

Citycon Oyj's Financial Statements Release for 1 January – 31 December 2017: Good operational results in Sweden and Norway

Citycon Oyj Stock Exchange Release 8 February 2018 at 09:00 hrs

OCTOBER—DECEMBER 2017

- Net rental income decreased slightly to EUR 53.9 million (Q4/2016: 55.9) mainly due to divestments which reduced net rental income by EUR 4.4 million. (Re)development projects increased the net rental income by EUR 2.3 million, while like-for-like net rental income declined by EUR 0.5 million.
- EPRA Earnings decreased by EUR 4.1 million, or 10.8%, to EUR 33.8 million (37.9) mainly due to lower net rental income following disposals and higher administrative expenses, including non-recurring items. EPRA Earnings per share (basic) decreased to EUR 0.038 (0.043).
- IFRS-based earnings per share decreased to EUR 0.03 (0.04) mainly due to valuation items and net losses on sale.

JANUARY—DECEMBER 2017

- Net rental income increased to EUR 228.5 million (Q1-Q4/2016: 224.9) mainly due to (re)development projects coming online, which increased net rental income by EUR 6.9 million. The acquisitions of the adjacent building to Oasen shopping centre in Norway and Straedet phase 1 and 2 in Denmark added a total of EUR 4.5 million. In addition, positive like-for-like growth contributed to net rental income growth by EUR 1.9 million. The non-core property divestments in 2016 and 2017 decreased net rental income by EUR 9.4 million.
- EPRA Earnings increased by EUR 1.2 million, or 0.8%, to EUR 152.3 million (151.1) due to net rental income growth. EPRA Earnings per share (basic) increased to EUR 0.171 (0.170).
- IFRS-based earnings per share decreased to EUR 0.10 (0.18) mainly due to valuation items, such as fair value losses recorded during the period.
- Cash generated from operations improved slightly due to higher net rental income and positive development in working capital.
- The Board of Directors proposes that the Board be authorised to decide in its discretion on the distribution of dividend for the financial year 2017, and assets from the invested unrestricted equity fund. Based on this authorization the maximum amount of dividend to be distributed shall not exceed EUR 0.01 per share and the maximum amount of equity repayment distributed from the invested unrestricted equity fund shall not exceed EUR 0.12 per share. The dividend/equity repayment would be paid to shareholders in four instalments.

KEY FIGURES

		Q4/2017	Q4/2016	%1)	2017	2016	%1)
Net rental income	MEUR	53.9	55.9	-3.7%	228.5	224.9	1.6%
Direct operating profit 2)	MEUR	45.9	49.9	-8.1%	200.5	198.5	1.0%
Earnings per share (basic)	EUR	0.03	0.04	-32.0%	0.10	0.18	-45.5%
Fair value of investment properties	MEUR	4,183.4	4,337.6	-3.6%	4,183.4	4,337.6	-3.6%
Loan to Value (LTV) 2)	%	46.7	46.6	0.3%	46.7	46.6	0.3%
EPRA based key figures 2)							
EPRA Earnings	MEUR	33.8	37.9	-10.8%	152.3	151.1	0.8%
EPRA Earnings per share (basic)	EUR	0.038	0.043	-10.8%	0.171	0.170	0.8%
EPRA NAV per share	EUR	2.71	2.82	-3.9%	2.71	2.82	-3.9%

1) Change from previous year. Change-% is calculated from exact figures.

2) Citycon presents alternative performance measures according to the European Securities and Markets Authority (ESMA) new guidelines. More information is presented in Basis of Preparation and Accounting Policies in the notes to the accounts.

CEO MARCEL KOKKEEL:

In 2017, Citycon saw good operational performance driven mainly by strong development in Sweden and Norway, which offset the weaker development in the Finnish operations. Our diversified Nordic asset portfolio helped in weathering the headwinds we have seen in Finland. Citycon's total net rental income, excluding Kista Galleria, grew by 1.6%, while the like-for-like net rental income growth was slightly lower at 1.4%. EPRA Earnings per share grew slightly to EUR 0.171 despite the disposal of 13 non-core assets. Occupancy rates at Citycon shopping centres remained at a high level.

Looking at Citycon's operating environment, the most notable change during the year was the clear improvement in the Finnish economy, where consumer confidence reached a record-high level and the GDP growth rate was among the highest in the Euro area. Also the economies in Sweden and Norway continued to develop strongly. Consumer confidence was impacted by the decline in housing prices in both countries, but it still remained at a high level.

One of the highlights of 2017 was the successful opening of the final part of the Iso Omena extension in the greater Helsinki area. The second phase, including the M.E.E.T restaurant concept and the cinema among others, opened in April and the metro terminal with the adjacent retail premises were finally opened in mid-November. All in all, the Iso Omena development project has been a success with the December 2017 footfall increasing by 49% and retail sales by 40% compared to December 2016. During the year Citycon also acquired the majority of shopping centre Straedet in the greater Copenhagen area and signed a letter of intent with Klövern to develop Globen Shopping in Stockholm.

In 2017, Citycon continued to improve the quality of the asset portfolio by divesting 13 non-core assets for a total of EUR 325 million. Capital recycling actions will continue going forward and we expect to divest 5-10% of our property portfolio in terms of value in the next 3 to 5 years. As our strategy focuses on multi-functional shopping centres in growing urban areas, the proceeds from the divestments will be used to further develop our core assets and to strengthen the balance sheet. As a Nordic company, the asset portfolio should ultimately be a reflection of the

weight and the size of the operating countries.

OUTLOOK

Citycon forecasts the 2018 EPRA earnings per share (basic) to be EUR 0.155-0.175. Furthermore, the Direct operating profit is expected to change by EUR -15 to +1 million and EPRA Earnings to change by EUR -14 to +4 million from the previous year.

These estimates are based on the existing property portfolio as well as on the prevailing level of inflation, the EUR–SEK and EUR–NOK exchange rates, and current interest rates. Premises taken offline for planned or ongoing (re)development projects reduce net rental income during the year.

AUDIOCAST

Citycon's investor, analyst and press conference call and live audiocast will be arranged on Thursday 8 February 2018 at 10 am EET. The audiocast can be participated by calling in and followed live at:

<https://citycon.videosync.fi/2017-results>

Conference call numbers are:

Participants from Europe +44 203 194 0552

Participants from the US +1 855 716 1597

For more investor information, please visit the company's website at www.citycon.com.

Espoo, 7 February 2018

Citycon Oyj

Board of Directors

For further information, please contact:

Eero Sihvonon

Executive VP and CFO

Tel. +358 50 557 9137

eero.sihvonon@citycon.com

Mikko Pohjala

Head of Investor Relations

Tel. +358 40 838 0709

mikko.pohjala@citycon.com

Citycon is a leading owner, manager and developer of urban, grocery-anchored shopping centres in the Nordic region, managing assets that total almost EUR 5 billion and with market capitalisation of close to EUR 2 billion. Citycon is No. 1 shopping centre owner in Finland and among the market leaders in Norway, Sweden and Estonia. Citycon has also established a foothold in Denmark.

Citycon has investment-grade credit ratings from Moody's (Baa1) and Standard & Poor's (BBB). Citycon Oyj's share is listed in Nasdaq Helsinki.

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