

Full Year Results

Audiocast presentation

CEO, Marcel Kokkeel

CFO, Exec. VP Eero Sihvonen

Q1-Q4

2015





2015: ANOTHER YEAR OF ACTION

CITYCON BECOMES
A TRULY PAN NORDIC
PLAYER AND THE
LARGEST LISTED
SHOPPING CENTRE
SPECIALIST
IN THE REGION

Highlights 2015

Larger scale and improved country balance through Sektor acquisition

- Successful acquisition and integration of Sektor
- Integration has moved faster than planned
- Fair value (by JLL) of Norwegian portfolio in line with acquisition price
- Refinancing successfully completed at favorable terms

Solid operating performance

- Like-for-like NRI growth of 1.1%
- Q3-Q4 performance of Norwegian operations in line with expectations
- Occupancy increased y-o-y by 0.5%-points to 96.8%

Improved portfolio quality through capital recycling

- Record high level of development activity in 2015
 - IsoKristiina completed, Iso Omena and Mölndal Galleria progressing according to plan with high tenant demand
- EUR 148 million of divestments, 17 properties
- Acquisition of minority stakes in Norway and Åkersberga Centrum

Successful debt refinancing

- EUR 900 million refinanced
- Cost of debt reduced to 3.04% and maturity extended to 5.5 years
- Credit rating upgraded to Baa1 by Moody's

Solid Earnings and EPS

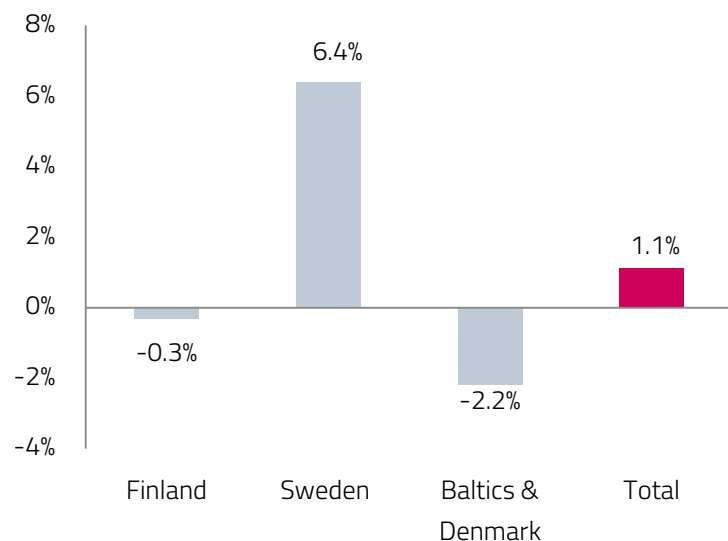
- EPRA EPS guidance was lifted in Q3
- Full year EPRA EPS EUR 17.3 cents
- Dividend proposal EUR 0.15 per share

2015: SOLID OPERATING PERFORMANCE

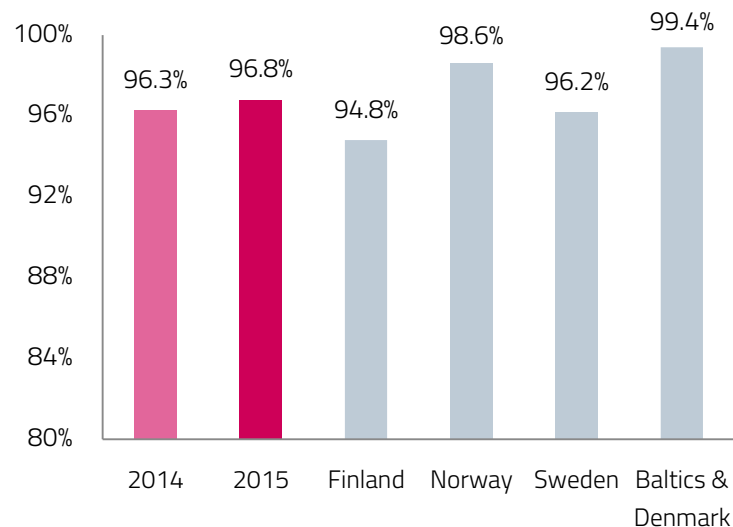


Overall solid NRI growth and strong occupancy

Like-for-like NRI growth



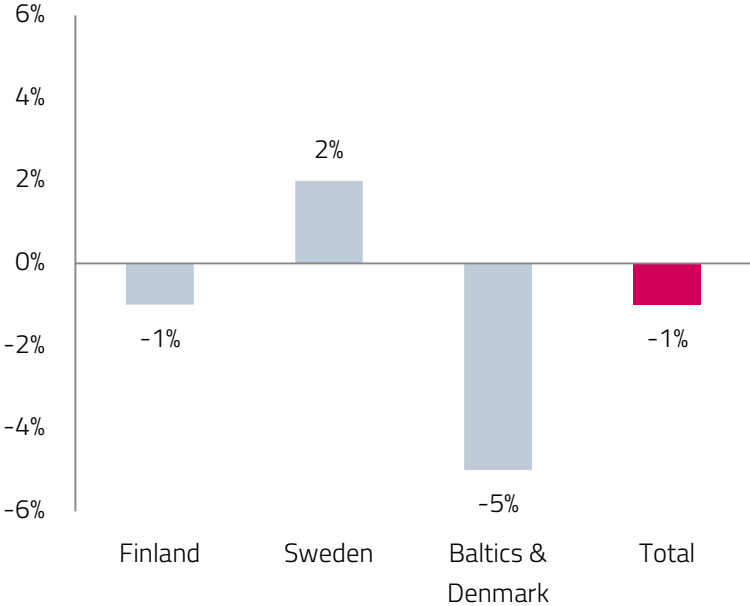
Occupancy rate



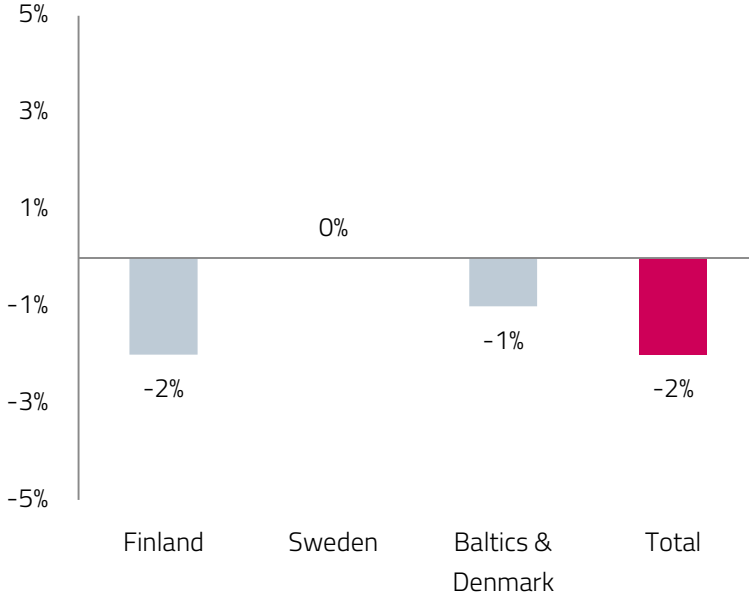
- Operating results reflect the general performance of the main economies
- Citycon's strategy of day-to-day shopping centres has proven its resilience in Finland
- Increased competition in Tallinn reflected in negative NRI growth for Baltics
- Norway and Kista Galleria not included in the like-for-like portfolio

Positive sales development in Sweden and Norway, Finland still weak

Sales in shopping centres
like-for-like



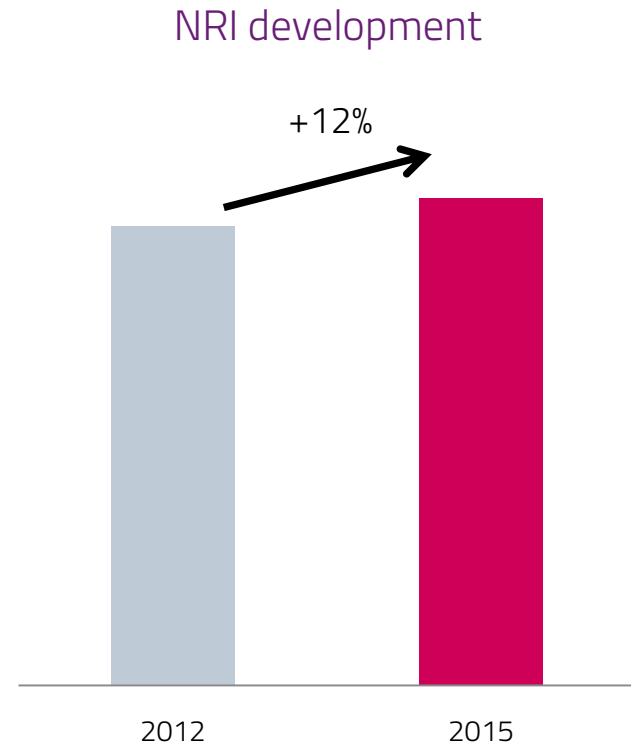
Footfall in shopping centres
like-for-like



- Finland showing signs of recovery
- Norway: sales +4% and footfall +1%
- Kista Galleria: sales +1% and footfall +2%

Kista Galleria – strong performance continues

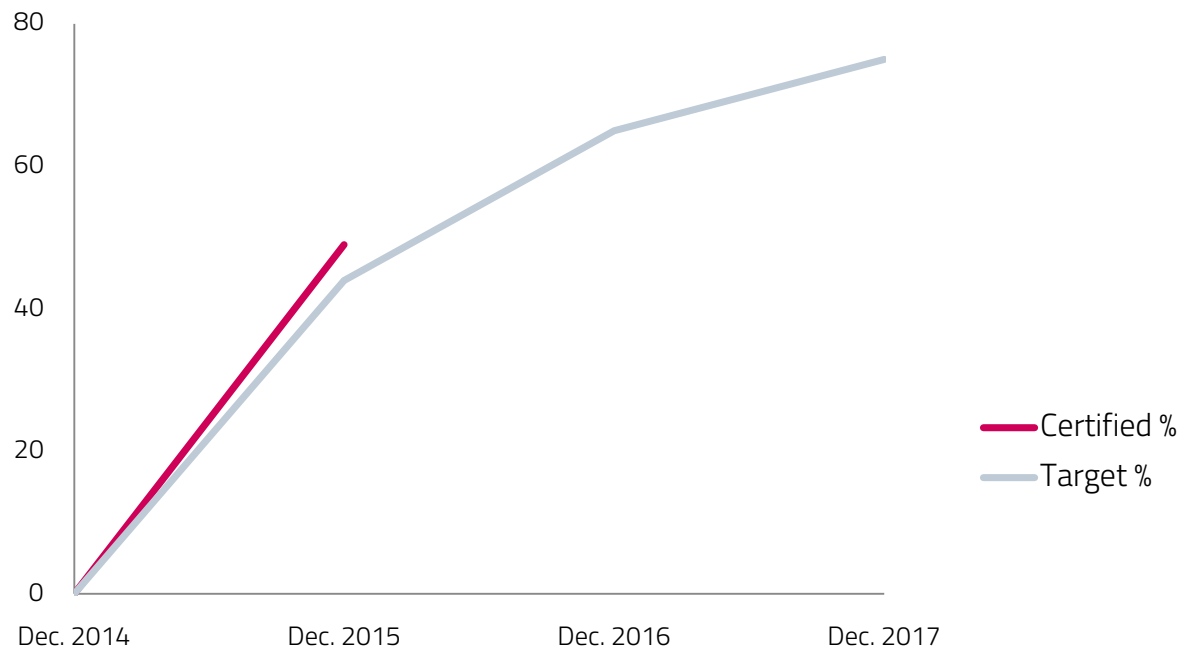
- High occupancy of 99%
- Fair value change since acquisition + EUR 79 million
- >19 million visitors in 2015
- Positive leasing spread, above the Swedish portfolio average
- Extended H&M signed, flagship concept (4,000 sq.m.)
- Increased offer of restaurants and daily services (33% of GRI)
- Limited impact from opening of Mall of Scandinavia
 - November-December footfall declined 5-10%. January shows recovery towards normalised levels
- Significant population growth in primary catchment area (~ 20% by 2020)



Sustainable mind-set - Forerunner in the Nordics

- 50% of Citycon's shopping centres are BREEAM In Use certified

⇒ most retail certificates in the Nordics



Majority of the portfolio has an environmental certification by year 2017, with most of the key assets certified in 2015

Key results 2015

Energy consumption, kWh/sq.m.

-6%
(target -2%)

Recycling rate

95%
(target >90%)

Within top 10% of reviewed companies:



Among the top of the industry:



CITYCON STORBYEN

WAGNER MENY LINDE&X

+ APOTEK1 H&M clas ohlson

SEKTOR Home&Cottage VINMONOPOLET

INTEGRATION SKO Kid EGOŃ
MOVING FAST RESTAURANT

Sektor integration faster than planned

		INITIAL TARGET	STATUS
ORGANIZATION	<ul style="list-style-type: none"> Savings in Sektor SG&A of $\geq 10\%$ 	\geq EUR 1 million p.a.	Increased to ~ EUR 2 million p.a.
OPERATIONS	<ul style="list-style-type: none"> Tenant, specialty leasing, marketing, digital optimisation Improved purchasing power 	LFL NRI growth of 100 bps above CPI	On track
(RE)DEVELOPMENTS	<ul style="list-style-type: none"> Extension / (re)development investments of approx. EUR 30-40 million p.a. 	\geq 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 	~ EUR 2-3 million p.a.	Increased to ~ EUR 6 million p.a.

NORDIC FUNDAMENTALS REMAIN STRONG



Nordic fundamentals remain strong, however, countries are on different courses (1/2)

- Strong country ratings
 - Norway, Sweden and Denmark: AAA
 - Finland: AA+/AAA
- Oslo, Stockholm, Copenhagen and Helsinki among the fastest growing cities in Europe
 - 1-1.5% growth p.a.
 - 65% of Citycon's portfolio in capital cities

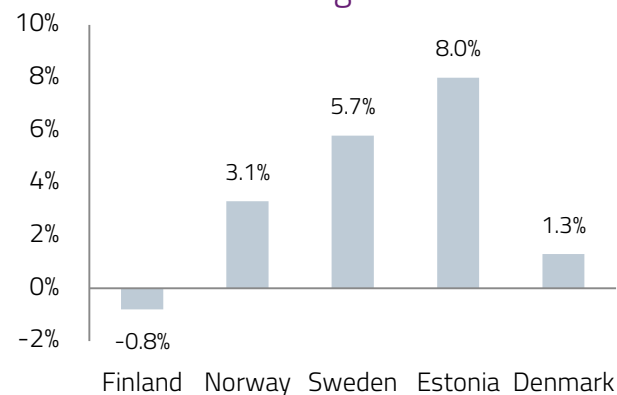
Finland

- GDP expected to shift to positive trend in 2016
- Government to implement some structural reforms
- Household debt still at modest level (124%)

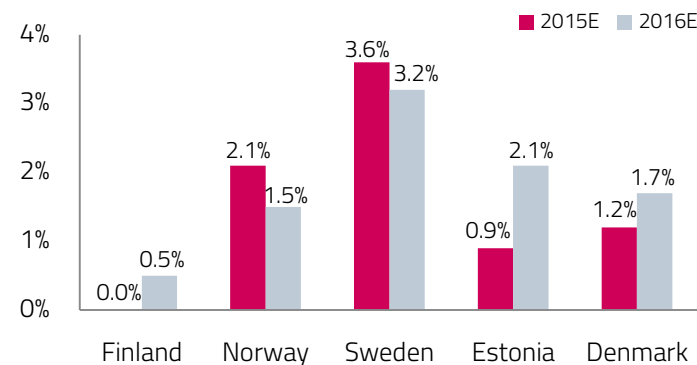
Sweden

- Robust GDP growth forecast
- Inflation expected to rise

Retail sales growth in 2015



GDP growth



Source: Statistics Finland/Norway/Sweden/Estonia/Denmark, European Commission, Nordea Economic Outlook, IHS, United Nations

Nordic fundamentals remain strong, however, countries are on different courses (2/2)

Norway

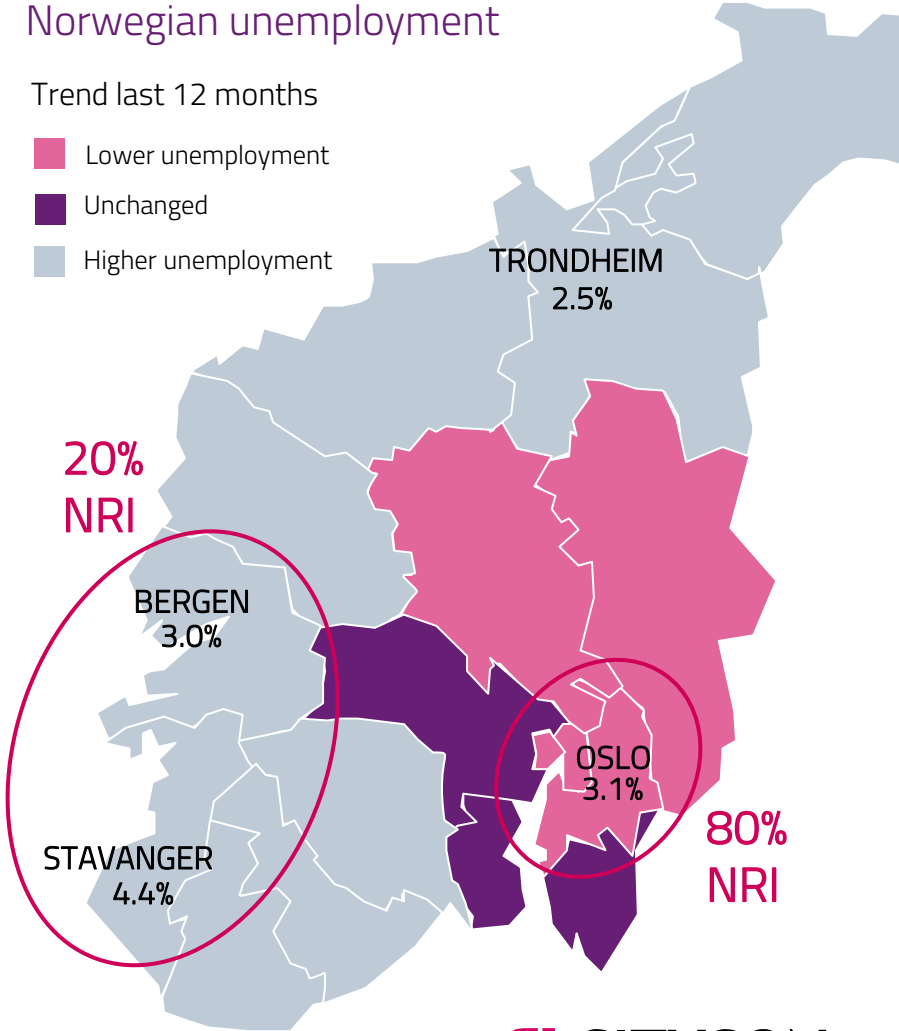
- Effects of decline in oil industry mostly concentrated on the Norwegian west coast
- Continued growth through private spending and increased export
 - Private consumption growth of ~1.5-2% p.a.
- Inflation to remain at high level (1.5-2.5% p.a.)

80% of Citycon's NRI in regions that are not or mildly affected by the decline in the oil industry

Norwegian unemployment

Trend last 12 months

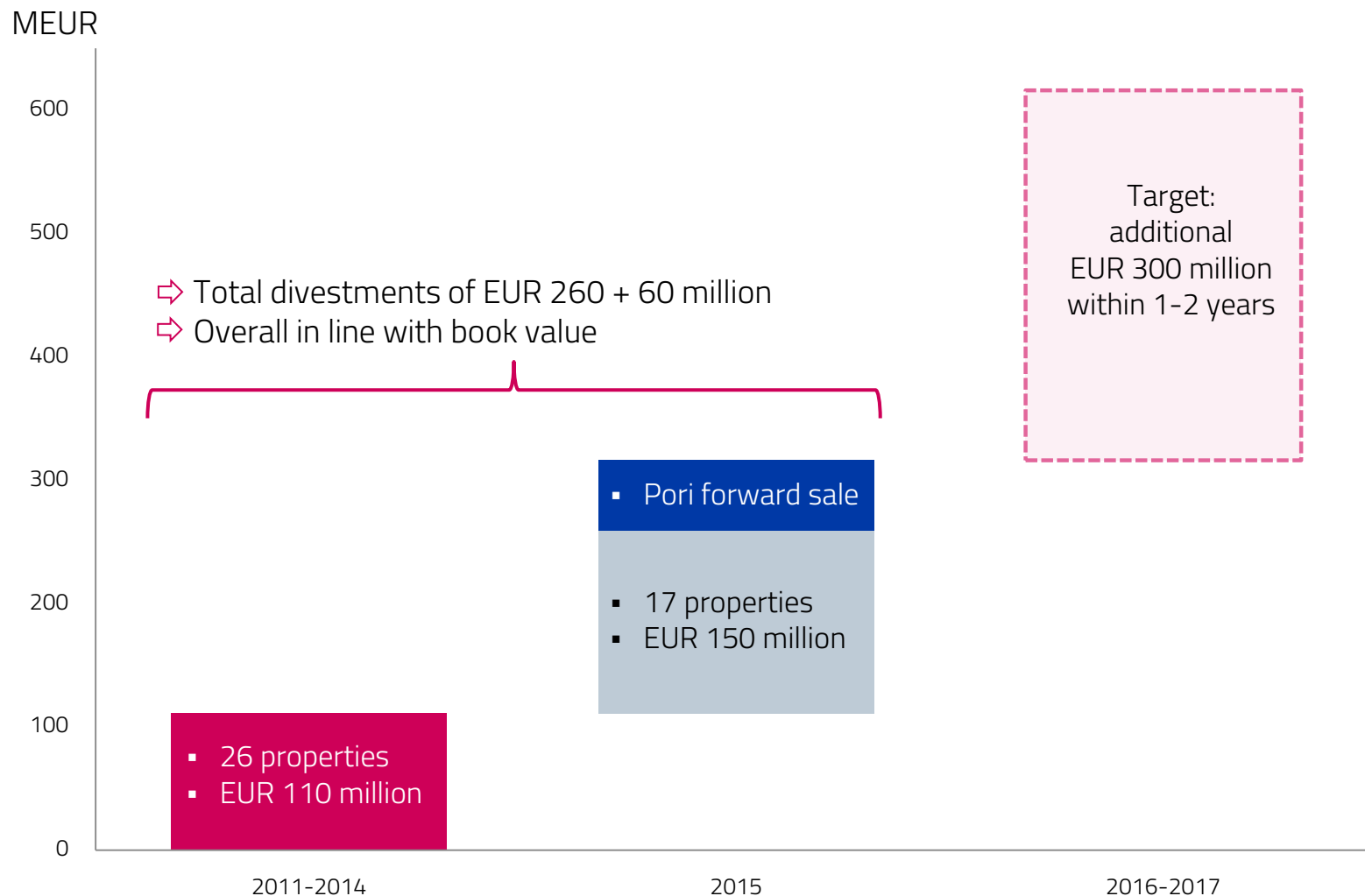
- Lower unemployment
- Unchanged
- Higher unemployment





IMPROVED PORTFOLIO QUALITY THROUGH CAPITAL RECYCLING

Successful execution of disposal programme



Good progress of development portfolio

	Area before/ after, sq.m.	Expected investment, MEUR ¹⁾	Actual gross investments by 31.12.2015, MEUR	Expected yield on completion when stabilised, %	Pre-leasing rate, %	Completion target
Iso Omena	63,300 99,000	182.0 (250.0)	82.2	6.0	Part 1: 83% Total SC: 80%	Q3/2016 & Q2/2017
Möln dal Galleria	- 24,000	60.0 (120.0)	10.8	7.0	50%	Q2/2018
Porin Asema-aukio	18,800 23,000	40.0	15.6	-	100%	Q2/2017
Stenungstorg	36,400 41,400	18.0	16.3	7.5	95%	Q2/2016
IsoKristiina	22,400 34,000	56.0	55.7	7.0	92%	Completed Q4/2015

¹⁾The number in brackets reflects Citycon's total investment in the project including agreed buyouts of JV shares

Iso Omena - Best shopping centre in Finland

- Part 1 to open after summer at the same time as the new metro
- Good tenant demand, pre-leasing of part 1 increased to 75%, additionally 8% main terms agreed
- Creating a true dining destination, 50 restaurants and cafes
- New tenants include extended H&M, Starbucks, Espresso House, Athlete's foot (first in Finland)

MölnDal Galleria – Top class community shopping centre in the heart of growing area

Q1-Q4
2015



- Strong tenant demand
- Expected annual visitors of 5-6 million
- Several major chains signed e.g. H&M, Systembolaget, Lindex, KappAhl and a large ICA grocery store

Straedet – daily shopping centre in wealthy and growing Copenhagen area

Q1-Q4
2015



- Completion and acquisition Q3/2017
- Fixed 6.25% yield
- Pre-leasing of 70-80%

Development pipeline

one project committed and one planned \geq 2015

Q1-Q4
2015

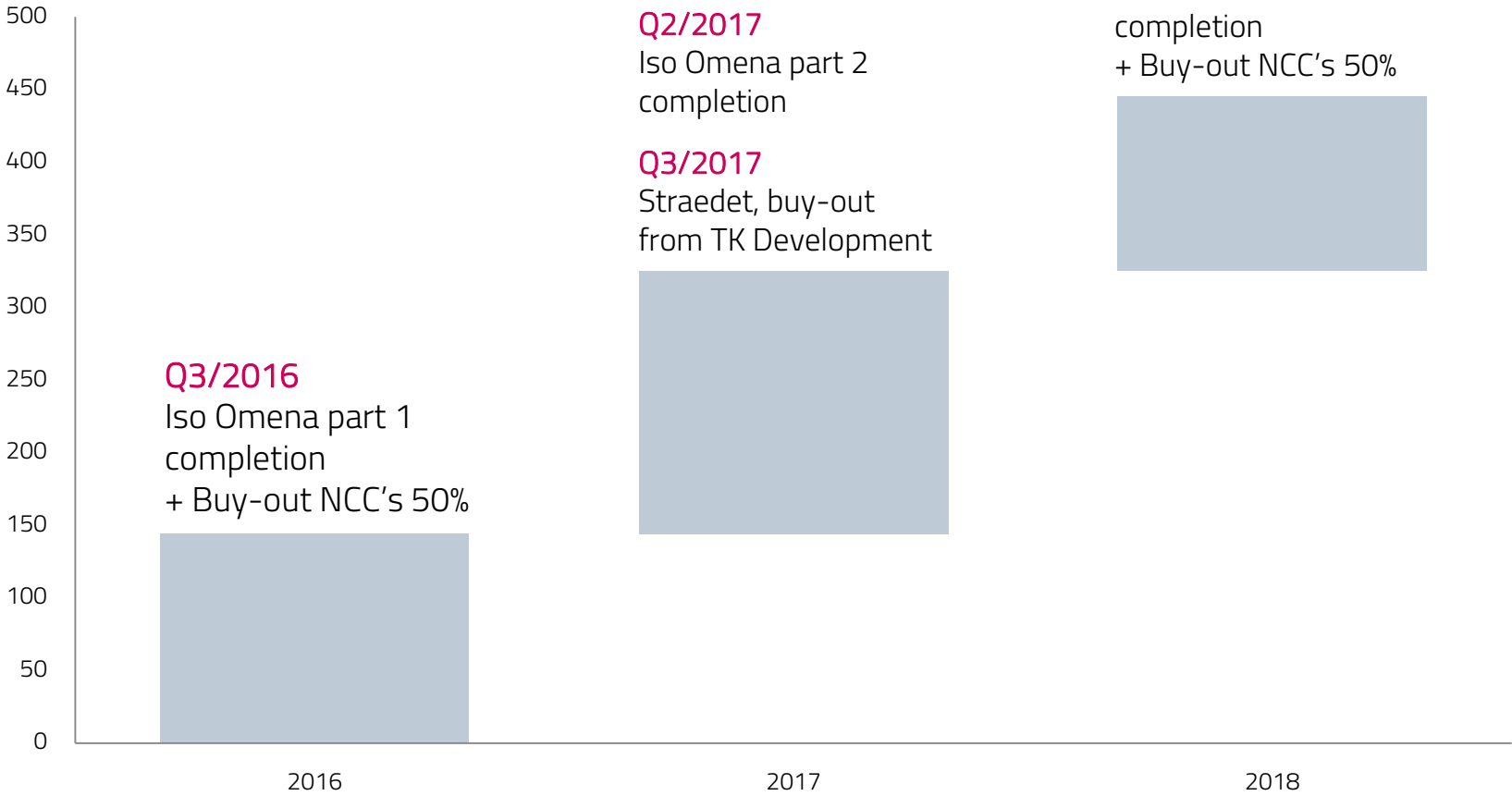
	Estimated project area/additional sq.m.	Expected gross investment, MEUR	Target for project initiation/completion	
C Tumba Centrum	11,000	55	2016/2017	Extension project combined with a new bus terminal. Zoning has been approved, pre-leasing ongoing
P Lippulaiva	36,000/ 23,000	50-70	2016/2017	Extension 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
Norwegian properties		30-40 p.a.		Smaller (re)developments/refurbishments in several centres e.g. Stovner, Buskerud, Downtown

- (Re)development capex of approx. EUR 150-200 million p.a.

Impact of (re)developments and committed acquisitions as of 2017

Investment volumes that come online

EUR million

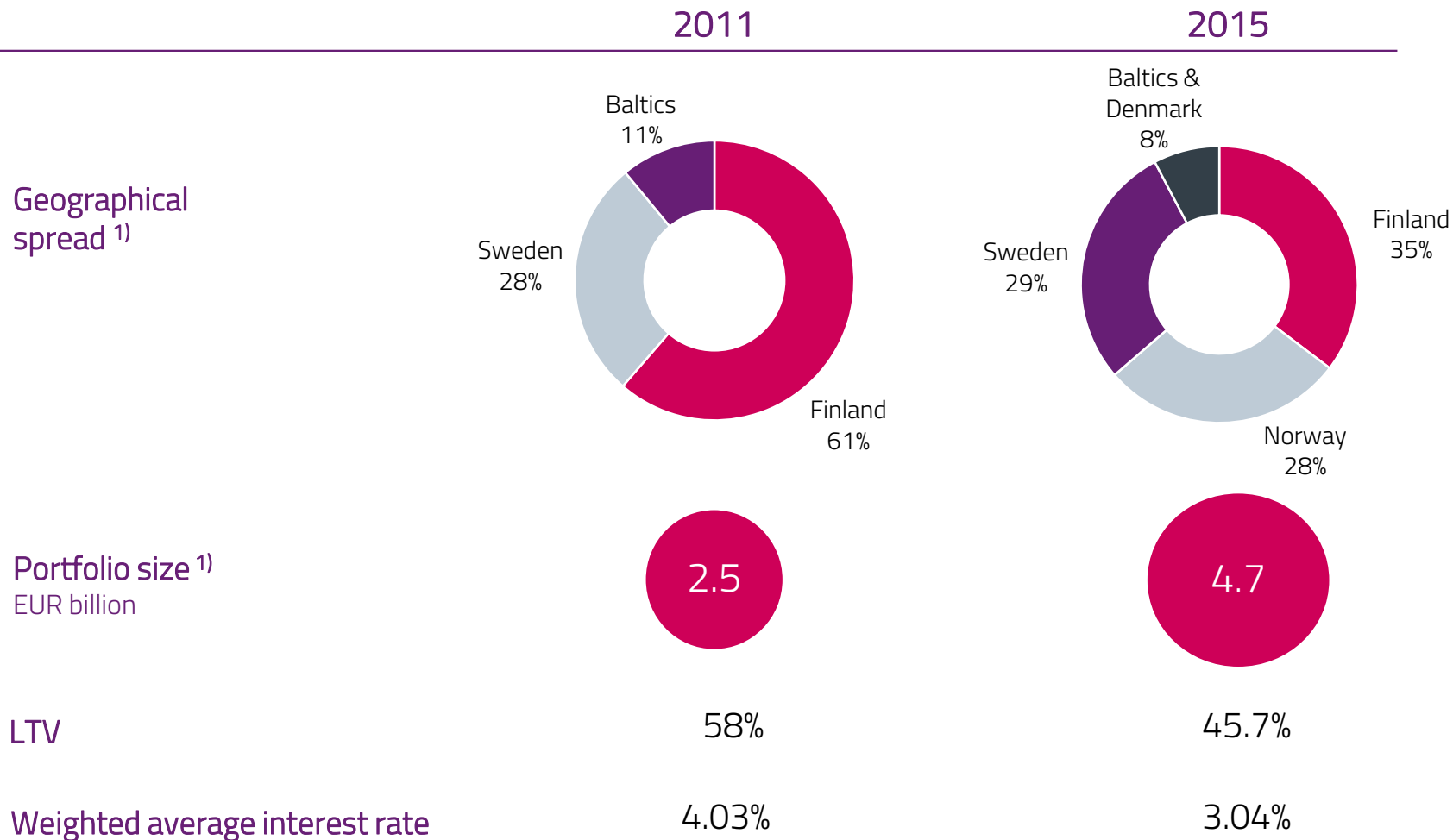


2016 ONWARDS: FROM TRANSFORMATION TO CONSOLIDATION



2011-2015 transformation journey: Increased scale and diversification of cash flow

Q1-Q4
2015



Key target areas 2016 onwards

Further integration of Citycon Norway

- ~EUR 2 million administrative cost savings p.a.

Overall long-term like-for-like NRI growth target of 100 bps above inflation

Successful completion of ongoing developments

- EUR 150-200 million p.a.
- ≥ 150 bps above yield requirement

Improve quality of the portfolio through continued execution of divestment strategy (Additional EUR 300 million)



Outlook 2016 onwards

EPRA EPS 2016:
EUR 15.5-17.5 cents

- Result negatively impacted by:
 - Full year impact of EUR 150 million non-core disposals in 2015
 - Substantial nr of sq.m. taken offline e.g. Iso Omena, Myyrmanni

2017/2018: uplift in
rental income and
earnings

- Major (re)developments and committed acquisitions come online
 - Significant improvement of portfolio quality and quality of earnings

Maintaining a strong
balance sheet

- LTV target range 40-45%
- Maintain or improve current credit ratings by Moody's and S&P



FINANCIAL RESULTS

- STABLE RESULTS
- NORWEGIAN VALUES CONFIRMED
- SUCCESSFUL REFINANCING

Financial results

MEUR	2015	2014	%	2015 incl. Kista 100%
Gross rental income	223.9	189.4	18.2	258.3
Net rental income	199.5	169.4	17.9	229.7
Direct Operating profit ¹⁾	175.4	149.8	17.1	203.8
EPRA Earnings	130.8	99.7	31.2	n.a.
EPRA EPS (basic)	0.173	0.178	-2.8	n.a.
EPRA NAV per share	2.74	3.01	-9.1	n.a.

- Modest decrease of EPRA EPS to EUR 0.173
 - 35% increase in average number of shares due to the rights issue in July
- Kista Galleria contributed to the IFRS based profit for the period by approx. EUR 23.9 million in Q1-Q4/2015

¹⁾The term has been been renamed (previously EPRA Operating profit)

NRI development



NRI by country

MEUR	Q4/2015	Q4/2014	%	2015	2014	%
Net rental income	57.5	41.5	38.6	199.6	169.4	17.9
NRI, Finland	23.1	25.9	-10.8	96.9	103.0	-5.9
NRI, Norway	18.7	n.a.	n.a.	36.8	n.a.	n.a.
NRI, Sweden	9.4	9.2	2.4	39.7	38.9	2.2
NRI, Baltics & Denmark	6.4	6.4	-0.3	26.2	27.5	-4.8

Occupancy improved following Sektor acquisition

Q1-Q4
2015

	31 Dec 2015	31 Dec 2014
Occupancy rate (economic), %	96.8	96.3
LFL occupancy rate (economic), %	95.7	96.1
Occupancy cost ratio, % (LFL shopping centres)	9.1	9.2
Average rent, EUR/sq.m./mth	22.3	21.6

- Increase in average rent due to divestments and index increments. Leasing spread under pressure in Finland and Estonia.
- Continued modest occupancy cost ratio

Stable leasing indicators

	Q4/2015	Q4/2014	2015	2014
Average rent, EUR/sq.m.	22.3	21.6	22.3	21.6
# of leases started	304	184	895	595
Total area of leases started, sq.m.	52,063	34,168	173,301	122,568
Average rent of leases started, EUR/sq.m.	23.9	22.1	23.2	19.9
# of leases ended	295	222	1 114	724
Total area of leases ended, sq.m.	75,101	47,826	278,984	144,880
Average rent of leases ended, EUR/sq.m.	21.3	20.1	20.1	21.0
Leasing spread of renewals, %	-5.7	-0.5	-4.5	-3.4

- Leasing spread of renewals refers to leases that are renewed with the same tenant concerning the same premise
- The leasing spread for 2015 including Kista Galleria (100%) was -3.1%

Income statement

MEUR	Q4/2015	Q4/2014	2015	2014	%
Gross rental income ¹⁾	65.3	46.4	223.9	189.4	18.2
Service charge income	24.0	14.4	71.7	55.9	28.2
Property operating expenses	-31.5	-18.9	-94.6	-74.4	27.1
Other expenses from leasing operations	-0.3	-0.4	-1.4	-1.6	-9.9
Net rental income	57.5	41.5	199.6	169.4	17.9
Administrative expenses	-11.7	-6.3	-36.8	-20.7	78.0
Other operating income and expenses	-7.6	-0.1	-4.2	1.0	-
Net fair value gains on investment property	0.2	2.2	7.3	15.7	-53.1
Net losses on sale of investment property	-4.7	0.0	-17.1	-0.3	-
Operating profit	33.7	37.3	148.9	165.0	-9.8
Net financial income and expenses	-11.4	-11.8	-52.3	-77.5	-32.5
Share of profit/loss of joint ventures	6.5	5.3	19.4	14.9	30.5
Profit/loss before taxes	28.8	30.8	116.0	102.4	13.2
Profit/loss for the period	25.2	23.0	110.4	89.7	23.0

¹⁾ Citycon has changed its income statement format to be more comparable to peers'. Turnover row has been excluded and maintenance rents have been reclassified from gross rental income to service charges

Positive valuation driven by Sweden

	Fair value changes MEUR		Weighted average yield requirement, %		Fair value
	Q4/2015	2015	31 Dec 2015	31 Dec 2014	31 Dec 2015
Total	0.2	7.3	5.7	6.1	4,091.6
Finland	-11.7	-37.1	5.9	6.1	1,659.4
Norway	0.2	0.2	5.2	-	1,330.8
Sweden ¹⁾	12.6	39.6	5.4	5.7	739.0
Baltics & Denmark	-0.9	4.7	6.9	7.2	362.4

- Fair value change for Q1-Q4/2015 including Kista Galleria (100%) was EUR 46.1 million

Goodwill related to Sektor acquisition

MEUR	31 Dec 2015
Purchase price (NAV)	472.8
Sektor IFRS net asset value acquired	344.3
Goodwill	128.5
FX-change from the fixed NOK/EUR-rate	52.2
Decrease in income tax percentage	-9.2
Goodwill total	171.5

- Goodwill was tested for the first time at year-end. No need for impairment.
- However, a goodwill reduction cost of EUR 9.2 million was recognised in other operating income and expenses due to the decrease in Norwegian income tax percentage
- The goodwill mainly arise from two different sources:
 - The difference between how deferred taxes are calculated for IFRS based financial statements and the value ascribed to it in negotiations
 - The FX-change of the fixed NOK/EUR exchange rate

Strong balance sheet

MEUR	31 Dec 2015	31 Dec 2014
Investment properties	4,091.6	2,769.1
Total non-current assets	4,573.6	2,965.2
Investment properties held for sale	1.7	7.2
Total current assets	89.1	64.8
Total assets	4,664.4	3,037.2
Total shareholders' equity	2,245.5	1,652.5
Total liabilities	2,418.8	1,384.8
Total liabilities and shareholders' equity	4,664.4	3,037.3

	31 Dec 2015	31 Dec 2014
EPRA NAV per share, EUR	2.74	3.01
EPRA NNNNAV per share, EUR	2.46	2.63
EPRA Net Initial Yield (NIY), %	5.4	6.1

- EPRA NAV has been adjusted for goodwill, which has resulted from deferred taxes relating to the Sektor acquisition



FINANCING OVERVIEW

An active year on the debt financing front

Sektor refinancing completed in December

- Refinancing was a combination of bonds, divestments and a new bank loan

Reduced average interest rate and extended loan maturity

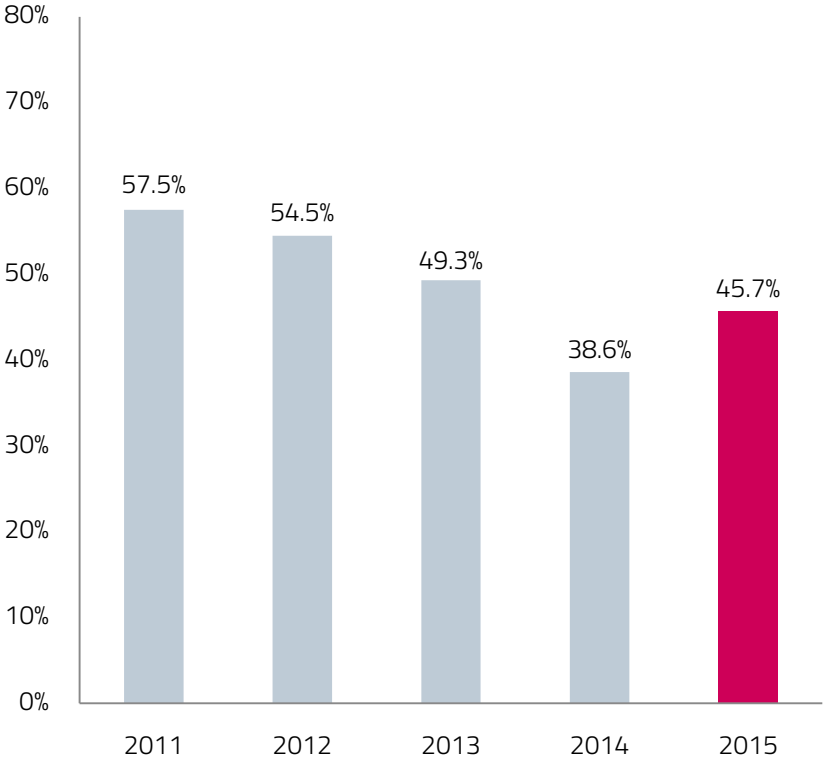
- Average interest rate decreased to 3.04% mainly due to favorable terms on the new bank loan and unwinding of swaps
- Loan maturity extended to 5.5 years, above Citycon's long-term target of > 5 years

Rating's upgrade

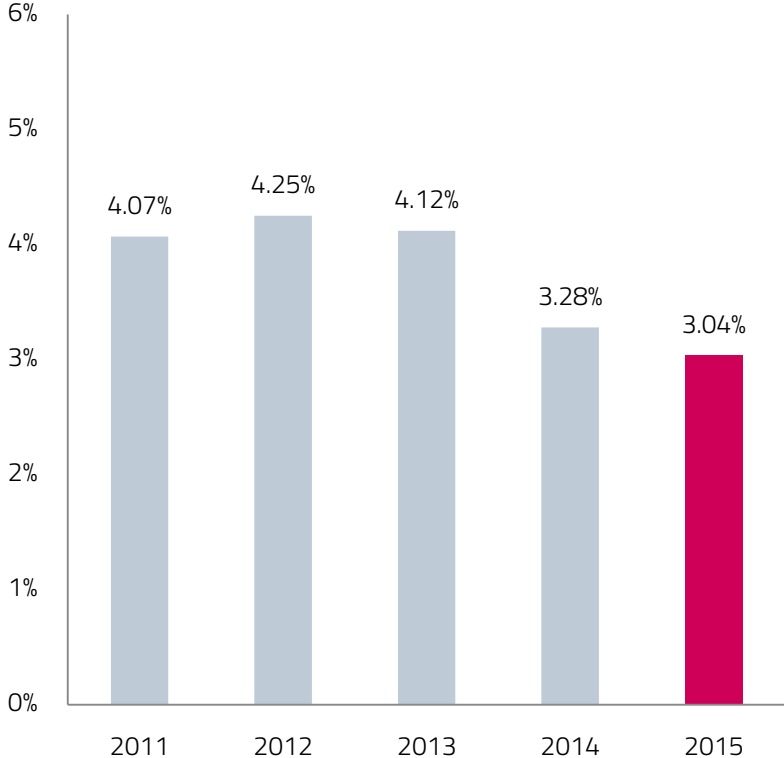
- Moody's upgraded Citycon's corporate credit rating to Baa1 on 15 January based on Citycon's improved business profile following the acquisition of Sektor

Increased debt level following Sektor acquisition

Loan to Value



Weighted average interest rate



Sektor refinancing completed

- Three bonds in September:
 - NOK 1,400 million bond
10 yr, fixed 3.90%
 - NOK 1,250 million bond
5.5 yr, floating 3m Nibor +155 bps
 - Eurobond of EUR 300 million
7 yr, fixed 2.375%, has been swapped into NOK
- Divestment proceeds of approx EUR 76 million used for Sektor refinancing purposes
- In December a NOK1,300 million 5.5 year secured bank facility was signed, completing the refinancing
 - NOK interest rate swaps were unwound and new were entered into decreasing the cost of debt and extending the loan maturity

The overall refinancing cost of approx. 3% including hedging is lower than originally estimated

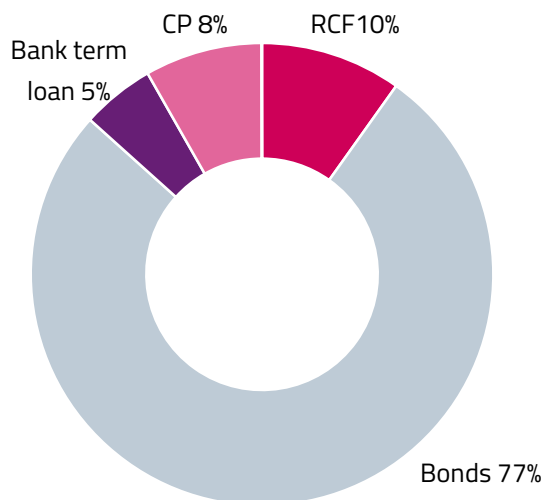
Financing key figures

	Q4/2015	Q4/2014	Q3/2015
Interest bearing debt, fair value, MEUR	2,037.1	1,188.4	2,022.6
Available liquidity, MEUR million	377.1	449.8	379.0
Average loan maturity, years	5.5	5.9	5.5
Interest hedging ratio, %	84.8	88.0	88.2
Weighted average interest rate, % ¹⁾	3.04	3.28	3.39
Loan-to-value (LTV), %	45.7	38.6	45.2
Financial covenant: Equity ratio (>32.5%)	48.3	54.8	47.7
Financial covenant: ICR (>1.8)	3.8	3.1	3.7

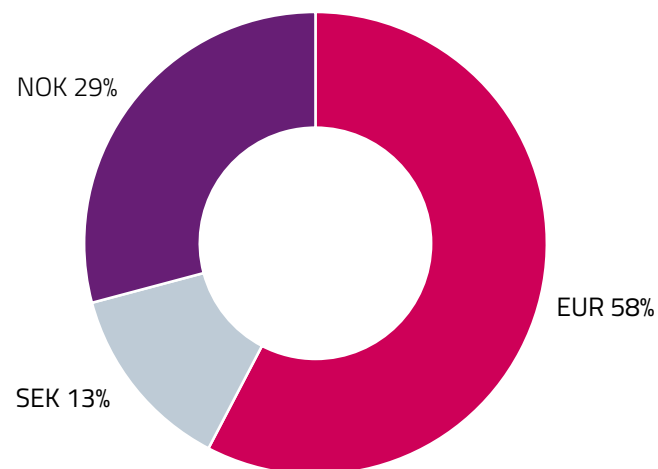
- Increased debt level following the Sektor acquisition. Increase compared to previous quarter mainly a result of minority buy-outs in Q4/2015
- Available liquidity and financial covenants at comfortable levels

Debt type and currency split

Breakdown by debt type ¹⁾



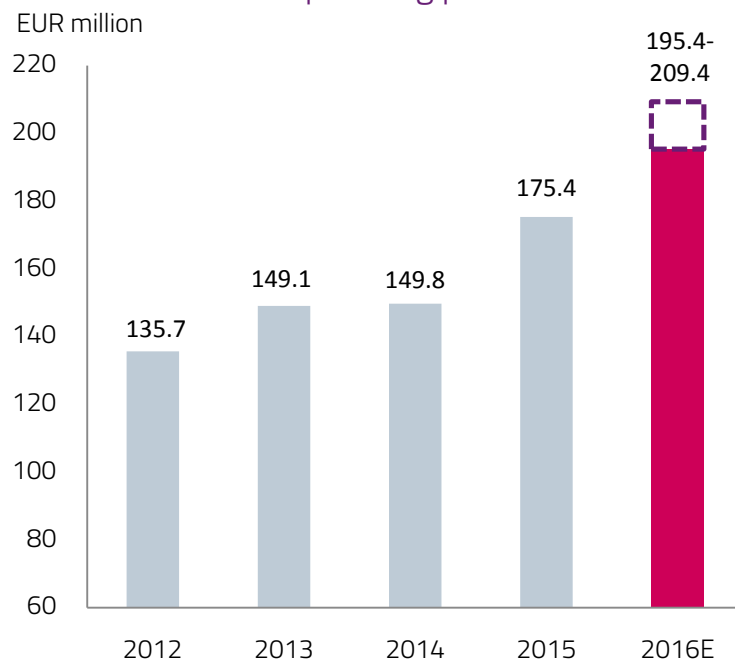
Breakdown by currency ¹⁾



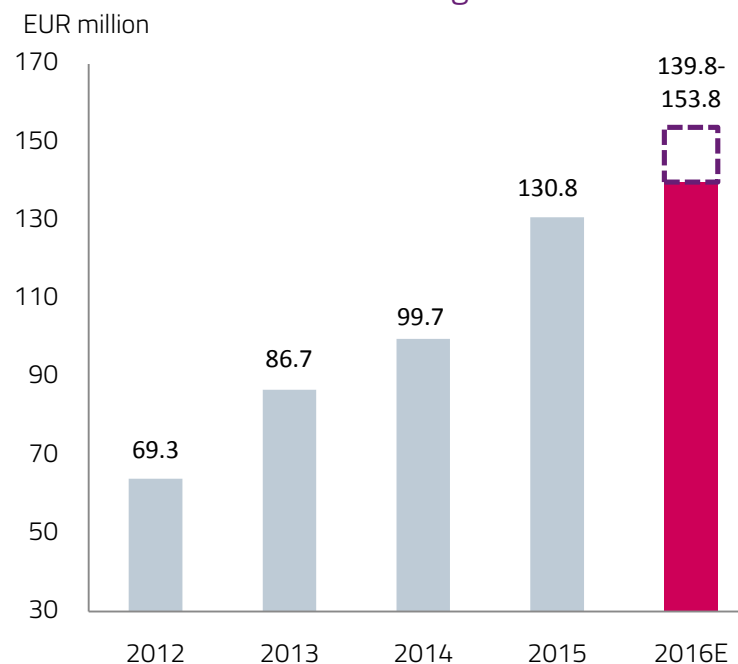
- Currency breakdown shifted following the Sektor acquisition, and now reflects the country asset splits.
- Part of EUR debt has been converted to SEK and NOK debt using cross-currency swaps

Outlook 2016

Direct Operating profit



EPRA Earnings



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

The Board proposes a dividend of EUR 0.01 per share and an equity repayment of EUR 0.0275 per share. Additionally, the Board will seek an authorization to decide on the distribution of assets from the invested unrestricted equity fund for a maximum of EUR 0.1125 per share.



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