrative expenses	-6.3	-10.5	-28.2	-34.5	-18.4
Other operating income and expenses	-4.2	-8.9	-2.6	-6.4	-59.2
Net fair value gains on investment property	-12.5	0.2	25.9	7.3	253.2
Net gains on sale of investment property	0.1	-4.7	4.3	-17.1	-
Operating profit	33.1	33.7	224.4	148.9	50.7
Net financial income and expenses	-13.0	-11.4	-57.7	-52.3	10.2
Share of profit/loss of joint ventures	10.1	6.5	14.8	19.4	-23.8
Profit/loss before taxes	30.2	28.8	181.5	116.0	56.6
Profit/loss for the period	34.3	25.2	161.3	110.4	46.1

EPRA NAV INCREASING

CHANGE OF NET ASSET VALUE (EPRA NAV)

EUR, per share

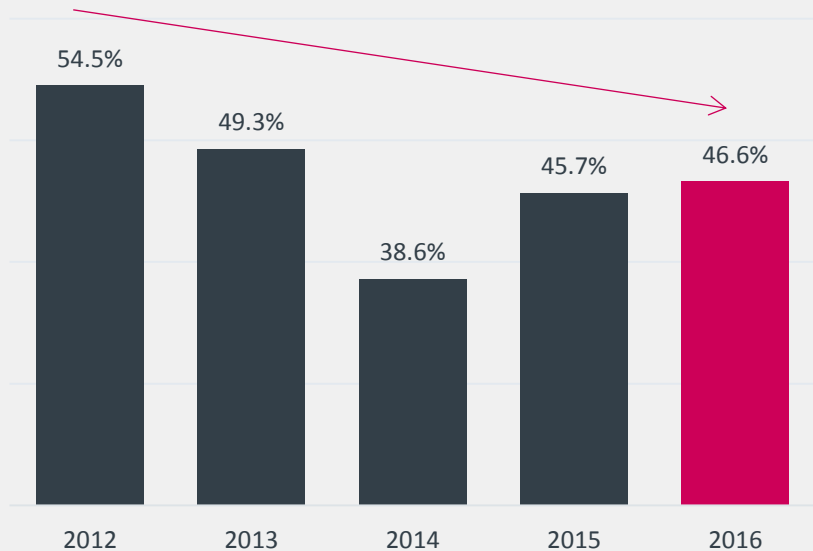


	31 DEC 2016	30 SEPT 2016	31 DEC 2015
EPRA NAV per share, EUR	2.82	2.83	2.74
EPRA NNAV per share, EUR	2.47	2.42	2.46

FINANCING OVERVIEW

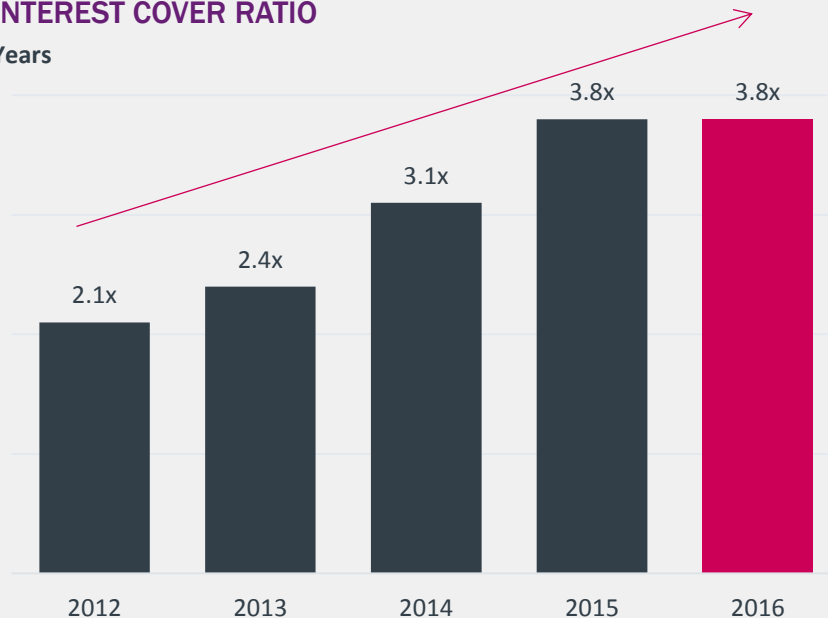
STEADILY IMPROVED ICR

LOAN TO VALUE (LTV)



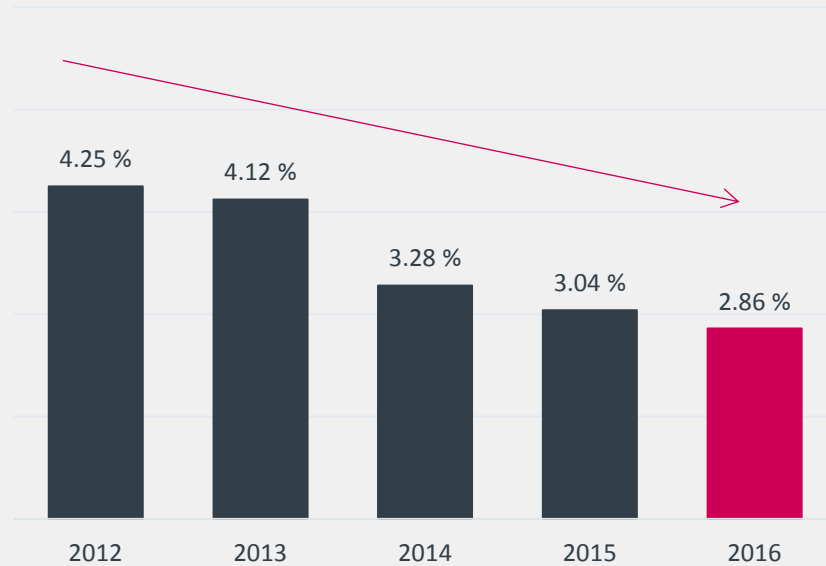
INTEREST COVER RATIO

Years



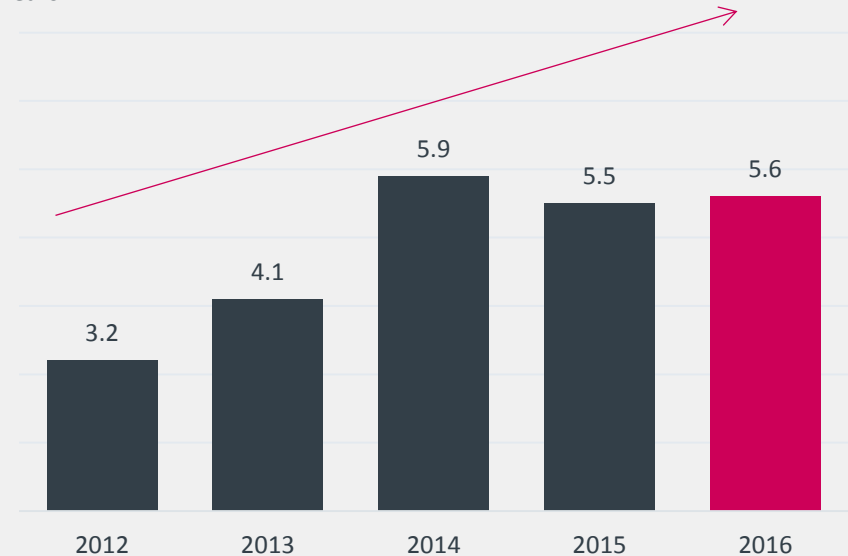
DECREASED AVERAGE INTEREST RATE AND EXTENDED LOAN MATURITY

WEIGHTED AVERAGE INTEREST RATE



AVERAGE LOAN MATURITY

Years

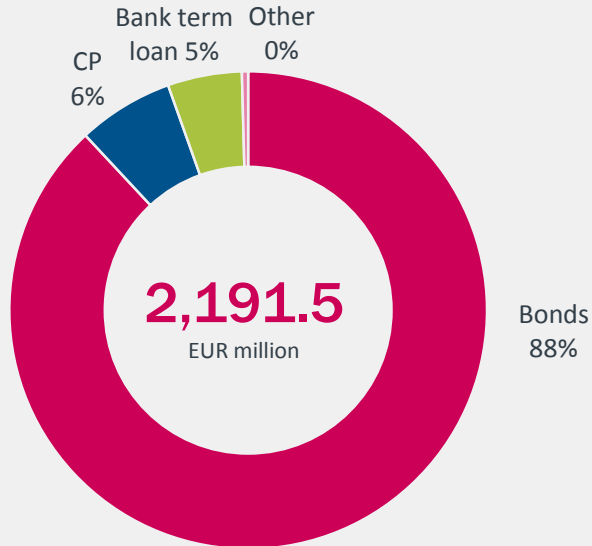


FINANCING KEY FIGURES

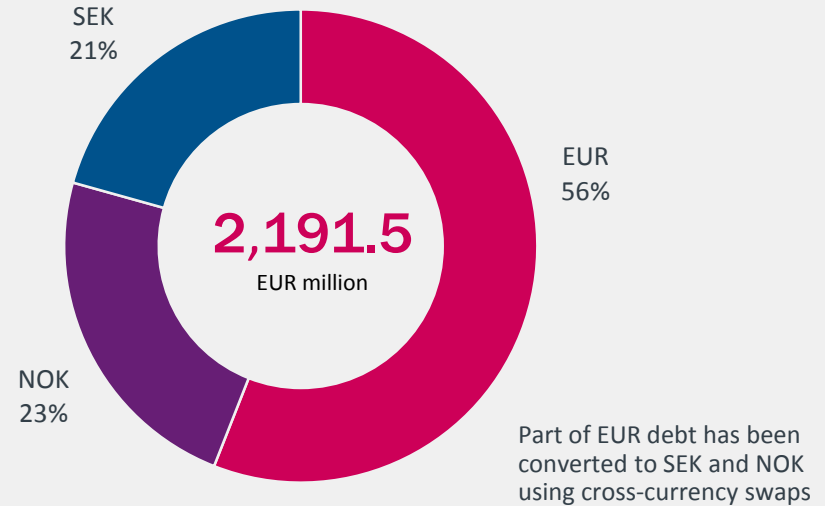
		31 DEC 2016	31 DEC 2015	30 SEP 2016
Interest bearing debt, fair value	MEUR	2,191.5	2,037.1	2,156.4
Available liquidity	MEUR	560.4	377.1	583.3
Average loan maturity	years	5.6	5.5	5.8
Interest rate hedging ratio	%	93.1	84.8	94.8
Weighted average interest rate ¹⁾	%	2.86	3.04	2.9
Loan to Value (LTV)	%	46.6	45.7	46.2
Financial covenant: Equity ratio (> 32.5%)	%	47.3	48.3	47.7
Financial covenant: Interest cover ratio (> 1.8)	%	3.8	3.8	3.9

93% OF DEBT FIXED RATE, VAST MAJORITY BONDS

DEBT BREAKDOWN BY TYPE

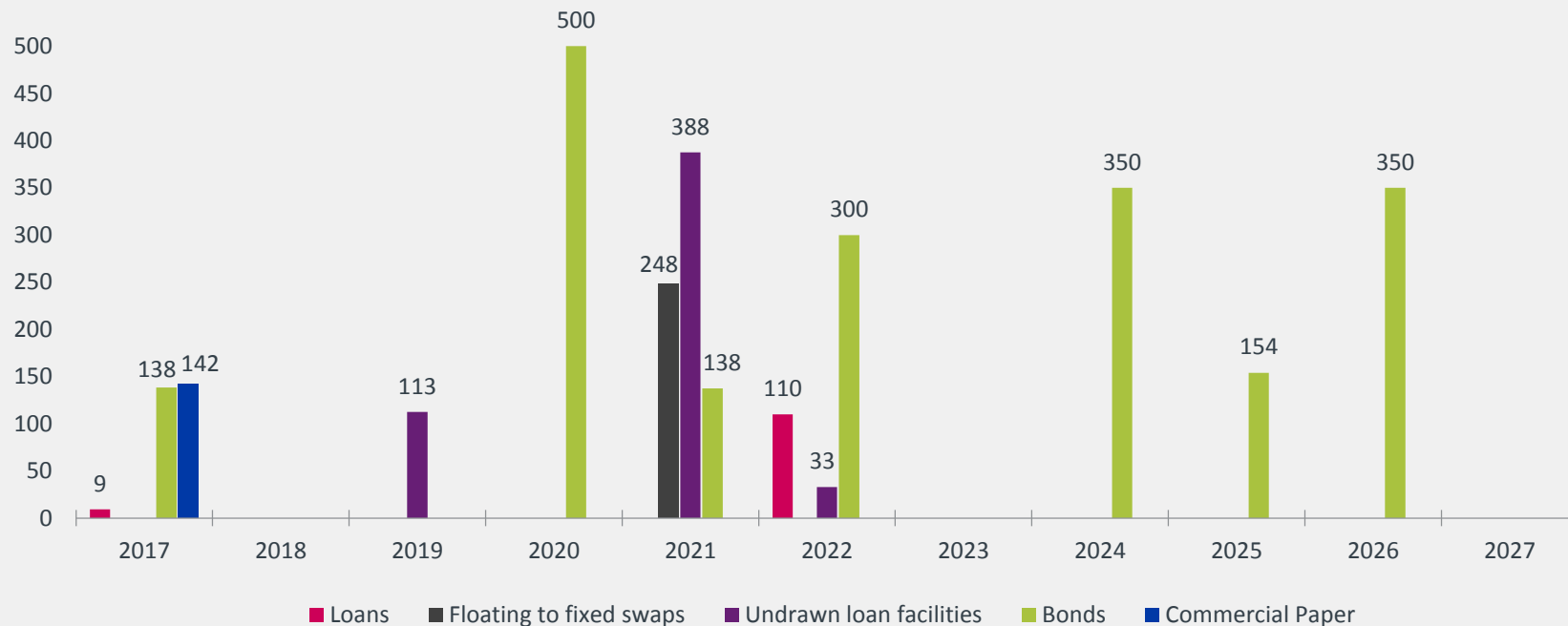


DEBT BREAKDOWN BY CURRENCY



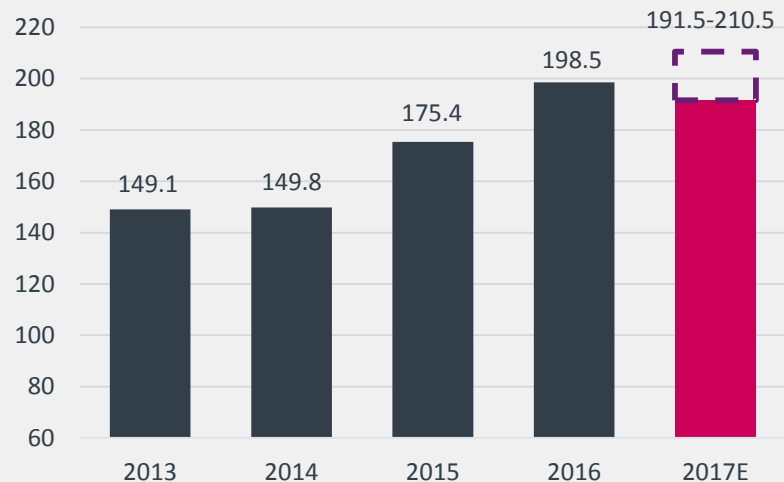
BALANCED MATURITY PROFILE WITH LIMITED NEAR-TERM MATURITIES

DEBT MATURITIES

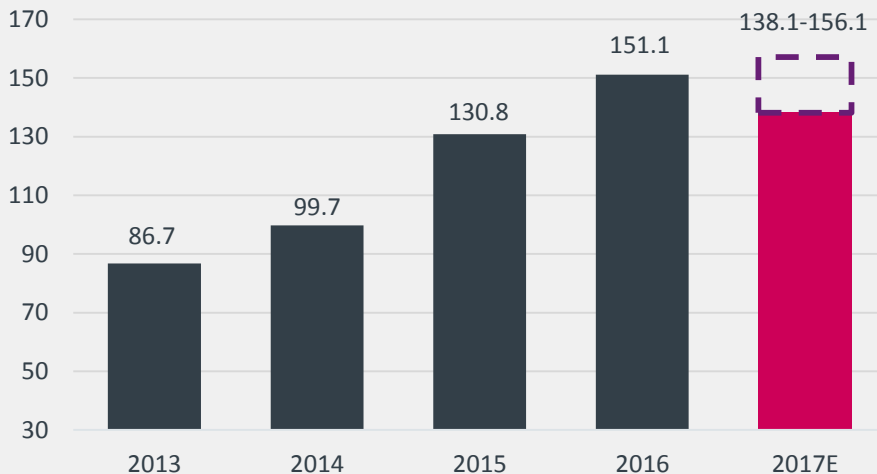


OUTLOOK 2017

DIRECT OPERATING PROFIT



EPRA EARNINGS



- Direct Operating profit MEUR -7 to 12
- EPRA Earnings MEUR -13 to 5
- EPRA EPS (basic) EUR 0.155-0.175