

24.10.2019



KISTA GALLERIA

**AUDIOCAST PRESENTATION
Q3/2019**

LIDL ÄR LIDL.
ALLT ANNAT ÄR
OLIDLIGT.

Mån-fre 8-21
Lör-sör 9-21



Q1-Q3/2019: ANOTHER SOLID QUARTER

NET RENTAL INCOME CONTINUED TO GROW

- NRI continued to grow in Sweden and Norway. Positive NRI development in best assets, in Iso Omena in particular.
 - Positive like-for-like NRI development in Finland and Norway.
-

SOLID OPERATIONAL DEVELOPMENT

- Leasing spreads continued to be positive. Clearly positive leasing spreads in Norway and Sweden, Finland stable.
 - Occupancy at a good level of 95.3%
 - Total tenant sales increased by 4%, total footfall by 5%
-

DENSIFICATION STRATEGY WORK KICKED OFF

- New Chief Development Officer Erik Lennhammar started in August. The development team is ramping up work on Citycon's densification strategy.
-

GUIDANCE NARROWED AFTER SOLID PERFORMANCE IN JANUARY-SEPTEMBER AND CLOSED DISPOSALS

- EPRA EPS guidance of EUR 0.79-0.82 for full year 2019
-

CAPITAL MARKETS DAY 2019 HELD IN SEPTEMBER



- CMD 2019 held in Stockholm
- Around 30 investors and analysts participated in the asset tours of Kista Galleria and Liljeholmstorget as well as the actual CMD
- Strategic direction and future focus areas discussed by Citycon's new management team



CAPITAL MARKETS DAY 2019 - KEY MESSAGES

OPERATING ENVIRONMENT

- Retail is adapting to cater for changing consumer patterns
- Nordic countries provide a stable market environment

STABLE BUSINESS MODEL

- Diversified tenant and revenue mix, 85% of leases linked to indexation
- Growing importance of public sector tenants

SHORT-TERM PERFORMANCE IMPROVEMENT

- Increased focus on asset management. Maintain strict control on operating expenses and capital expenditure.
- Grow specialty leasing business significantly

LONG-TERM DENSIFICATION OPPORTUNITIES WITHIN THE PORTFOLIO

- Tremendous mixed-use potential by densification

KISTA-REPOSITIONING PROGRESSED DURING Q3/2019



Refurbishment
of food court
expected to be
finalized in
Q1/2020

- Vacated Åhlens department store area re-positioning is now complete
- Grocery store ICA Kvantum opened in Kista in August 2019. ICA further strengthens the grocery offering of Kista, where Lidl already opened in June 2019. Home store Rusta to open during Q1/2020.
- Share of groceries now 8% of GLA
- Groceries have had a clearly positive impact on shopping centre footfall



WE HAVE TAKEN CONCRETE STEPS TO BECOME CARBON NEUTRAL BY 2030

Aim to become carbon neutral by 2030

- Consume less energy and producing more energy ourselves

Several steps taken towards energy-efficiency

- 520 solar panels to be installed in IsoKristiina in Finland
- 3,500 solar panels to be installed in DownTown, Norway
- Geothermal power plant progressing in conjunction with the Lippulaiva development project

Citycon's sustainability efforts recognized my MSCI

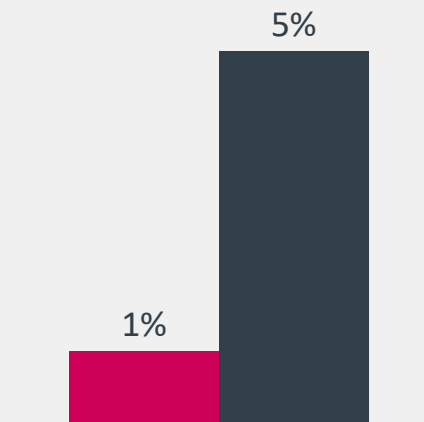
- Citycon achieved AA rating
- Strengths: Green Building initiatives and aim to reduce environmental footprint

~6,400 solar panels in Citycon's portfolio by the end of 2019

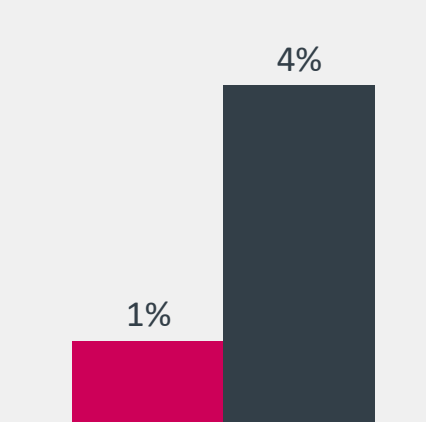
MSCI AA-RATING

OVERALL SALES +4% AND FOOTFALL +5% LIKE-FOR-LIKE SALES, FOOTFALL AND NRI CONTINUED TO GROW

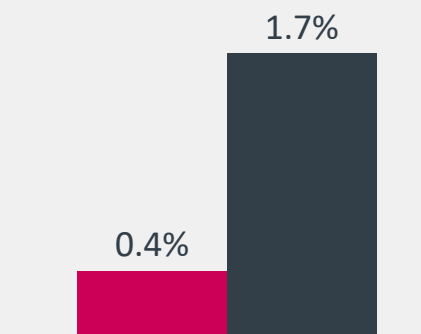
FOOTFALL DEVELOPMENT
Q1-Q3/2019 vs. Q1-Q3/2018, % ¹⁾



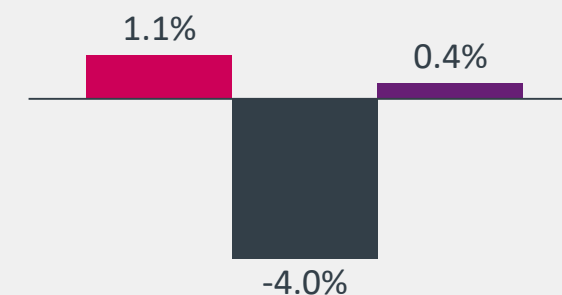
TENANT SALES DEVELOPMENT
Q1-Q3/2019 vs. Q1-Q3/2018, % ¹⁾



LIKE-FOR-LIKE AND TOTAL NET RENTAL INCOME DEVELOPMENT
Q1-Q3/2019 VS Q1-Q2/2018



LIKE-FOR-LIKE NRI DEVELOPMENT CORE VS NON-CORE
Q1-Q3/2019 VS Q1-Q3/2018



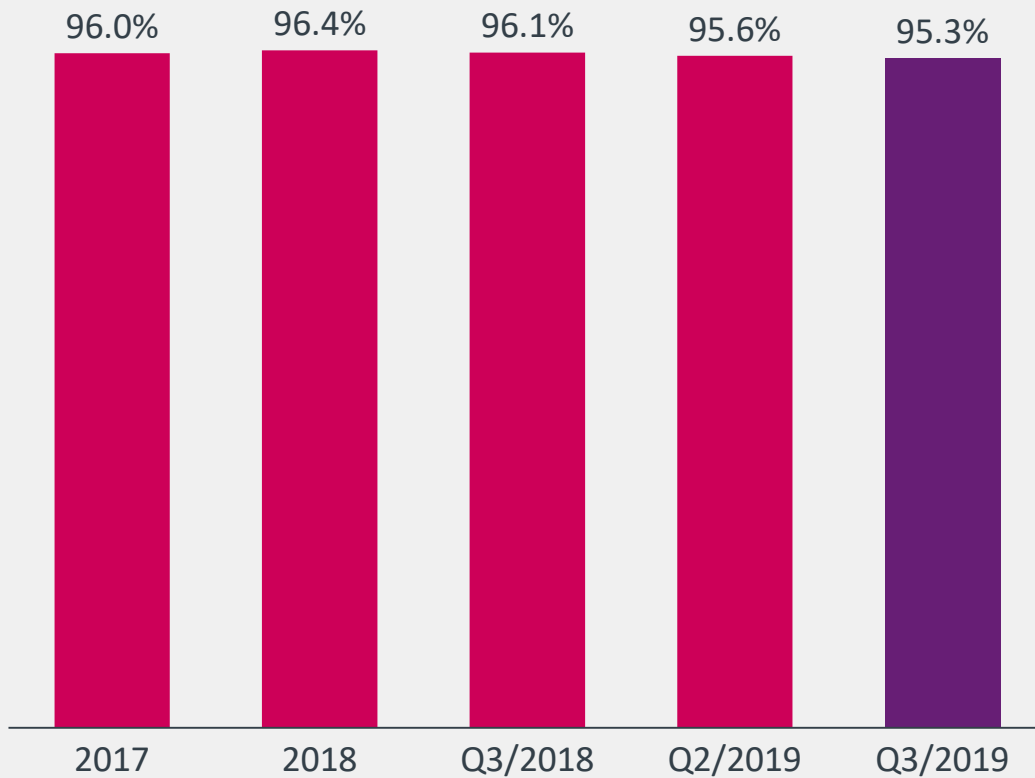
■ Like-for-like footfall
■ Total footfall (including Kista Galleria 50%)

■ Like-for-like sales
■ Total sales (including Kista Galleria 50%)

■ Like-for-like NRI Development (at comparable exchange rates)
■ NRI Development (at historical exchange rates)

■ Core LFL
■ Non-Core LFL
■ Total

OCCUPANCY RATE AT A GOOD LEVEL



8 All figures including Kista Galleria 50%

		Q3/2019	Q3/2018	2018
Average rent ¹⁾	EUR/sq.m.	23.1	23.1	23.2
Average remaining length of the lease portfolio	years	3.4	3.4	3.4
		Q3/2019	Q3/2018	2018
Average rent of leases started	EUR/sq.m.	26.2	23.4	22.5
Average rent of leases ended	EUR/sq.m.	26.0	22.3	22.1
Leasing spread of renewals and re-lettings	%	1.4	0.2	-0.3

- The economic occupancy rate remained at a high level of 95.3%.
- Average rent of leases started increased significantly.
- Overall leasing spread of renewals and re-lettings was positive. Leasing spread was positive in Sweden and Norway and stable in Finland.

¹⁾ With comparable exchange rates the average rent per sq.m. increased by EUR 0.2.

FINANCIAL OVERVIEW





Q3/2019 FINANCIALS

MEUR	Q3/2019	Q3/2018	Change %	Q3/2019 INCL. KISTA 50%
Gross rental income	56.7	57.8	-2.0 %	59.6
Net rental income	54.2	53.6	1.2 %	56.3
Direct operating profit	48.0	47.8	0.3 %	49.9
EPRA Earnings	35.5	36.8	-3.6 %	N/A
EPRA EPS (basic) ¹⁾	0.199	0.207	-3.6 %	N/A
EPRA NAV per share ¹⁾	12.58	13.29	-5.4 %	N/A

¹⁾ Key ratios have been adjusted in the comparison periods to reflect the new number of shares after the reversed share split executed in March 2019.



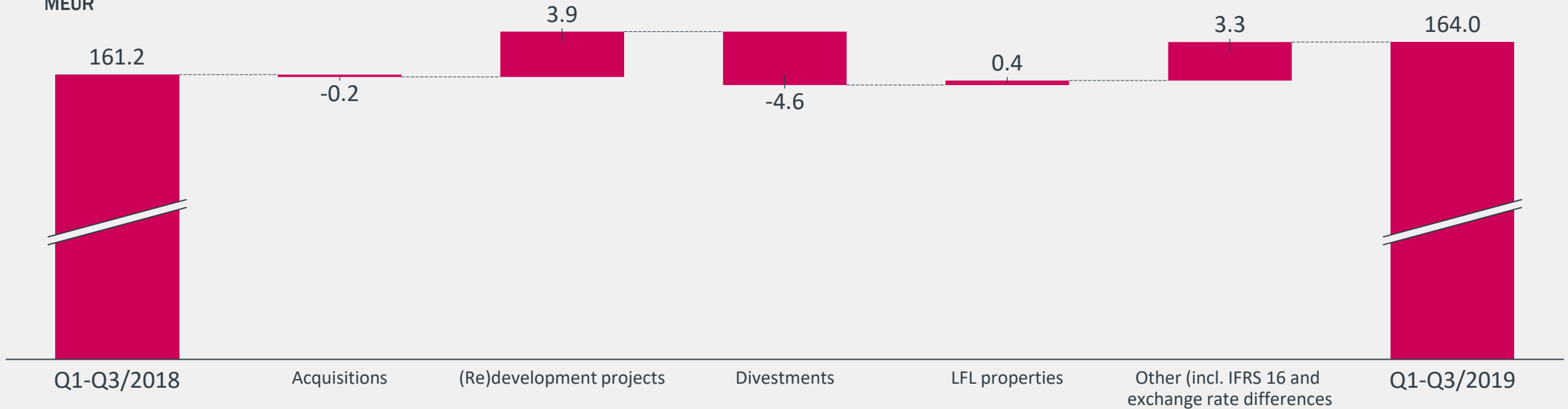
Q1-Q3 FINANCIALS

MEUR	Q1-Q3/2019	Q1-Q3/2018	Change %	Q1-Q3/2019 INCL. KISTA 50%
Gross rental income	175.1	177.8	-1.5 %	184.4
Net rental income	164.0	161.2	1.7 %	171.0
Direct operating profit	146.4	143.6	1.9 %	152.9
EPRA Earnings	110.0	109.3	0.6 %	N/A
EPRA EPS (basic) ¹⁾	0.618	0.614	0.6 %	N/A
EPRA NAV per share ¹⁾	12.58	13.29	-5.4 %	N/A

¹⁾ Key ratios have been adjusted in the comparison periods to reflect the new number of shares after the reverse share split executed in March 2019.

NET RENTAL INCOME CONTINUED TO GROW

NRI DEVELOPMENT MEUR



CURRENCIES HAD SOME IMPACT ON NRI

Closing rates

	Q3/2019	Q3/2018
SEK	10.6958	10.3090
NOK	9.8953	9.4665

Average rates

	Q1-Q3/2019	Q1-Q3/2018
	10.5657	10.2370
	9.7693	9.5898

Foreign currency impact on Q1-Q3/2019:

NRI
-1.9 MEUR
EPRA EPS
-0.010 EUR

IFRS16 impact on Q1-Q3 /2019:

NRI
5.3 MEUR
EPRA Earnings
4.0 EUR



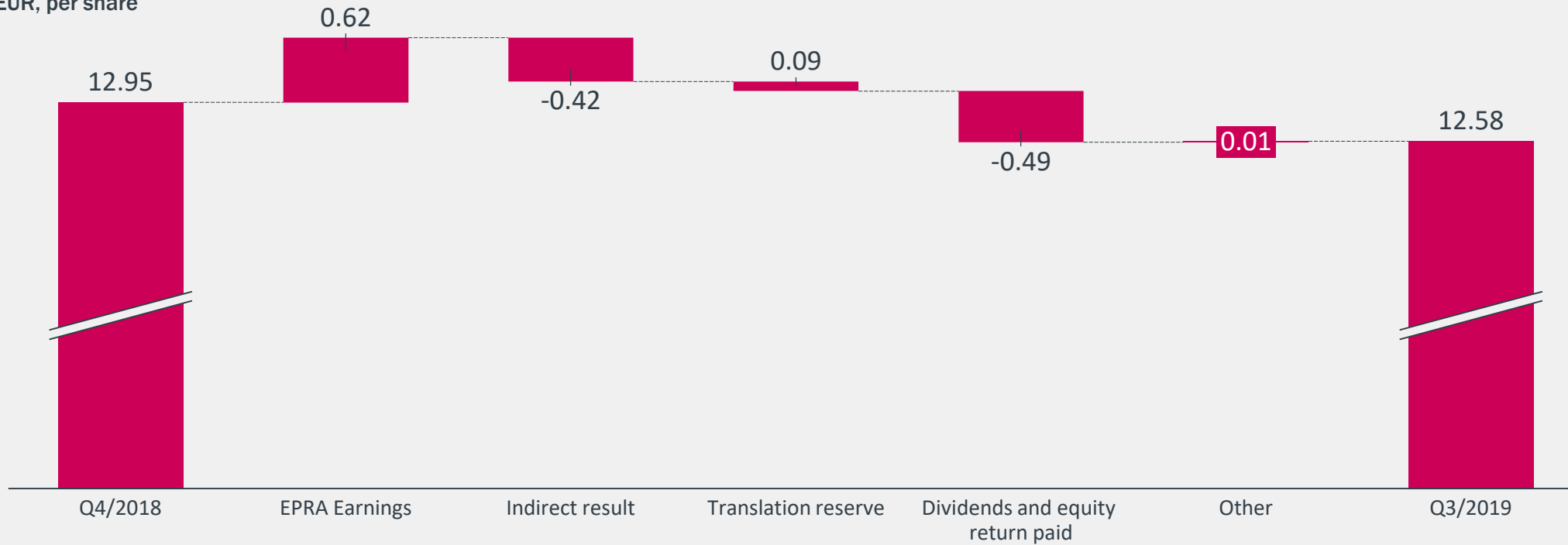
FAIR VALUE CHANGES

FAIR VALUE CHANGES, MEUR	Q3/2019	Q3/2018	Q1-Q3/2019	Q1-Q3/2018	2018
Finland & Estonia	-13.4	-14.6	-32.1	-47.8	-58.8
Norway	-0.5	-6.7	-19.2	-20.6	-22.2
Sweden & Denmark	-2.6	0.6	-8.9	14.2	8.5
IFRS 16	-1.5	-	-4.5	-	-
Investment properties, total	-17.9	-20.7	-64.7	-54.2	-72.5
Kista Galleria (50%)	-2.3	-1.2	-8.7	-5.4	-8.6
Investment properties and Kista Galleria (50%), total	-20.2	-21.9	-73.5	-59.7	-81.1
AVERAGE YIELD REQUIREMENT, %			30 SEP 2019	30 SEP 2018	31 DEC 2018
Investment properties and Kista Galleria (50%), average			5.3	5.3	5.3

EPRA NET ASSET VALUE DEVELOPMENT

CHANGE OF NET ASSET VALUE (EPRA NAV) ¹⁾

EUR, per share



	30 SEP 2019	30 SEP 2018	31 DEC 2018
EPRA NAV per share, EUR ¹⁾	12.58	13.29	12.95
EPRA NNNNAV per share, EUR ¹⁾	11.14	12.03	11.90



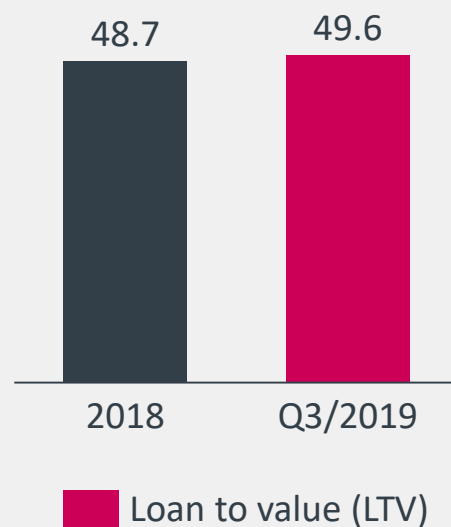
MAIN FINANCING TARGETS

- Debt portfolio's hedge ratio 70-90% ✓ 82.5%
- Investment-grade credit ratings ✓ BBB-/Baa3
- Financing mainly unsecured ✓ 95.3%
- Substantial liquidity buffer ✓ MEUR 555
- Average maturity of loan portfolio > 5 yrs - 4.3
- Loan to Value 40-45% - 49.6%

**Stable business model matched
by conservative financing targets**

AMOUNT OF INTEREST-BEARING DEBT DECLINED

LTV DEVELOPMENT



FINANCING KEY FIGURES

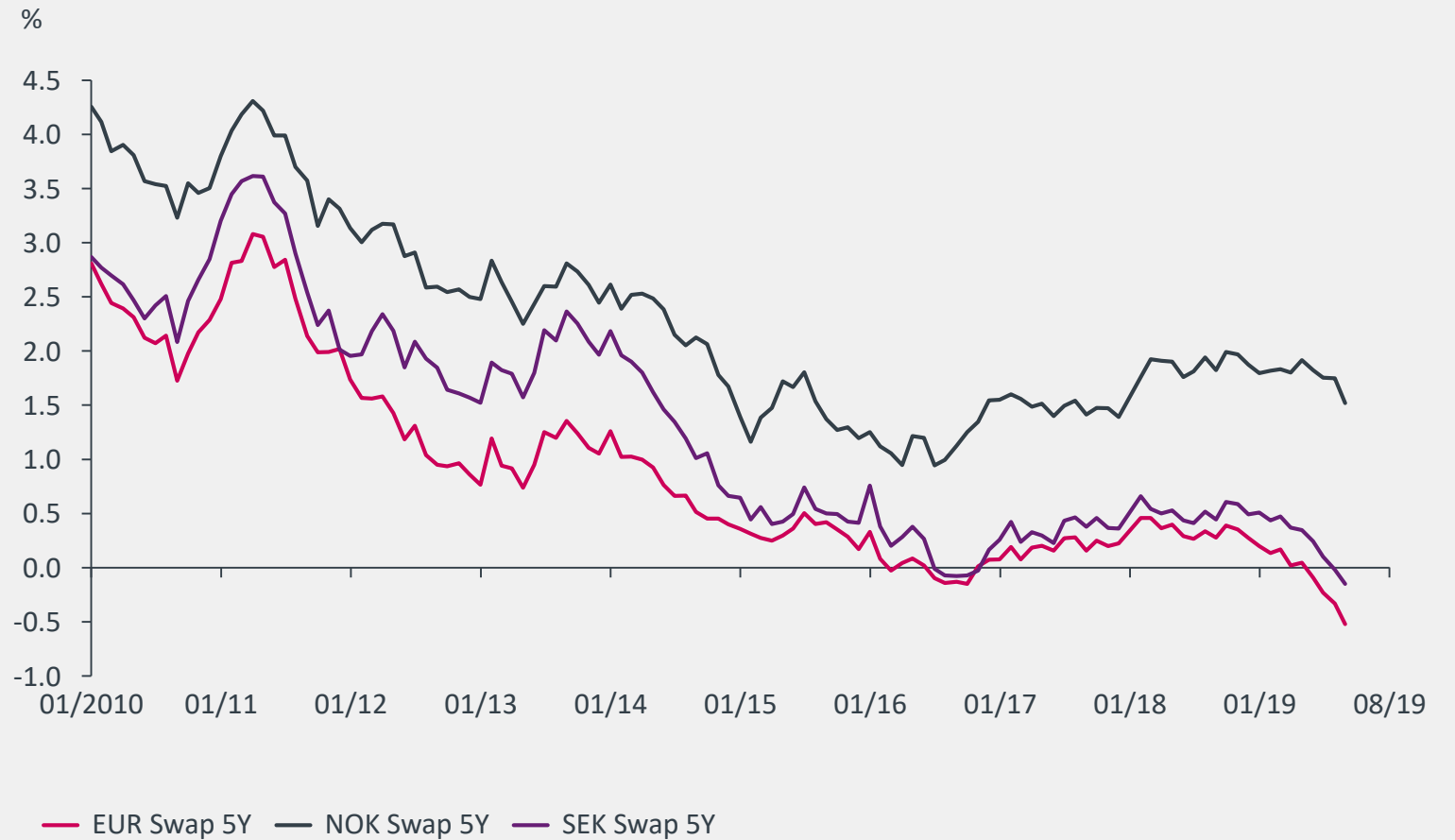
		30 SEP 2019	30 SEP 2018	31 DEC 2018
Interest bearing debt, fair value	MEUR	2,134.8	2,171.1	2 154.6
Available liquidity	MEUR	555.3	556.7	556.4
Average loan maturity	years	4.3	5.2	5.0
Interest rate hedging ratio	%	82.4	92.1	91.7
Weighted average interest rate ¹⁾	%	2.39	2.36	2.35
Loan to Value (LTV)	%	49.6	48.2	48.7
Financial covenant: Equity ratio (> 32.5%)	%	44.3	45.9	45.4
Financial covenant: Interest cover ratio (> 1.8)	%	4.1	3.8	3.8

¹⁾Including cross-currency swaps and interest rate swaps



INTEREST RATES ARE AT RECORD-LOW LEVELS

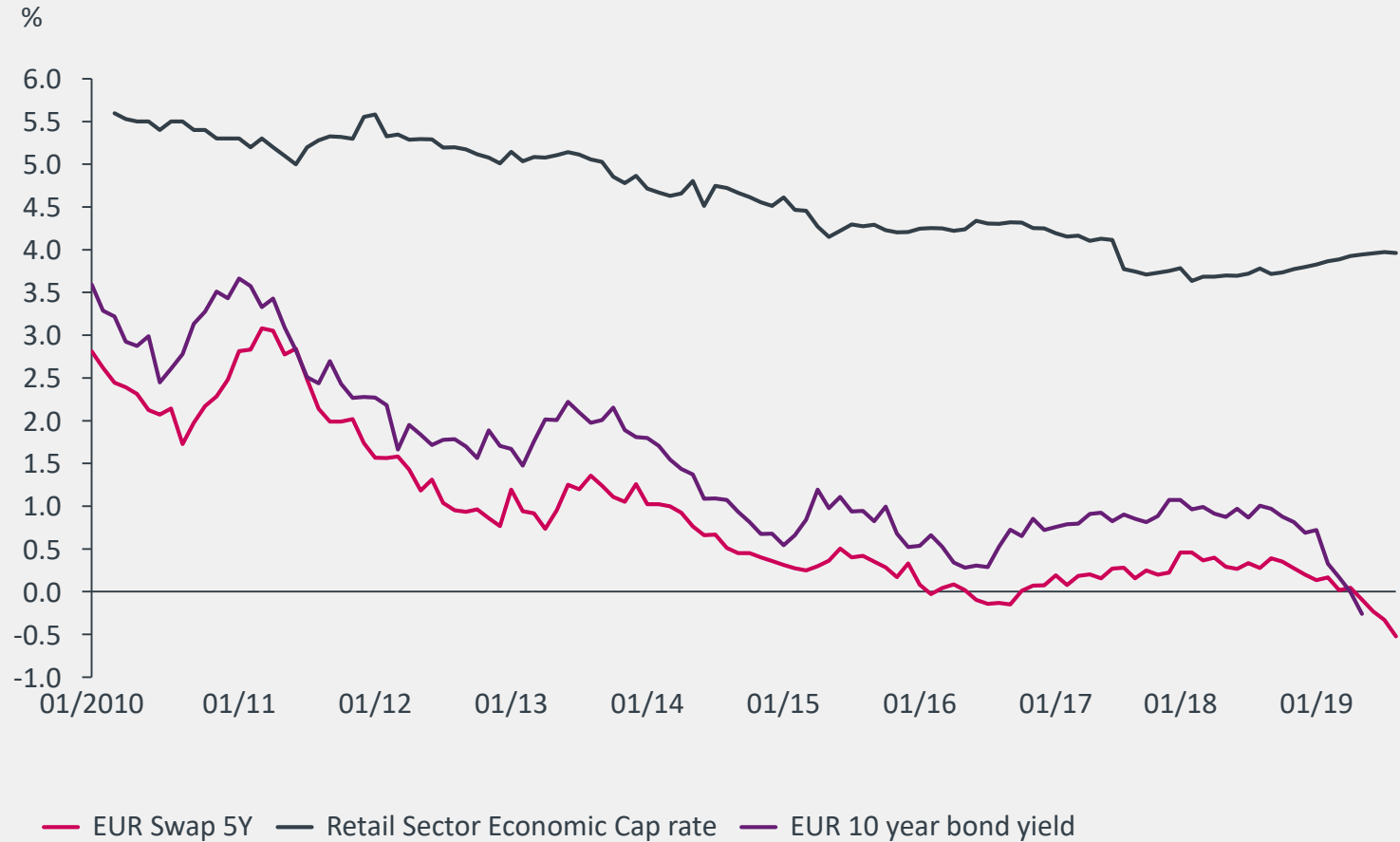
SWAP RATE DEVELOPMENT





SPREAD BETWEEN CAP RATES AND INTEREST RATES HAS WIDENED

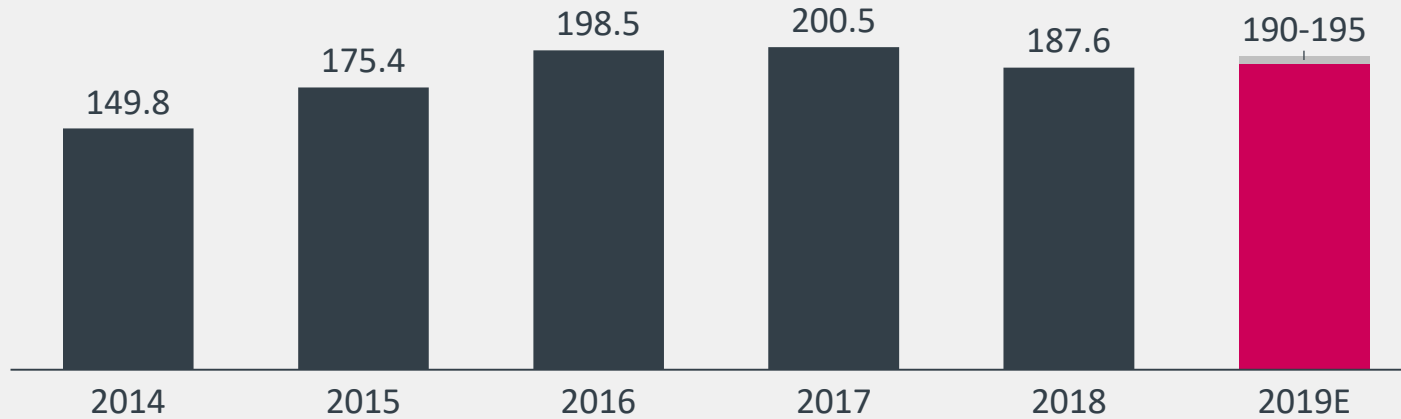
SPREAD BETWEEN INTEREST RATES AND CAP RATES IS WIDE



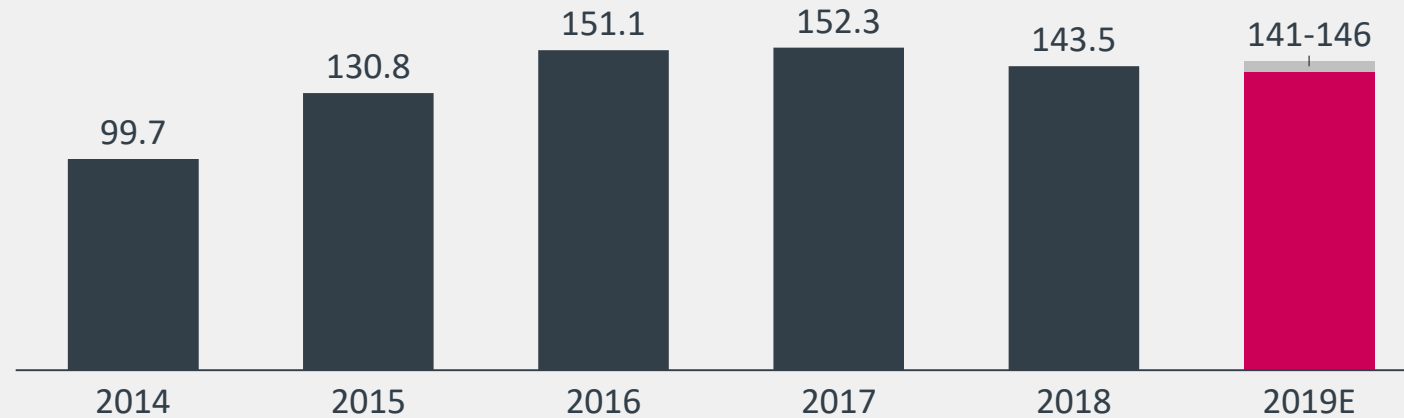
Source: GreenStreetAdvisors

OUTLOOK 2019 NARROWED

DIRECT OPERATING PROFIT



EPRA EARNINGS



Direct operating profit

MEUR 190-195
(previously 189-200)

EPRA Earnings

MEUR 141-146
(previously 140-151)

EPRA EPS (basic)

EUR 0.79-0.82
(previously 0.785-0.850)

STRATEGIC FOCUS AREAS



WE HAVE SIGNIFICANT OPPORTUNITIES TO CREATE FURTHER VALUE THROUGH DENSIFICATION

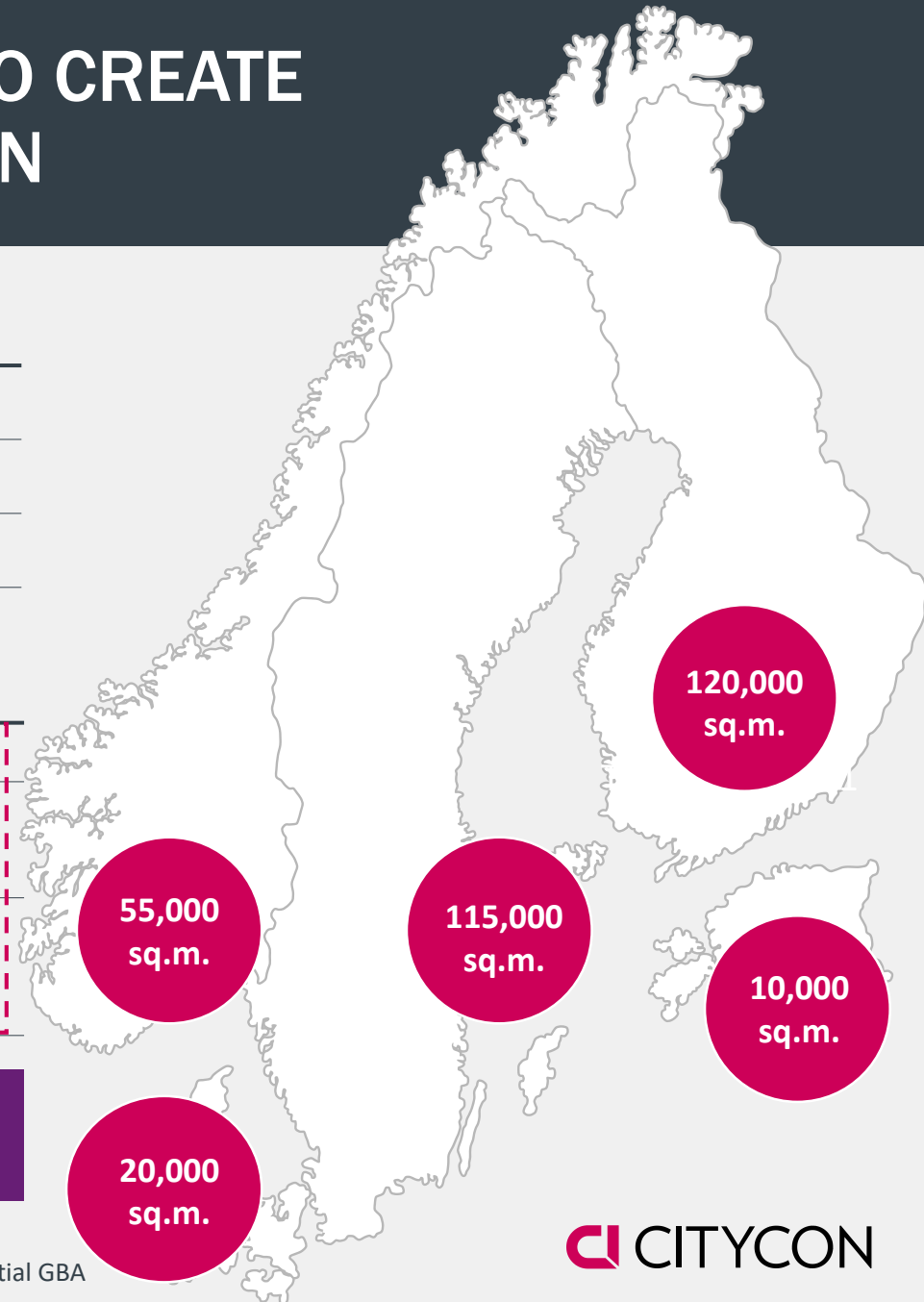
CURRENT RESIDENTIAL EXPOSURE

	SWEDEN	NORWAY	FINLAND	ESTONIA	DENMARK	TOTAL
Total GLA	~18,500	~400	~1,100	0	0	~20,000
Number of Units	539	3	28	0	0	570

POTENTIAL RESIDENTIAL EXPOSURE

	SWEDEN	NORWAY	FINLAND	ESTONIA	DENMARK	TOTAL
Potential Gross Building Area (approx.)	~115,000	~55,000	~120,000	~10,000	~20,000	~320,000
Number of potential Units if developed as apartments*	~1,560	~500	~2,000	~150	~300	~4,500

POTENTIAL GBA CAN EITHER BE DEVELOPED AS RESIDENTIAL OR OFFICES DEPENDING ON DEMAND AND MARKET SITUATION



● Potential GBA

OUR DEVELOPMENT PROJECT IN LIPPULAIVA IS PROGRESSING

Status update

Q3/2019:

- foundation works progressing as planned
- negotiations with general contractor almost finalized

- Lippulaiva will become a strong convenience and service-based shopping centre in the growing neighbourhood of Espoonlahti in greater Helsinki
- Lippulaiva will be integrated to the new Western Metro and complemented by a bus terminal
- The new Lippulaiva will host around 80 different shops, cafés, restaurants and services in addition to municipal and healthcare facilities.



LIPPULAIVA IS A GREAT EXAMPLE OF A MIXED-USE DEVELOPMENT

LIPPULAIVA

- Up to 8 residential buildings with around 450 apartments (~31,000 sqm of building rights).
- Currently we are reviewing different options on how to develop the residential component
- Shopping centre to be opened in spring 2022, residential buildings ready 2022-2024, estimated metro opening 2023





STRATEGIC FOCUS AREAS GOING FORWARD

STRENGTHEN BALANCE SHEET AND MAINTAIN CREDIT RATINGS

- Maintaining our credit ratings is a focus area for the company
 - Thoughtful dispositions of non-core assets at appropriate pricing levels
-

SHORT-TERM PERFORMANCE IMPROVEMENT

- More proactive asset management
 - Ramp up specialty leasing business ahead of important Christmas shopping period and into full year 2020
-

EXPLOIT MIXED-USE AND DENSIFICATION OPPORTUNITIES

- Investigate residential and mixed-use opportunities in portfolio
-

CONTACT INFORMATION

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APPENDIX



INCOME STATEMENT

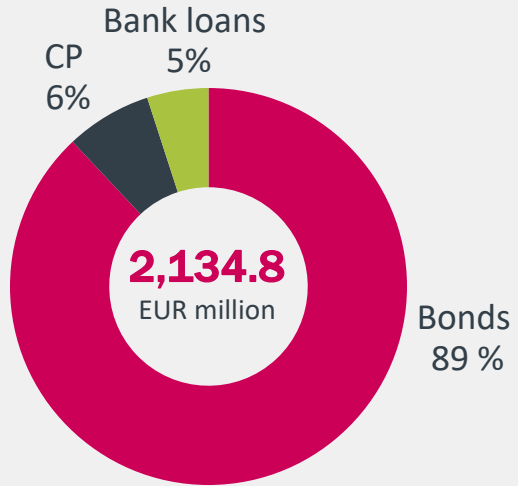
MEUR	Q1-Q3/2019	Q1-Q3/2018	%	2018
Gross rental income	175.1	177.8	-1.5 %	237.0
Service charge income	56.6	57.8	-2.0 %	79.2
Property operating expenses	-66.4	-72.7	-8.6 %	-98.9
Other expenses from leasing operations	-1.4	-1.7	-21.7 %	-2.4
Net rental income	164.0	161.2	1.7 %	214.9
Administrative expenses	-20.0	-17.9	11.2 %	-28.0
Other operating income and expenses	2.4	-6.3	-	-9.5
Net fair value gains/losses on investment property	-64.7	-54.2	19.4 %	-72.5
Net gains/losses on sale of investment property	1.3	0.9	45.9 %	-0.2
Operating profit	83.0	83.6	-0.7 %	104.7
Net financial income and expenses	-36.4	-60.3	-39.6 %	-70.5
Share of profit/loss of joint ventures	-6.0	-4.8	24.4 %	-12.5
Profit before taxes	40.6	18.5	119.2 %	21.7
Current taxes	-1.2	-0.4	-	-0.2
Deferred Taxes	-4.8	-7.0	-31.5 %	-4.8
Profit/loss for the period	34.6	11.1	-	16.6

BALANCE SHEET

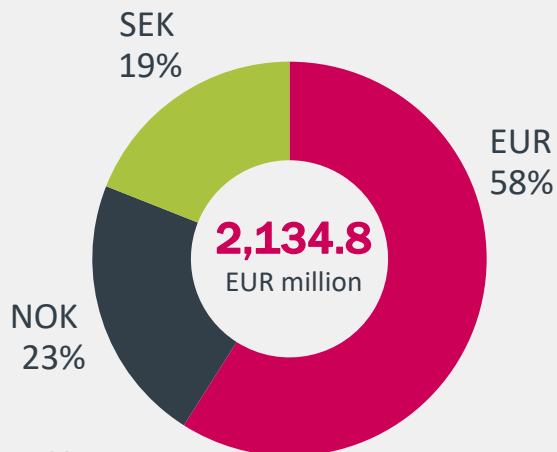
MEUR	30 SEPT 2019	30 SEPT 2018	31 DEC 2018
Investment properties	4,105.9	4,183.4	4,131.3
Total non-current assets	4,464.0	4,555.1	4,488.4
Investment properties held for sale	51.6	94.7	78.1
Total current assets	62.0	48.2	56.2
Total assets	4,577.6	4,698.0	4,622.7
Total shareholders' equity	2,021.6	2,152.5	2,089.0
Total liabilities	2,556.0	2,545.5	2,533.7
Total liabilities and shareholders' equity	4,577.6	4,698.0	4,622.7

95% OF DEBT FIXED RATE WITH BALANCED MATURITY PROFILE

DEBT BREAKDOWN BY TYPE

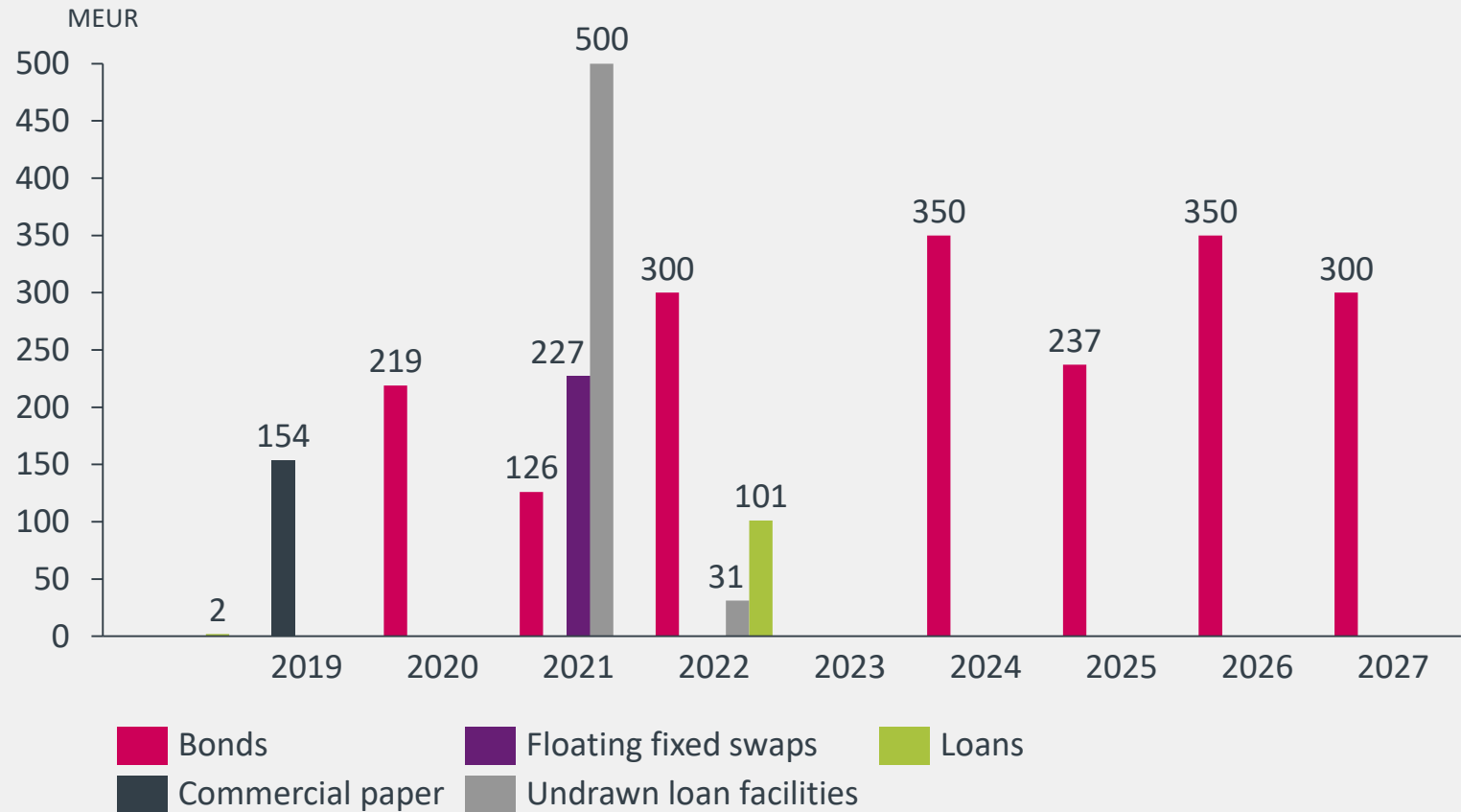


DEBT BREAKDOWN BY CURRENCY



Part of EUR debt has been converted to SEK and NOK using cross-currency swaps

DEBT MATURITIES





IFRS 16 - IMPACT ON Q1-Q3/2019 FINANCIALS

- No change in accounting treatment for lease agreements where we act as the lessor. However, in agreements where Citycon acts as the lessee, accounting treatment will be changed.
- Adopted as of Q1/2019

CONSOLIDATED INCOME STATEMENT	IMPACT MEUR ON Q3/2019	IMPACT MEUR ON Q1-Q3/2019
Net rental income	1.8	5.3
Net fair value losses on investment property	-1.5	-4.5
Net financial income and expenses	-0.5	-1.4
Profit before taxes	-0.2	-0.6
Deferred taxes	0.1	0.1
Loss/profit for the period	-0.1	-0.5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
Lease liabilities	56.4	56.4
Total Right-of-Use Assets	55.7	55.7
CONSOLIDATED CASH FLOW STATEMENT		
Net cashflows from operating activities	1.6	4.6
Net cashflows from financing activities	-1.6	-4.6
EPRA		
EPRA Earnings	1.3	4.0