CITYCON

Q3 | 2020

INTERIM REPORT
JANUARY–SEPTEMBER

CITYCON Q3/2020: SOLID PERFORMANCE IN COVID-19 ENVIRONMENT

CITYCON'S OPERATIONAL FIGURES WERE STRONG IN Q3

- YTD total tenant sales were slightly above prior year (+0.3%) reflecting an increase in average consumer purchase
- Rent collection for YTD stands currently at 94%, Q3 currently at 93% and H1 at 95%.
- YTD financial performance remained solid: total net rental income adjusted for FX rates was -2.2%
- Administrative expenses declined from last year by -5.0%
- Valuation decline was modest being -0.6% in Q3
- Leasing activity has continued strong – YTD we have 175,000 sq.m. commencing compared to 113,000 for the corresponding period in 2019

JULY—SEPTEMBER 2020

- Net rental income was EUR 52.9 million (Q3/2019: 54.2). Net rental income was affected by COVID-19 pandemic and discounts granted to tenants in Q2 as well as lower turnover based rents and parking income. The acquisition of SPII in Norway, closed in the beginning of 2020, increased net rental income by EUR 2.6 million. This was offset by impact of weaker currencies that reduced net rental income by EUR 1.1 million.
- EPRA Earnings decreased to EUR 33.5 million (35.5) as result of a decrease in net rental income, currency changes, lower share of profit of joint ventures and associated companies. EPRA Earnings per share (basic) was EUR 0.188 (0.199), impact from weaker currencies being EUR -0.005 per share.
- Adjusted EPRA earnings decreased to EUR 29.4 million (35.5) due to hybrid bond coupons for the bond issued in late 2019 and lower earnings.
- IFRS-based earnings per share was EUR -0.00 (0.08) as a result of higher fair value losses, lower net rental income and hybrid bond coupons and expenses.

JANUARY—SEPTEMBER 2020

- Net rental income was EUR 155.5 million (Q1–Q3: 164.0). Acquisitions increased NRI by EUR 6.7 million, while previous year's divestments and weaker NOK and SEK decreased net rental income by EUR 2.4 million and by EUR 5.0 million respectively. Like-for-like net rental income decreased by EUR 5.9 million mainly due to discounts granted to tenants in Q2 and volume driven income items that were affected by Covid-19 pandemic.
- EPRA Earnings decreased to EUR 104.5 million (110.0) as result of lower net rental income, currency changes, lower share of profit of joint ventures and associated companies. EPRA Earnings per share (basic) was EUR 0.587 (0.618), impact from weaker currencies being EUR -0.025 per share.
- Adjusted EPRA earnings decreased to EUR 92.4 million (110.0) due to hybrid bond coupons for the bond issued in late 2019 and weaker earnings.
- IFRS earnings per share was EUR -0.18 (0.19) as a result of higher fair value losses, lower net rental income and hybrid bond coupons.

KEY FIGURES

		Q3/2020	Q3/2019	%	Comparable change % [1]	Q1–Q3 /2020	Q1–Q3 /2019	%	Comparable change % [1]	2019
Net rental income	MEUR	52.9	54.2	-2.4%	-0.4%	155.5	164.0	-5.2%	-2.2%	217.4
Direct Operating profit [2]	MEUR	47.1	48.0	-1.8%	0.4%	137.3	146.4	-6.2%	-3.0%	193.5
IFRS Earnings per share (basic) [3]	EUR	0.00	0.08	-	-	-0.18	0.19	-	-	0.04
Fair value of investment properties	MEUR	4,155.1	4,105.9	1.2%	-	4,155.1	4,105.9	1.2%	-	4,160.2
Loan to Value (LTV) [2]	%	46.8	49.6	-5.8%	-	46.8	49.6	-5.8%	-	42.4
EPRA based key figures [2]										
EPRA Earnings	MEUR	33.5	35.5	-5.7%	-3.2%	104.5	110.0	-4.9%	-1.0%	145.6
Adjusted EPRA Earnings [3]	MEUR	29.4	35.5	-17.2%	-15.0%	92.4	110.0	-16.0%	-12.5%	143.9
EPRA Earnings per share (basic)	EUR	0.188	0.199	-5.7%	-3.2%	0.587	0.618	-4.9%	-1.0%	0.818
Adjusted EPRA Earnings per share (basic) [3]	EUR	0.165	0.199	-17.2%	-15.0%	0.519	0.618	-16.0%	-12.5%	0.809
EPRA NAV per share	EUR	11.14	12.58	-11.5%	-	11.14	12.58	-11.5%	-	12.28

[1] *Change from previous year (comparable exchange rates). Change-% is calculated from exact figures.*
[2] *Citycon presents alternative performance measures according to the European Securities and Markets Authority (ESMA) guidelines. More information is presented in Basis of Preparation and Accounting Policies in the notes to the accounts.*
[3] *The adjusted key figure includes hybrid bond coupons and amortized fees.*

OUTLOOK FOR THE YEAR 2020 SPECIFIED

Citycon forecasts the 2020 direct operating profit to be in range EUR 178–185 million, EPRA EPS EUR 0.740–0.780 and adjusted EPRA EPS EUR 0.650–0.690.

			Previously
Direct operating profit	MEUR	178–185	171–189
EPRA Earnings per share (basic)	EUR	0.740–0.780	0.710–0.810
Adjusted EPRA Earnings per share (basic)	EUR	0.650–0.690	0.610–0.710

The outlook assumes that there are no major changes in macroeconomic factors and that there will not be a second wave of COVID-19 with restrictions resulting in significant store closures. 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.

CEO F. SCOTT BALL:

Stability in an unstable world

Citycon continued to demonstrate the strength and stability of its portfolio in the COVID-19 environment. The strong operational figures reflect our convenient urban hub strategy, which is focused on necessity and municipal services tenants while operating in the strongest cities in the Nordic countries that have outperformed during the COVID-19 pandemic.

Financial performance

The strong operational performance was reflected in Citycon's financials. Total NRI adjusted for FX rates was -2.2% after three quarters. Our like-for-like net rental income decline also remained relatively modest being -4.7% for the same period (also adjusted for FX rates). The decline was mainly driven by lower volume-based revenue such as parking fees, specialty leasing and volume-based leases that suffer from lower footfall. Our core business remains fundamentally strong and stable. While there were no new COVID-19 related discounts granted to tenants during Q3, discounts given in Q2 slightly affected net rental income. At the same time, our rent collection remained strong, YTD collection rate standing currently at 94% and Q3 at 93%. The decline in fair values remained modest being -0.6%. This again reflects the resilience of our mixed-use strategy and the stability it brings to our business. Our loan-to-value (LTV) slightly increased to 46.8% at the end of the third quarter. Strengthening the balance sheet continues to be one of our top priorities and we are taking steps to lower our LTV-ratios, including monitoring the disposal market and acting accordingly.

Operational performance

Footfall remained on a stable level after a recovery in late Q2 and early Q3. More importantly, tenant sales were strong as a result of 15% higher average purchase per customer in the third quarter. After Q3, total sales in our centers were 0.3% ahead of last year's corresponding period. This reflects changes in consumer habits as people follow government recommendations and mainly visit with a clear intention to spend. Having said this, we see there are clear differences across tenant sectors. This highlights our tenant mix which is based on a large share of necessity tenants such as groceries, pharmacies, municipal and health services. Not only are these sectors and tenants doing well in this changed environment, but they also bring footfall to our centers which benefits our other tenants. We are pleased to see that leasing activity has been strong in 2020. As of Q3 we have approximately 175,000 sq.m. of new leases commencing in 2020 compared to 113,000 sq.m. during corresponding period in 2019.

Densification/ Diversification

Even during the crisis, we have remained focused on our goal of urbanization/densification. We strongly believe in our mixed-use strategy and further diversifying our urban hubs. The majority of our assets are located in top cities with strong existing urbanization and direct connection to the most important transportation hubs. These areas continue to demonstrate significant demand for new residential and office space. Not only does this densification increase the number of people using the services of our centers, it also opens new opportunities for Citycon which already owns prime locations in these areas. Gaining additional building rights for approximately 500,000 sq.m. in our existing locations untaps value of approximately 200 MEUR with minimal capital investment over the next several years. Therefore, working pro-actively and closely with municipalities and progressing our zoning and permitting initiatives has continued to be a top priority for Citycon.

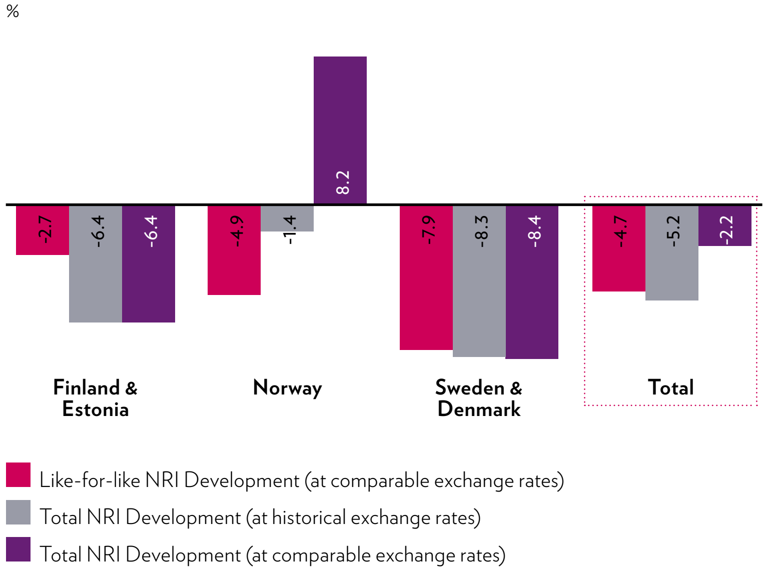
Citycon's third quarter performance continued to show the stability of the portfolio. While our strategy and geographic positioning lend themselves to these results, that would not be possible without our team's commitment to the success of the company. We expect challenging times to continue, but the past two quarters have provided the ultimate "stress test" for our strategy which, thus far, has proven successful. These results allow us to tighten our guidance towards the high end of the range previously communicated.

1. NET RENTAL INCOME

The net rental income decreased to EUR 155.5 million (164.0). The decrease was mainly due to weaker currencies and short-term discounts given to tenants during COVID-19. The total amount of rental reliefs granted due to pandemic during the reporting period was EUR 4.4 million. These were all granted during second quarter. Under IFRS, the total amount of rental reliefs is accrued over the remaining contract period. Also, specialty leasing ,turnover based rents and parking income declined as a result of lower footfall. Divestments conducted during 2019 decreased net rental income while acquisitions closed in the beginning of 2020 partially offset the decrease.

Like-for-like net rental income decreased by 4.7% compared to Q1–Q3/2019.

LIKE-FOR-LIKE AND TOTAL NET RENTAL INCOME DEVELOPMENT, Q1–Q3/2020 VS. Q1–Q3/2019



Net rental income from the Finnish & Estonian operations decreased by 6.4% compared to Q1–Q3/2019 mainly due to rental easements given during pandemic as well as divestments of non-core assets in 2019. Net rental income from the like-for-like portfolio decreased by 2.7%.

Net rental income from the Norwegian operations decreased by 1.4% compared to Q1–Q3/2019 mainly due to substantial weakening of NOK during the reporting period and lower footfall. Acquisitions in Q1 positively affected net rental income and partially offset the negative effect of exchange rates and footfall. Like-for-like net rental income decreased by 4.9%.

Net rental income from Swedish & Danish operations decreased by 8.3% due to given discounts, lower footfall and weaker SEK. Like-for-like net rental income decreased by 7.9%.

NET RENTAL INCOME AND GROSS RENTAL INCOME BREAKDOWN

	Net rental income					Gross rental income
MEUR	Finland & Estonia	Norway	Sweden & Denmark	Other	Total	Total
Q1–Q3/2019	**71.1**	**57.0**	**35.7**	**0.2**	**164.0**	**175.1**
Acquisitions	-	6.7	-	-	6.7	7.2
(Re)development projects	-0.5	-0.5	-0.3	-	-1.3	-1.3
Divestments	-2.4	0.0	-	-	-2.4	-2.7
Like-for-like properties [1]	-1.5	-1.9	-2.5	-	-5.9	-4.4
Other (incl. exchange rate differences)	-0.1	-5.1	-0.2	-0.2	-5.5	-5.4
Q1–Q3/2020	**66.6**	**56.3**	**32.7**	**0.0**	**155.5**	**168.6**

[1] *Like-for-like properties are properties held by Citycon throughout two full preceding periods. Like-for-like properties exclude properties under (re) development or extension.*

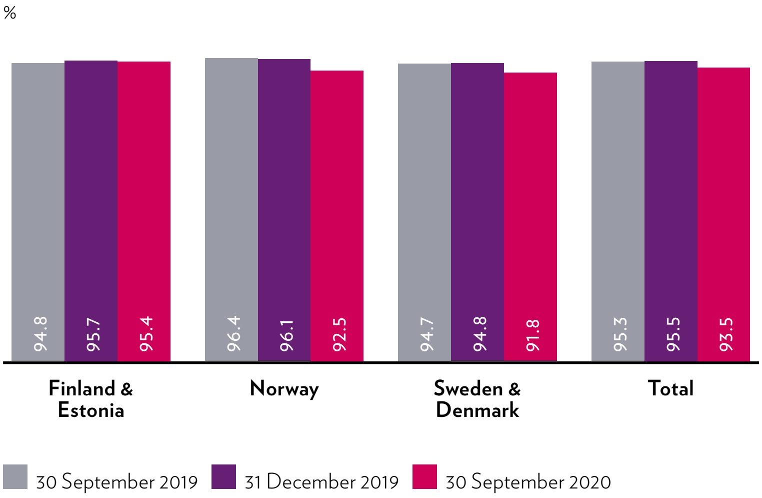
2. OCCUPANCY RATE

The economic occupancy rate declined during the period to 93.5%. The average rent per sq.m. decreased to EUR 22.3 (23.3) mainly due to weaker exchange rates. With comparable rates, the average rent per sq.m. was 22.9 EUR. The year-to-date leasing spread of renewals and re-lettings was -1.9%.

During the period, total sales in Citycon's shopping centres increased by 0.3% mainly due to acquisitions and positive development in Norway. Like-for-like grocery sales increased in all countries compared to previous year.

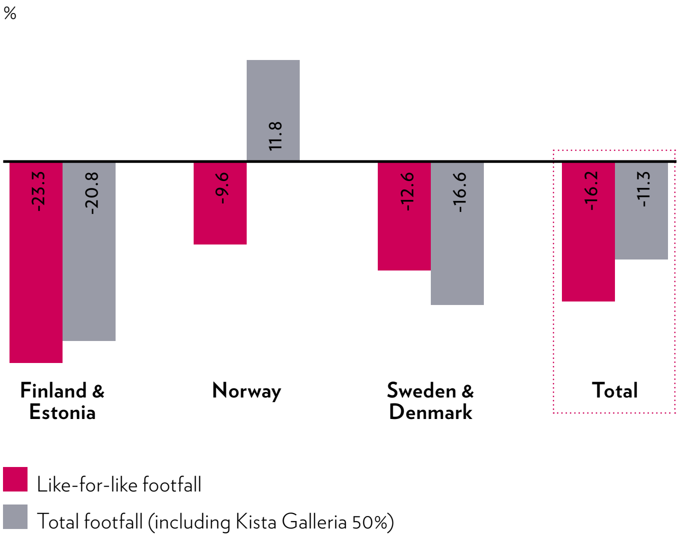
Footfall decreased by 11.3% compared to the previous year. Both sales and footfall developed favourably in the beginning of the year, but COVID-19 related restrictions started in March 2020 burdened the Q1–Q3 figures. However, the average consumer spending in our centres grew compared to previous year, and in the latter part of Q2 the footfall numbers started to recover to normal levels.

ECONOMIC OCCUPANCY RATE [1]



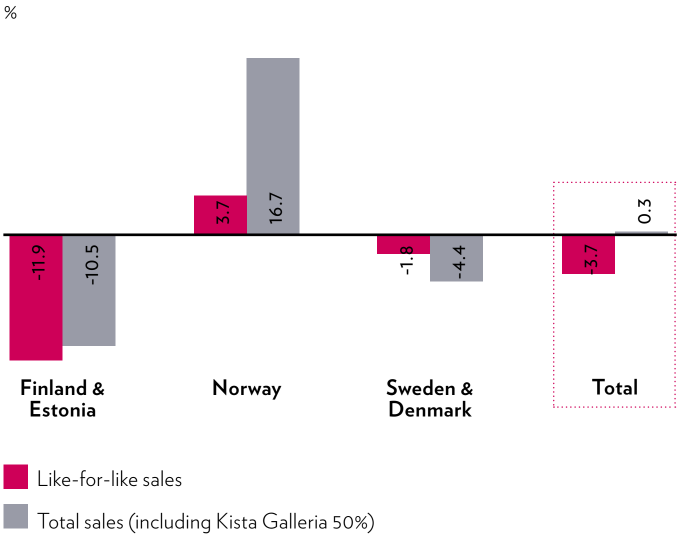
[1] Including Kista Galleria 50%.

FOOTFALL DEVELOPMENT, Q1–Q3/2020 VS. Q1–Q3/2019 [1]



[1] Footfall figures include estimates.

TENANT SALES DEVELOPMENT, Q1–Q3/2020 VS. Q1–Q3/2019 [1]



[1] Sales figures include estimates. Sales figures exclude VAT and the change has been calculated using comparable exchange rates.

LEASE PORTFOLIO SUMMARY [1]

		30 September 2020	30 September 2019	31 December 2019
Number of leases	pcs	4,534	4,787	4,404
Average rent	EUR/sq.m.	22.3	23.1	23.3
Finland & Estonia	EUR/sq.m.	25.3	25.5	25.8
Norway	EUR/sq.m.	19.9	21.6	21.7
Sweden & Denmark	EUR/sq.m.	21.7	21.8	22.1
Average remaining length of lease portfolio	years	3.0	3.4	3.2
Occupancy cost ratio [2]	%	9.0	9.1	9.4
Leasing spread, renewals and re-lettings [3]	%	-1.9	1.4	1.4

[1] *Including Kista Galleria 50%.*
[2] *The rolling twelve month occupancy cost ratio for like-for-like shopping centres.*
[3] *Figures are not fully comparable with the previous periods, since the calculation method was changed.*

LEASING ACTIVITY [1]

		Q1–Q3/2020	Q1–Q3/2019	2019
Total area of leases started	sq.m.	175,085	113,092	145,859
Average rent of leases started	EUR/sq.m.	19.7	26.2	26.0
Total area of leases ended	sq.m.	200,953	160,727	194,152
Average rent of leases ended	EUR/sq.m.	22.0	26.0	25.5

[1] *Including Kista Galleria 50%. Leases started and ended do not necessarily refer to the same premises.*

3. FINANCIAL RESULT

Administrative expenses decreased from the comparison period by 5.0% and were EUR 19.0 million (20.0). Administrative expenses were impacted by lower travel expenses. Citycon Group employed in total 237 (241) full-time employees (FTEs), of whom 47 worked in Finland & Estonia, 89 in Norway, 57 in Sweden & Denmark, and 44 in Group functions.

Operating profit decreased to EUR 28.7 million (83.0) mainly due to higher fair value losses of EUR 110.5 million (64.7).

Net financial expenses (IFRS) increased to EUR 38.0 million (36.4) due to EUR 3.6 million of indirect losses (gains 0.8) related to fair value changes of cross-currency swaps not under hedge accounting. Lower average cost of debt, lower amount of debt and weaker average NOK currency rates had a positive impact on net financial expenses.

Share of loss of joint ventures totalled EUR -15.3 million (-6.0). The decrease was due to fair value losses in joint ventures.

Profit for the period was EUR -19.5 million (34.6).

4. PROPERTY PORTFOLIO VALUE DEVELOPMENT

The asset value of investment properties decreased by EUR 5.1 million to EUR 4,155.1 million compared to last year-end (31 December 2019: 4,160.2). Net investments, including both acquisitions and disposals and development projects increased the value by EUR 262.4 million. Fair value changes decreased the value of investment properties by EUR 110.5 million and exchange rates by EUR 157.7 million. IFRS 16 decreased the value of investment properties by EUR 3.0 million and transfer between categories increased the value by EUR 3.7 million.

PROPERTY PORTFOLIO SUMMARY

30 September 2020	No. of properties	Gross leasable area	Fair value, MEUR	Properties held for sale, MEUR	Portfolio, %
Shopping centres, Finland & Estonia	11	433,250	1,886.0	-	46%
Other properties, Finland & Estonia	2	10,440	10.5	-	0%
Finland & Estonia, total	**13**	**443,690**	**1,896.5**	**-**	**46%**
Shopping centres, Norway	17	445,200	1,328.8	-	32%
Rented shopping centres, Norway [1]	1	14,000	-	-	-
Norway, total	**18**	**459,200**	**1,328.8**	**-**	**32%**
Shopping centres, Sweden & Denmark	10	269,500	886.0	-	22%
Sweden & Denmark, total	**10**	**269,500**	**886.0**	**-**	**22%**
Shopping centres, total	39	1,161,950	4,100.8	-	100%
Other properties, total	2	10,440	10.5	-	0%
Investment properties, total	**41**	**1,172,390**	**4,111.3**	**-**	**99%**
Right-of-use assets classified as investment properties (IFRS 16)	-	-	43.8	-	1%
Investment properties in the statement of financial position, total	**41**	**1,172,390**	**4,155.1**	**-**	**100%**
Kista Galleria (50%)	1	46,100	256.4	-	-
Investment properties and Kista Galleria (50%), total	**42**	**1,218,490**	**4,411.5**	**-**	**-**

[1] *Value of rented properties is recognised within intangible rights based on IFRS rules.*

The fair value change of investment properties amounted to EUR -110.5 million (-64.7). The company recorded a total value increase of EUR 39.9 million (8.9) and a total value decrease of EUR 146.1 million (-69.1). In addition, the application of IFRS 16 standard had an impact of EUR -4.2 (-4.5) million to the fair value change of investment properties during the January–September reporting period.

FAIR VALUE CHANGES

MEUR	Q3/2020	Q3/2019	Q1–Q3/2020	Q1–Q3/2019	2019
Finland & Estonia	-12.1	-13.4	-57.5	-32.1	-55.5
Norway	-2.8	-0.5	-9.0	-19.2	-29.2
Sweden & Denmark	-6.8	-2.6	-39.7	-8.9	-31.4
Investment properties, total	**-21.6**	**-16.4**	**-106.2**	**-60.2**	**-116.0**
Right-of-use assets classified as investment properties (IFRS 16)	-1.4	-1.5	-4.2	-4.5	-6.0
Investment properties in the statement of financial position, total	**-23.1**	**-17.9**	**-110.5**	**-64.7**	**-121.9**
Kista Galleria (50%)	-5.6	-2.3	-17.6	-8.7	-17.7
Investment properties and Kista Galleria (50%), total	**-28.7**	**-20.2**	**-128.1**	**-73.5**	**-139.6**

Citycon measures the fair values of the properties internally in the first and third quarter expect for development properties and Kista Galleria. External appraisers, CBRE (in Norway, Denmark and Estonia) and JLL (in Finland and Sweden) provided yield and market rent advisory used in the valuation and measured the fair values of the above-mentioned assets.

Due to the outbreak of the Covid-19 less certainty – and a higher degree of caution – should be attached to the valuations than would normally be the case. JLL's and CBRE's Advisory reports are available on Citycon's website below Investors.

5. RECYCLING OF CAPITAL CONTINUED

In the beginning of 2020, Citycon acquired the remaining interest in Sektor Portefølje II AS, a portfolio of three shopping centres in Norway. The transaction consisted of three assets, Stovner Senter, Torvbyen and Markedet. Citycon has managed the shopping centres since 2015 and owned 20% of the portfolio prior to the transaction. The transaction cost amounted approximately to EUR 145 million and included 100% of the existing debt of Sektor Portefølje II AS (EUR 135 million) assumed in connection with the transaction.

During Q1, Citycon divested Markedet with the price of approximately EUR 12 million.

Since the strategy update in 2011, Citycon has divested 71 non-core properties and five residential portfolios for a total value of approximately EUR 877 million. Strengthening the balance sheet remains a key priority and the company will continue its capital recycling actions going forward.

ACQUISITIONS AND DIVESTMENTS Q1–Q3/2020

		Location	Date	Gross leasable area, sq.m.	Price, MEUR [3]
Acquisitions					
Sektor Portefølje II AS (80%) [1]			5 February 2020		145.0
Stovner Senter	Shopping centre	Oslo, Norway		44,800	
Torvbyen	Shopping centre	Fredrikstad, Norway		14,100	
Markedet	Shopping centre	Haugesund, Norway		10,700	
Heikintori (24%) [2]	Shopping centre	Espoo, Finland	31 March 2020	6,200	2.6
Acquisitions, total				**75,800**	**147.6**
Divestments					
Markedet	Shopping centre	Haugesund, Norway	2 March 2020	10,700	12.0
Divestments, total				**10,700**	**12.0**

[1] *Citycon has managed the shopping centres since 2015 and also owned 20% of the portfolio. After the transaction, Citycon has 100% ownership of the portfolio.*
[2] *Citycon bought out certain minority shareholders. After the transactions Citycon owns approx. 93% of the shopping centre.*
[3] *Calculated at closing date exchange rates*

6. (RE)DEVELOPMENT PROJECTS PROGRESSED

At the end of the reporting period, Citycon had one major (re)development project underway: the Lippulaiva project in the Helsinki Metropolitan area.

Further information on Citycon's completed, ongoing and planned (re)developments can be found in the company's Financial Review 2019.

(RE)DEVELOPMENT PROJECTS IN PROGRESS ON 30 SEPTEMBER 2020

	Location	Area before/ after, sq.m.	Expected gross investment, MEUR	Actual gross investment by 30 September 2020, MEUR	Completion
Lippulaiva	Helsinki metropolitan area, Finland	19,200/44,300	TBC [1]	211.5	2022

[1] *Expected investment to be confirmed after execution decision of Lippulaiva´s residential buildings is done.*

7. SHAREHOLDERS' EQUITY

Equity per share was EUR 11.97 (31 December 2019: 13.06). Lower profit for the period and a change in translation reserve, driven by weakening of currencies, reduced equity per share.

At period-end, **shareholders' equity** attributable to parent company's shareholders was EUR 1,782.7 million (31 December 2019: 1,978.4).

8. FINANCING

KEY FINANCING FIGURES

		30 September 2020	30 September 2019	31 December 2019
Fair value of debt	MEUR	2,047.8	2,134.8	1,830.7
Interest bearing liabilities, carrying value [1]	MEUR	2,068.4	2,178.5	1,874.4
Available liquidity	MEUR	588.6	555.3	562.1
Average loan maturity	years	3.9	4.3	4.6
Loan to Value (LTV) [2] [3]	%	46.8	49.6	42.4
Equity ratio (financial covenant > 32.5) [3]	%	46.9	44.3	50.9
Interest cover ratio (financial covenant > 1.8)	x	4.2	4.1	4.2
Solvency ratio (financial covenant < 0.65)	x	0.46	0.47	0.42
Secured solvency ratio (financial covenant < 0.25)	x	0.04	0.02	0.02

1) *Including EUR 47.4 million (56.4) lease liabilities due to adoption of IFRS 16.*
2) *Excluding both right-of-use assets recognized as part of investment properties, as well as lease liabilities pertaining to these right-of-use assets, which are based on IFRS 16 requirements.*
3) *Hybrid bond treated as equity as according to IFRS.*

As a result of the Covid-19 outbreak, debt capital markets have been less liquid, and in March–April the commercial paper markets in the Nordics were practically closed. Therefore, Citycon drew EUR 200 million from the committed syndicated revolving credit facility (RCF) to finance maturing commercial papers and to secure sufficient liquidity for its operations. All RCF loans have been repaid by September, and currently the facility is unutilized. At the month-end cash stood at EUR 43.6 million.

In June, Citycon successfully placed a EUR 200 million bond tap issue. The issuer is Citycon Treasury B.V. and the guarantor is Citycon Oyj. The notes are issued under the same terms and conditions as the existing bond maturing October 2024. It carries a fixed annual interest rate of 2.50 per cent, which in the tap issue corresponds to a yield of 4.50 per cent. The bond was rated in line with Citycon's corporate credit ratings. The net proceeds from the offering were mainly used to refinance existing debt. The orderbook was more than three times oversubscribed with a broad base of investors, which demonstrates Citycon's access to the debt capital markets even in a challenging market environment.

In May, Fitch assigned a credit rating of BBB- with a stable outlook for Citycon. Citycon has investment grade credit ratings also from S&P and Moody's. Strengthening the balance sheet and maintaining investment grade credit ratings remains a key priority for the company.

In May, Citycon's Board of Directors decided to decrease the dividend level and investigate opportunities to offer an option to convert dividend payments into shares. With these decisions Citycon wants to signal its commitment to gradual deleveraging to strengthen the credit risk profile of the company and protect Citycon's investment grade credit ratings. The resolution was to adjust the remaining quarterly instalments of the equity repayment in 2020 and following the adjustment, the total amount of distribution 2020 will be EUR 0.5375 per share. It was also decided that the Board's dividend proposal to the AGM 2021, would be set to maximum total EUR 0.50 per share for the year 2021. This is approximately 23% less than the original authorization of EUR 0.65 per share for 2020.

Citycon's EMTN ("Euro Medium Term Note") Programme was updated March 26th, 2020. It has a EUR 1.5 billion limit and enables raising bond financing in any currency on the European and Nordic capital markets. The Programme is established by Citycon Treasury B.V. and the notes issued under the Programme are guaranteed by Citycon Oyj.

In February, Citycon bought the remaining interest in Sektor Portefølje II AS, a portfolio of three shopping centres in Norway: Stovner Senter, Torvbyen and Markedet. Citycon has managed and owned 20% of the centres prior to the transaction. Citycon assumed the existing secured bank debt of approximately EUR 135 million. In March Citycon sold Markedet for EUR 12 million, and the proceeds were used to repay on the secured bank loan of Sektor Portefølje II AS.

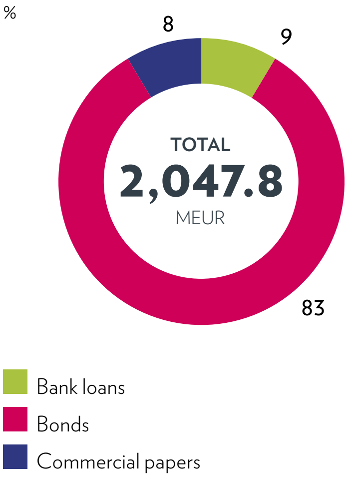
INTEREST-BEARING DEBT

Despite weaker NOK currency rate, the fair value of interest-bearing debt increased during the first three quarters by EUR 217.1 million to EUR 2 047.8 million, mainly due to the acquisition of Sektor Portefølje II AS and a higher cash level. The carrying amount of interest-bearing liabilities in the balance sheet was EUR 2 068.4 million.

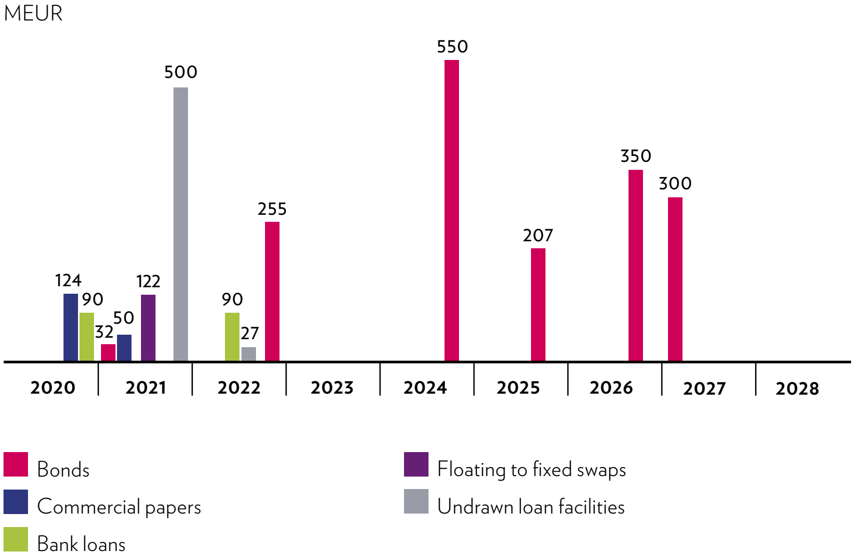
The weighted average loan maturity was 3.9 years.

The LTV (IFRS) increased during the quarter to 46.8% as a result of both higher net debt and lower property values.

BREAKDOWN OF LOANS



DEBT MATURITIES



FINANCIAL EXPENSES

FINANCIAL EXPENSES KEY FIGURES

		Q1–Q3/2020	Q1–Q3/2019	2019
Financial expenses [1]	MEUR	-42.3	-41.7	-62.4
Financial income [1]	MEUR	4.3	5.3	8.2
Net financial expenses (IFRS)	**MEUR**	**-38.0**	**-36.4**	**-54.2**
Direct net financial expenses (EPRA)	MEUR	-34.5	-37.2	-48.9
Weighted average interest rate [2]	%	2.40	2.39	2.29
Weighted average interest rate excluding derivatives	%	2.36	2.45	2.34
Year-to-date weighted average interest rate [2]	%	2.37	2.42	2.41

[1] *The foreign exchange differences are netted in the financial expenses*
[2] *Including interest rate swaps and cross-currency swaps*

The direct net financial expenses (EPRA) decreased compared to the same period last year due to lower average cost of debt, lower amount of debt and weaker average NOK currency rates.

Net financial expenses (IFRS) increased to EUR 38.0 million (36.4) due to EUR 3.6 million of indirect losses (gains 0.8) related to fair value changes of cross-currency swaps not under hedge accounting.

The financial income mainly consisted of interest income on a loan to Kista Galleria. The foreign exchange differences are netted in financial expenses in the table above.

The period-end average cost of debt was 2.40%.

FINANCIAL RISK MANAGEMENT

Citycon uses interest rate swaps to hedge the floating interest rate risk exposure. According to the company's treasury policy, the currency net transaction risk exposure with profit and loss impact is fully hedged through currency forwards and cross-currency swaps that convert EUR debt into SEK and NOK.

FINANCIAL RISK MANAGEMENT

		30 September 2020	30 September 2019	31 December 2019
Average interest-rate fixing period	years	3.8	4.3	4.6
Interest rate hedging ratio	%	81.2	82.4	88.8

9. BUSINESS ENVIRONMENT

BUSINESS ENVIRONMENT KEY FIGURES

	Finland	Norway	Sweden	Denmark	Estonia	Euro area
GDP 2020 (forecast)	-2.9%	-2.6%	-3.8%	0.4%	-4.7%	-8.7%
Inflation, 9/2020	0.2%	1.6%	0.4%	0.4%	2.3%	-0.3%
Unemployment, 8/2020	8.5%	5.2%	9.1%	6.1%	7.8%	8.1%
Retail sales growth, 1–8/2020	-1.5%	6.4%	0.6%	2.3%	2.0%	-4.1%

Sources: European Commission, Eurostat, Statistics Finland/Norway/Sweden/Estonia/Denmark

The world economy has been at a state of great uncertainty due to the COVID-19 outbreak that the World Health Organisation (WHO) classified as a pandemic on March 11th, 2020. The measures taken to prevent the spread of the disease cause the global economy to slow down and therefore COVID-19 has substantially affected our business environment from March2020 onwards. However, in late Q2 governments in Citycon's operating countries announced plans for gradual re-opening earlier than planned as COVID-19 infection rates were decreasing rapidly across the Nordics. Despite the virus is still present and spreading, in Q3 advanced economies have recovered faster than expected and GDP in the Nordics fell less than anticipated.

Finland has, at least in relative terms, been spared from the crisis both in economic terms as well as from a public health perspective. The number of COVID-19 deaths per million inhabitants has been among the lowest in Europe. At the same time, retail sales remained relatively stable during a tumultuous spring. During Q3 Finnish government decided on national and regional recommendations to prevent the spread of the coronavirus. The regional restrictions and recommendations in place depend on the phase of the epidemic in the region in question. One of the latest recommendations is to wear a face mask in public spaces.

In Sweden, the COVID-19 outbreak has affected the retail and restaurant business with declining turnover and footfall. There has not been a quarantine in place, but it is officially encouraged to work remotely and to restrict social contacts. The government has announced a package where property owners could share the cost of rental rebates with the government and Citycon has applied for this subsidy under the government program. Public gatherings and events are restricted to a maximum of 50 participants.

In Norway, the various COVID-19 control measures and travel restrictions have led to changed consumption pattern; households are spending less on services in favour of certain retail goods. Generally, the biggest shopping centres have the most negative impact from the situation, while more local, convenience-type shopping centres are less affected. As in Sweden, the Norwegian government announced a package that would, under certain conditions, cover a major share of the fixed unavoidable costs, such as rent, to avoid unnecessary bankruptcies. Recommendations to wear a face mask and work from home are in place. Local outbreaks might necessitate stricter measures in some municipalities.

In Estonia, shopping centres re-opened as of May 11th with social distance limitations. The state of emergency is over but some rules and restrictions for nightclubs will still apply. During summer and spring household consumption has held up relatively well despite the COVID-19 crisis.

In Denmark, Denmark's reopening was faster and more comprehensive than expected, and the relatively mild virus outbreak had little lasting effect on consumer behaviour. The lockdown in March was fast and aggressive, but the normalisation process was also faster than expected. The virus still has a presence; some restrictions remain in place and the government has announced that the last phase of the reopening will be scaled back after local outbreaks this summer.

(Sources: SEB Nordic Outlook, European Commission, CBRE, JLL, Statistics Finland/Norway/Sweden/Estonia/Denmark, Eurostat; referred on 21 October 2020)

10. RISKS AND UNCERTAINTIES

The outbreak of the COVID-19 pandemic also in the Nordics and in Estonia has had negative effects on our business. Both changed consumer behaviour and authority restrictions in our operating countries has substantially changed our business environment and the prospects for 2020 now look weaker than originally envisaged. This is impacting our ability to collect rents on time or in full, but the full effect is still difficult to predict.

The most significant near-term risks and uncertainties in Citycon's business operations are associated with development of COVID-19 pandemic affecting the general development of the economy and consumer confidence in the Nordic countries and Estonia which in turn could affect the fair values, occupancy rates and rental levels of the shopping centres and thereby Citycon's financial result. Increased competition locally or from e-commerce might affect demand for retail premises, which could lead to lower rental levels or increased vacancy, especially outside capital city regions. Costs of development projects could increase due to rising construction costs or projects could be delayed due to unforeseeable challenges.

The main risks that can materially affect Citycon's business and financial results, along with the main risk management actions, are presented in detail on pages 35–36 in the Financial Statements 2019, in Note 3.5 A) as well as on Citycon's website in the Corporate Governance section.

11. GENERAL MEETING

Annual General Meeting 2020

Citycon's Annual General Meeting (AGM) was held in Espoo, Finland on 17 March 2020. A total of 255 shareholders attended the AGM either personally or through a proxy representative, representing 81.2% of shares and votes in the company.

The AGM adopted the company's Financial Statements and discharged the members of the Board of Directors and the CEO from liability for the financial year 2019. The General Meeting decided that no dividend is distributed by a resolution of the AGM and authorised the Board of Directors to decide in its discretion on the distribution of dividend and assets from the invested unrestricted equity fund. Based on the authorisation, the maximum amount of dividend to be distributed shall not exceed EUR 0.05 per share and the maximum amount of equity repayment to be distributed from the invested unrestricted equity fund shall not exceed EUR 0.60 per share. The authorisation is valid until the opening of the next AGM.

The AGM resolved the number of members of the Board of Directors to be eight. Chaim Katzman, Arnold de Haan, Alexandre (Sandy) Koifman, David Lukes, Andrea Orlandi, Per-Anders Ovin, Ofer Stark and Ariella Zochovitzky were re-elected to the Board of Directors.

Ernst & Young Oy, a firm of authorised public accountants, was re-elected as the auditor of the company for 2020.

The AGM decisions and the minutes of the AGM are available on the company's website at **citycon.com/agm2020**.

Extraordinary General Meeting 2020

The Extraordinary General Meeting (EGM) of Citycon took place in Helsinki on 11 June 2020. The EGM decided to elect Yehuda (Judah) Angster and Zvi Gordon as new Board members of the company. The EGM decisions and the minutes of the EGM are available on the company's website at **citycon.com/egm2020**.

12. SHARES, SHARE CAPITAL AND SHAREHOLDERS

The company has a single series of shares, with each share entitling to one vote at a General Meeting of shareholders. At the end of September 2020, the total number of shares outstanding in the company was 177,998,525. The shares have no nominal value.

At the end of September 2020, Citycon had a total of 23,013 (17,506) registered shareholders, of which 11 were account managers of nominee-registered shares. Holders of the nominee-registered shares held approximately 139.1 million (141.2) shares, or 78.2% (79.3%) of shares and voting rights in the company. The most significant registered shareholders at year-end can be found on company's website **citycon.com/major-shareholders**.

SHARES AND SHARE CAPITAL

		Q1–Q3/2020	Q1–Q3/2019	2019
Share capital at period-start	MEUR	259.6	259.6	259.6
Share capital at period-end	MEUR	259.6	259.6	259.6
Number of shares at period-start		177,998,525	889,992,628	889,992,628
Number of shares at period-end		177,998,525	177,998,525	177,998,525

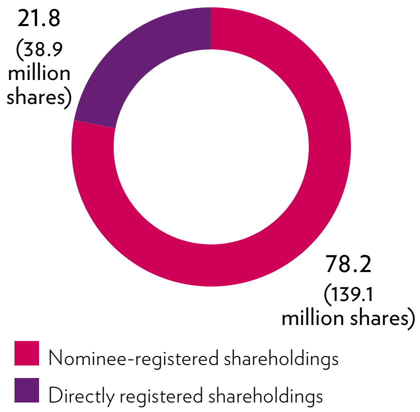
SHARE PRICE AND TRADING [1)]

		Q1–Q3/2020	Q1–Q3/2019	%	2019
Low	EUR	5.25	8.10	-35.2%	8.10
High	EUR	9.88	10.08	-2.0%	10.08
Average	EUR	7.06	9.09	-22.3%	9.18
Latest	EUR	6.72	9.63	-30.2%	9.37
Market capitalisation at period-end	MEUR	1,196.2	1,713.2	-30.2%	1,667.0
Number of shares traded	million	53.1	23.0	130.9%	28.3
Value of shares traded	MEUR	360.0	207.9	73.1%	258.0

[1)] Comparative figures adjusted to reflect the reverse split on March 18, 2019.

SHAREHOLDERS 30 SEPTEMBER 2020

% of shares and voting rights



DIVIDEND AND EQUITY REPAYMENT

On 28 May 2020, the Board of Directors resolved to adjust the remaining quarterly instalments of the equity repayment in 2020 to further increase long-term financial stability and to strengthen the credit risk profile of the company. Following the adjustment, the Board of Directors will use a maximum total amount of EUR 0.5375 per share from its total dividend and equity repayment authorization of EUR 0.65 per share from the Annual General Meeting 2020. The Board of Directors will make separate resolutions on each distribution of the equity repayment. Citycon shall make separate announcements of such Board resolutions.

The Board of Directors also decided that the Board's proposal regarding the company's dividend and/or equity repayment, which will be made later to the AGM 2021, would be set to maximum total EUR 0.50 per share for the year 2021. This is approximately 23% less than the original authorization of EUR 0.65 per share for 2020.

Citycon also investigates opportunities to offer shareholders an option to convert dividend and equity repayment payment into shares in the future. With these decisions and considerations the Board of Directors wants to signal its commitment to gradual deleveraging and protecting Citycon's investment grade credit ratings.

DIVIDENDS AND EQUITY REPAYMENTS PAID ON 30 SEPTEMBER 2020 [1)]

	Record date	Payment date	EUR / share
Dividend for 2019	19 March 2020	31 March 2020	0.05
Equity repayment Q1	19 March 2020	31 March 2020	0.1125
Equity repayment Q2	22 June 2020	30 June 2020	0.1250
Equity repayment Q3	23 September 2020	30 September 2020	0.1250
Total			**0.4125**

REMAINING BOARD AUTHORISATION FOR EQUITY REPAYMENT [2)]

	Preliminary record date	Preliminary payment date	EUR / share
Equity repayment Q4	18 December 2020	30 December 2020	0.1250
Total			**0.1250**

[1)] *Board decision based on the authorisation issued by the AGM 2020*
[2)] *The AGM 2020 authorised the Board of Directors to decide in its discretion on the distribution of dividend and assets from the invested unrestricted equity fund. Based on the authorisation the maximum amount of dividend to be distributed shall not exceed EUR 0.05 per share and the maximum amount of equity repayment distributed from the invested unrestricted equity fund shall not exceed EUR 0.60 per share. Unless the Board of Directors decides otherwise for a justified reason, the authorisation will be used to distribute dividend and/or equity repayment four times during the period of validity of the authorisation. On 28 May 2020, the Board of Directors resolved to use a maximum total amount of EUR 0.5375 per share from its total dividend and equity repayment authorization of EUR 0.65 per share from the Annual General Meeting 2020. The Board of Directors will make separate resolutions on each distribution of the dividend and/or equity repayment so that the preliminary record and payment dates will be as stated above. Citycon shall make separate announcements of such Board resolutions.*

BOARD AUTHORISATIONS

In addition to the above explained asset distribution authorisation of the Board of Directors, the Board of Directors of the company had two valid authorisations at the period-end granted by the AGM held on 17 March 2020:

- The Board of Directors may decide on an issuance of a maximum of 17 million shares or special rights entitling to shares referred to in Chapter 10 Section 1 of the Finnish Companies Act, which corresponded to approximately 9.55% of all the shares in the company at the period-end. The authorisation is valid until the close of the next AGM, however, no longer than until 30 June 2021.
- The Board of Directors may decide on the repurchase and/or on the acceptance as pledge of the company's own shares in one or several tranches. The amount of own shares to be repurchased and/or accepted as pledge shall not exceed 10 million shares, which corresponded to approximately 5.62% of all the shares in the company at the period-end. The authorisation is valid until the close of the next AGM, however, no longer than until 30 June 2021.

During January–September 2020, the Board of Directors used four times its authorisation to repurchase its own shares and issue them by conveying repurchased shares. The repurchases and conveyances were made for payment of rewards earned under the company's share plans in accordance with the terms and conditions of the plans:

Matching Share Plan 2018–2020

- On 12–13 February 2020, the company repurchased total of 5,304 of its own shares and conveyed them on 17 February 2020 to one key person of the company.

Restricted Share Plan 2018–2020

- On 7 May, the company repurchased 171 of its own shares and conveyed them on 11 May 2020 to one key person of the company.

Restricted Share Plan 2015

- On 12–13 February 2020, the company repurchased total of 7,500 of its own shares and conveyed them on 17 February 2020 to one key person of the company.
- On 5 March 2020, the company repurchased total of 1,500 of its own shares and conveyed them on 9 March 2020 to one key person of the company.
- On 7 May, the company repurchased 1,829 shares its own shares and conveyed them on 11 May 2020 to one key person of the company.

Performance Share Plan 2015

- On 12–13 February 2020, the company repurchased total of 3,337 of its own shares and conveyed them on 21 February 2020 to 16 key persons of the company.

OWN SHARES

During the reporting period, the company held a total of 19,641 of the company's own shares. These 19,641 shares were conveyed to implement payments of rewards earned under the company's share plans before the end of the reporting period and as described in the section Board authorisations. At the end of the period, the company or its subsidiaries held no shares in the company.

FLAGGING NOTICES

The company did not receive any notifications of changes in shareholding during the reporting period.

SHARE-RELATED EVENTS

Shareholder agreements
Gazit-Globe Ltd. and Canada Pension Plan Investment Board European Holdings S.à r.l (CPPIBEH) have signed an agreement regarding certain governance matters relating to Citycon on 12 May 2014. Further information on the agreement between Gazit-Globe Ltd. and CPPIBEH is available on the company's website at **citycon.com/shareholder-agreements**.

The company has no knowledge of any other shareholder agreements.

INCENTIVE PLANS

Long-term Share-based Incentive Plans
Citycon has six long-term share-based incentive plans for the Group key employees:
– CEO Restricted Share Plan 2018–2021
– Performance Share Plan 2020–2022 (Corporate Management Committee excl. the CEO)
– Matching Share Plan 2018–2020 (Corporate Management Committee)
– Restricted Share Plan 2020–2022 (Key employees, excl. Corporate Management Committee)
– Restricted Share Plan 2018–2020 and
– Restricted Share Plan 2015.

In March 2020 the Board of Directors approved a new Performance Share Plan 2020–2022. The share plan is directed to the members of the Corporate Management Committee, excluding the CEO.

The full terms and conditions of the share-based incentive plans are available on the company's website at **citycon.com/remuneration**.

13. EVENTS AFTER THE REPORTING PERIOD

No material events after the reporting period.

OUTLOOK 2020 SPECIFIED

Citycon forecasts the 2020 direct operating profit to be in range EUR 178–185 million, EPRA EPS EUR 0.740–0.780 and adjusted EPRA EPS EUR 0.650–0.690.

			Previously
Direct operating profit	MEUR	178–185	171–189
EPRA Earnings per share (basic)	EUR	0.740–0.780	0.710–0.810
Adjusted EPRA Earnings per share (basic)	EUR	0.650–0.690	0.610–0.710

The outlook assumes that there are no major changes in macroeconomic factors and that there will not be a second wave of COVID-19 with restrictions resulting in significant store closures. 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.

Previous Outlook (4 August 2020)

Citycon forecasts the 2020 direct operating profit to be in range EUR 171–189 million, EPRA EPS EUR 0.710–0.810 and adjusted EPRA EPS EUR 0.610–0.710.

The outlook assumes that there are no major changes in macroeconomic factors and that there will not be a second wave of COVID-19 with restrictions resulting in significant store closures. 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.

14. FINANCIAL CALENDAR AND AGM 2021

Citycon Oyj's schedule of the financial reporting in 2021 is the following:

Year 2020 full-year Financial Report, Financial Statements and the Report by the Board of Directors	Thursday 18 February 2021 at about 9:00 a.m.
Year 2021 three-month Interim Report	Thursday 6 May 2021 at about 9:00 a.m.
Year 2021 six-month Half-Yearly Report	Thursday 5 August 2021 at about 9:00 a.m.
Year 2021 nine-month Interim Report	Thursday 28 October 2021 at about 9:00 a.m.

Citycon Oyj's Annual General Meeting (AGM) 2021 will be held on Monday, 22 March 2021 starting at 12:00 p.m.

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

Helsinki, 3 November 2020
Citycon Oyj
Board of Directors

For further information, please contact:
Eero Sihvonen
Executive VP and CFO
Tel. +358 50 557 9137
eero.sihvonen@citycon.com

Laura Jauhiainen
Head of Investor Relations
Tel. +358 40 823 9497
laura.jauhiainen@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 4.5 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 (Baa3), Fitch (BBB-) and Standard & Poor's (BBB-). Citycon Oyj's share is listed in Nasdaq Helsinki.

www.citycon.com

EPRA PERFORMANCE MEASURES

Citycon applies to the best practices policy recommendations of EPRA (European Public Real Estate Association) for financial reporting. More information about EPRA's performance measures is available in Citycon's Financial Statements 2019 in section "EPRA performance measures".

EPRA PERFORMANCE MEASURES

		Q3/2020	Q3/2019	%	Q1–Q3/ 2020	Q1–Q3/ 2019	%	2019
EPRA Earnings	MEUR	33.5	35.5	-5.7%	104.5	110.0	-4.9%	145.6
Adjusted EPRA Earnings [1]	MEUR	29.4	35.5	-17.2%	92.4	110.0	-16.0%	143.9
EPRA Earnings per share (basic)	EUR	0.188	0.199	-5.7%	0.587	0.618	-4.9%	0.818
Adjusted EPRA Earnings per share (basic) [1]	EUR	0.165	0.199	-17.2%	0.519	0.618	-16.0%	0.809
EPRA NAV per share	EUR	11.14	12.58	-11.5%	11.14	12.58	-11.5%	12.28
EPRA NNNAV per share	EUR	10.43	11.14	-6.4%	10.43	11.14	-6.4%	10.97

[1] *The key figure includes hybrid bond coupons (both paid and accrued not yet recognized) and amortized fees.*

The following tables present how EPRA Performance Measures are calculated.

1) EPRA EARNINGS

MEUR	Q3/2020	Q3/2019	%	Q1–Q3/ 2020	Q1–Q3/ 2019	%	2019
Earnings in IFRS Consolidated Statement of Comprehensive Income	**3.5**	**13.8**	**-74.8%**	**-19.5**	**34.6**	**-**	**8.9**
+/- Net fair value losses/gains on investment property	23.1	17.9	28.8%	110.5	64.7	70.6%	121.9
-/+ Net gains/losses on sale of investment property	-0.2	-2.9	-92.7%	-1.9	-1.3	42.0%	-1.5
+ Indirect other operating expenses	-	-	-	-	-	-	-
+/- Early close-out costs of debt and financial instruments	-	-	-	-	-	-	7.9
-/+ Fair value gains/losses of financial instruments	1.4	-0.4	-	3.6	-0.8	-	-2.6
+/- Indirect losses/gains of joint ventures and associated companies	4.7	2.1	-	14.7	7.9	86.0%	19.5
-/+ Change in deferred taxes arising from the items above	1.1	5.0	-78.9%	-2.9	4.8	-	-8.5
+ Non-controlling interest arising from the items above	0.0	-	-	-	-	-	0.0
EPRA Earnings	**33.5**	**35.5**	**-5.7%**	**104.5**	**110.0**	**-4.9%**	**145.6**
-/+ Hybrid bond coupons and amortized fees	-4.1	-	-	-12.2	-	-	-1.7
Adjusted EPRA Earnings	**29.4**	**35.5**	**-17.2%**	**92.4**	**110.0**	**-16.0%**	**143.9**
Weighted average number of ordinary shares, million	178.0	178.0	0.0%	178.0	178.0	0.0%	178.0
EPRA Earnings per share (basic), EUR	**0.188**	**0.199**	**-5.7%**	**0.587**	**0.618**	**-4.9%**	**0.818**
Adjusted EPRA Earnings per share (basic), EUR	**0.165**	**0.199**	**-17.2%**	**0.519**	**0.618**	**-16.0%**	**0.809**

The table below presents an alternative calculation of EPRA Earnings from the statement of comprehensive income from top to bottom.

MEUR	Q3/2020	Q3/2019	%	Q1–Q3/ 2020	Q1–Q3/ 2019	%	2019
Net rental income	52.9	54.2	-2.4%	155.5	164.0	-5.2%	217.4
Direct administrative expenses	-6.2	-6.7	-8.2%	-19.0	-20.0	-5.0%	-26.8
Direct other operating income and expenses	0.4	0.5	-24.8%	0.7	2.4	-69.2%	2.8
Direct operating profit	**47.1**	**48.0**	**-1.8%**	**137.3**	**146.4**	**-6.2%**	**193.5**
Direct net financial income and expenses	-12.3	-12.3	0.4%	-34.5	-37.2	-7.3%	-48.9
Direct share of profit/loss of joint ventures and associated companies	-0.7	0.4	-	-0.6	1.9	-	2.8
Direct current taxes	-1.5	-0.6	-	-2.7	-1.2	-	-2.0
Direct deferred taxes	0.9	0.0	-	5.0	0.0	-	0.1
Direct non-controlling interest	0.0	-	-	0.0	-	-	0.0
EPRA Earnings	**33.5**	**35.5**	**-5.7%**	**104.5**	**110.0**	**-4.9%**	**145.6**
-/+ Hybrid bond coupons (despite the payment date) and amortized fees	-4.1	-	-	-12.2	-	-	-1.7
Adjusted EPRA Earnings	**29.4**	**35.5**	**-17.2%**	**92.4**	**110.0**	**-16.0%**	**143.9**
EPRA Earnings per share (basic), EUR	**0.188**	**0.199**	**-5.7%**	**0.587**	**0.618**	**-4.9%**	**0.818**
Adjusted EPRA Earnings per share (basic), EUR	**0.165**	**0.199**	**-17.2%**	**0.519**	**0.618**	**-16.0%**	**0.809**

2) EPRA NAV PER SHARE AND EPRA NNNAV PER SHARE

	30 September 2020			30 September 2019			31 December 2019		
	MEUR	Number of shares on the balance sheet date (1,000)	per share, EUR	MEUR	Number of shares on the balance sheet date (1,000)	per share, EUR	MEUR	Number of shares on the balance sheet date (1,000)	per share, EUR
Equity attributable to parent company shareholders	1,782.7	177,999	10.02	2,021.5	177,999	11.36	1,978.4	177,999	11.11
Deferred taxes from the difference of fair value and fiscal value of investment properties	275.3	177,999	1.55	305.0	177,999	1.71	294.5	177,999	1.65
Goodwill as a result of deferred taxes	-76.3	177,999	-0.43	-85.6	177,999	-0.48	-85.8	177,999	-0.48
Fair value of financial instruments	0.7	177,999	0.00	-2.1	177,999	-0.01	-1.4	177,999	-0.01
Net asset value (EPRA NAV)	**1,982.4**	**177,999**	**11.14**	**2,238.8**	**177,999**	**12.58**	**2,185.7**	**177,999**	**12.28**
Deferred taxes from the difference of fair value and fiscal value of investment properties	-275.3	177,999	-1.55	-305.0	177,999	-1.71	-294.5	177,999	-1.65
Goodwill as a result of deferred taxes	76.3	177,999	0.43	85.6	177,999	0.48	85.8	177,999	0.48
The difference between the secondary market price and carrying value of bonds [1]	74.1	177,999	0.42	-37.9	177,999	-0.21	-26.4	177,999	-0.15
Fair value of financial instruments	-0.7	177,999	0.00	2.1	177,999	0.01	1.4	177,999	0.01
EPRA NNNAV	**1,856.8**	**177,999**	**10.43**	**1,983.6**	**177,999**	**11.14**	**1,952.1**	**177,999**	**10.97**

[1] *When calculating the EPRA NNNAV in accordance with EPRA's recommendations, the shareholders' equity is adjusted using EPRA's guidelines so that bonds are valued based on secondary market prices. In accordance with Citycon's accounting policies, the carrying amount and fair value of bonds are different from this secondary market price. The difference between the secondary market price and the carrying value of the bonds was EUR 74.1 million (-37.9) as of 30 September 2020.*

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS 1 January–30 September 2020

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

MEUR	Note	Q3/2020	Q3/2019	%	Q1–Q3/ 2020	Q1–Q3/ 2019	%	2019
Gross rental income	3	57.1	56.7	0.7%	168.6	175.1	-3.7%	232.1
Service charge income	3	16.2	18.3	-11.2%	51.2	56.6	-9.5%	77.1
Property operating expenses		-19.7	-20.6	-4.0%	-61.1	-66.4	-8.0%	-89.3
Other expenses from leasing operations		-0.6	-0.1	-	-3.2	-1.4	-	-2.5
Net rental income	3	**52.9**	**54.2**	**-2.4%**	**155.5**	**164.0**	**-5.2%**	**217.4**
Administrative expenses		-6.2	-6.7	-8.2%	-19.0	-20.0	-5.0%	-26.8
Other operating income and expenses	4	0.4	0.5	-24.8%	0.7	2.4	-69.2%	2.8
Net fair value losses on investment property	3	-23.1	-17.9	28.8%	-110.5	-64.7	70.6%	-121.9
Net gains/losses on sale of investment property		0.2	2.9	-92.7%	1.9	1.3	42.0%	1.5
Operating profit	3	**24.2**	**33.0**	**-26.5%**	**28.7**	**83.0**	**-65.4%**	**73.1**
Net financial income and expenses		-13.8	-11.9	15.9%	-38.0	-36.4	4.5%	-54.2
Share of loss/profit of joint ventures and associated companies		-5.3	-1.7	-	-15.3	-6.0	-	-16.6
Result before taxes		**5.1**	**19.4**	**-73.5%**	**-24.7**	**40.6**	**-**	**2.2**
Current taxes		-1.5	-0.6	-	-2.7	-1.1	-	-2.0
Deferred taxes		-0.2	-5.0	-96.6%	7.9	-4.9	-	8.6
Result for the period		**3.5**	**13.8**	**-74.8%**	**-19.5**	**34.6**	**-**	**8.9**
Profit/loss attributable to								
Parent company shareholders		3.5	13.8	-74.8%	-19.5	34.6	-	8.9
Non-controlling interest		0.0	0.0	-	0.0	0.0	-	0.0
Earnings per share attributable to parent company shareholders								
Earnings per share (basic), EUR [1]	5	0.00	0.08	-	-0.18	0.19	-	0.04
Earnings per share (diluted), EUR [1]	5	0.00	0.08	-	-0.18	0.19	-	0.04
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss								
Net losses/gains on cash flow hedges		0.2	0.5	-52.5%	-2.1	1.0	-	0.3
Income taxes relating to cash flow hedges		-	0.0	-	-	0.0	-	-
Share of other comprehensive income of joint ventures and associated companies		0.0	0.0	-	0.0	0.0	-	-
Exchange gains/losses on translating foreign operations		-16.0	-22.2	-27.8%	-96.4	-16.9	-	-4.4
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**-15.8**	**-21.7**	**-27.1%**	**-98.5**	**-15.8**	**-**	**-4.1**
Other comprehensive income for the period, after taxes		**-15.8**	**-21.7**	**-27.1%**	**-98.5**	**-15.8**	**-**	**-4.1**
Total comprehensive profit/loss for the period		**-12.3**	**-8.0**	**54.1%**	**-118.0**	**18.8**	**-**	**4.8**
Total comprehensive profit/loss attributable to								
Parent company shareholders		-12.3	-8.0	54.1%	-118.0	18.8	-	4.8
Non-controlling interest		0.0	0.0	-	0.0	0.0	-	0.0

[1] *The key figure includes hybrid bond coupons (both paid and accrued not yet recognizes) and amortized fees.*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

MEUR	Note	30 September 2020	30 September 2019	31 December 2019
ASSETS				
Non-current assets				
Investment properties	6	4,155.1	4,105.9	4,160.2
Goodwill		136.0	146.2	146.5
Investments in joint ventures and associated companies		115.9	155.8	147.6
Intangible and tangible assets, and other non-current assets		37.4	47.2	44.3
Deferred tax assets		14.4	8.8	9.4
Total non-current assets		**4,458.8**	**4,464.0**	**4,508.1**
Investment properties held for sale	**8**	**-**	**51.6**	**-**
Current assets				
Derivative financial instruments	10, 11	4.2	0.8	0.0
Trade receivables and other current assets		50.6	54.1	60.0
Cash and cash equivalents	9	43.6	7.2	14.2
Total current assets		**98.4**	**62.0**	**74.2**
Total assets	**3**	**4,557.3**	**4,577.6**	**4,582.3**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity attributable to parent company shareholders				
Share capital		259.6	259.6	259.6
Share premium fund		131.1	131.1	131.1
Fair value reserve		-0.7	2.1	1.4
Invested unrestricted equity fund	12	845.4	938.9	909.9
Retained earnings	12	547.3	689.8	676.4
Total equity attributable to parent company shareholders		**1,782.7**	**2,021.5**	**1,978.4**
Hybrid bond		347.1	-	346.6
Non-controlling interest		0.1	0.1	0.1
Total shareholders' equity		**2,129.9**	**2,021.6**	**2,325.2**
Long-term liabilities				
Loans		1,767.1	1,797.7	1,662.5
Derivative financial instruments and other non-interest bearing liabilities	10, 11	3.3	1.0	4.0
Deferred tax liabilities		276.8	306.4	296.4
Total long-term liabilities		**2,047.2**	**2,105.1**	**1,962.9**
Short-term liabilities				
Loans		301.3	380.8	211.8
Derivative financial instruments	10, 11	1.0	0.5	4.5
Trade and other payables		77.9	69.6	77.8
Total short-term liabilities		**380.2**	**450.9**	**294.1**
Total liabilities	**3**	**2,427.4**	**2,556.0**	**2,257.1**
Total liabilities and shareholders' equity		**4,557.3**	**4,577.6**	**4,582.3**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT, IFRS

MEUR	Note	Q1–Q3/2020	Q1–Q3/2019	2019
Cash flow from operating activities				
Profit before taxes		**-24.7**	**40.6**	**2.2**
Adjustments to profit before taxes		161.5	108.8	195.2
Cash flow before change in working capital		136.8	149.3	197.4
Change in working capital		-13.8	-7.6	-2.1
Cash generated from operations		**123.0**	**141.7**	**195.3**
Paid interest and other financial charges		-37.7	-39.0	-60.3
Interest income and other financial income received		1.3	0.7	1.4
Current taxes paid		0.1	-0.9	-1.1
Net cash from operating activities		**86.7**	**102.6**	**135.4**
Cash flow from investing activities				
Acquisition of subsidiaries, less cash acquired	6,7,8	-7.7	-0.3	-0.3
Capital expenditure on investment properties, investments in joint ventures, intangible assets and tangible assets	6,7,8	-108.1	-61.1	-99.7
Sale of investment properties	6,7,8	10.6	65.3	65.8
Net cash used in investing activities		**-105.1**	**3.9**	**-34.3**
Cash flow from financing activities				
Proceeds from short-term loans		664.2	962.4	1,204.8
Repayments of short-term loans		-720.3	-988.6	-1,266.9
Proceeds from long-term loans and receivables		384.6	-	-
Repayments of long-term loans		-211.6	-	-277.2
Proceeds from hybrid bond		-	-	350.0
Hybrid bond interest and expenses		-4.4	-	-2.5
Dividends and return from the invested unrestricted equity fund	12	-73.4	-86.8	-114.9
Realized exchange rate gains/losses		10.4	2.9	8.6
Net cash from financing activities		**49.6**	**-110.0**	**-98.1**
Net change in cash and cash equivalents		**31.2**	**-3.5**	**3.0**
Cash and cash equivalents at period-start	9	14.2	11.4	11.4
Effects of exchange rate changes		-1.7	-0.7	-0.3
Cash and cash equivalents at period-end	**9**	**43.6**	**7.2**	**14.2**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS

MEUR	Share capital	Share premium fund	Fair value reserve	Invested unrestricted equity fund	Translation reserve	Retained earnings	Equity attributable to parent company share-holders	Hybrid bond	Non-controlling interest	Shareholders' equity, total
Balance at 1 January 2019	**259.6**	**131.1**	**1.1**	**1,016.7**	**-115.9**	**796.3**	**2,088.9**		**0.1**	**2,089.0**
Total comprehensive profit/ loss for the period			1.0		-16.9	34.6	18.8		0.0	18.8
Dividends paid and equity return (Note 12)				-77.9		-8.9	-86.8			-86.8
Share-based payments						0.6	0.6			0.6
Balance at 30 September 2019	**259.6**	**131.1**	**2.1**	**938.9**	**-132.8**	**822.5**	**2,021.5**		**0.1**	**2,021.6**
Balance at 1 January 2020	**259.6**	**131.1**	**1.4**	**909.9**	**-120.3**	**796.7**	**1,978.4**	**346.6**	**0.1**	**2,325.2**
Total comprehensive profit/ loss for the period			-2.1	0.0	-96.4	-19.5	-118.0		0.0	-118.0
Hybrid bond interest and expenses						-4.3	-4.3	0.4		-3.9
Dividends paid and equity return (Note 12)				-64.5		-8.9	-73.4			-73.4
Share-based payments						0.2	0.2			0.2
Other changes						-0.1	-0.1			-0.1
Balance at 30 September 2020	**259.6**	**131.1**	**-0.7**	**845.4**	**-216.8**	**764.1**	**1,782.7**	**347.1**	**0.1**	**2,129.9**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIC COMPANY DATA

Citycon is a real estate company specialised in retail premises. Citycon operates in the business units Finland & Estonia, Norway and Sweden & Denmark. Citycon is a Finnish public limited liability company established under the Finnish law and domiciled in Helsinki. The Board of Directors has approved the interim financial statements on 3rd of November 2020.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Citycon prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). Additional information on the accounting policies are available in Citycon's annual financial statements 2019. Citycon's interim financial statements for the reporting period have been prepared in accordance with same accounting policies as in previous annual financial statements and in accordance with IAS 34 Interim Financial Reporting standard. The figures are unaudited.

Citycon also presents alternative performance measures according to the European Securities and Markets Authority (ESMA) guidelines. These alternative performance measures, such as EPRA performance measures and loan to value, are used to present the underlying business performance and to enhance comparability between financial periods. Alternative performance measures presented in this report should not be considered as a substitute for measures of performance in accordance with the IFRS.

Due to the uncertainty from COVID-19 situation, management uses somewhat more judgment related to the certain items that require estimates. These items are for example revenue based rental income accruals, COVID-19 related rent discounts and credit loss provisions. In addition to these, the valuation of investment properties consists more uncertainty than normally, as described in valuation statements. Therefore more discretion is to be used when assessing the valuations.

Due to the uncertainty caused by pandemic, the company has prepared an impairment test calculation on 30 September 2020 related to goodwill on the group balance sheet. The impairment test didn't indicate any need for impairment.

ACCOUNTING POLICIES RELATED TO RENT CONCESSIONS GIVEN DUE TO COVID-19.

Citycon has given rent concessions to its tenants in various forms due to difficulties imposed by COVID-19 during Q2 2020. These rent concessions have included rental discounts, payment schedule changes and rent-free periods during 1.4–30.6.2020. The rent discounts or rent-free periods have been given to tenants in Finland & Estonia and Sweden & Denmark segments.

According to IFRS 16, if these discounts are based on original lease agreement, then the discount costs should be recognized to the income statement fully in the period when they become effective. However, if the discounts are not based on the original lease agreement, they will be considered to form a new lease agreement, which means that the discounts are to be recognized on a straight-line basis during the remaining lease term.

Based on contract analysis prepared by the company, the COVID-19 related discounts given during Q2 have not been based on the original lease agreement and should be booked as a new lease agreement. Hence, the COVID-19 related discounts given during Q2 have been straight-lined to the remaining lease term.

Government grant programs to companies negatively affected by COVID-19 have been published in some of the Group's operating countries during Q2. Some of these government grants are aimed at Citycon's tenants and some are also aimed at shopping center owners. Citycon follows the IAS 20 standard related to government grants and accrues the government grants that will probably be received to the periods when the costs related to the grant is booked. The management of the company uses judgement in assessing whether Citycon fulfills the requirements for the grants and if the grants will be received.

Citycon has not given new COVID-19 related rent concessions during Q3 2020.

3. SEGMENT INFORMATION

Citycon's business consists of the regional business units Finland & Estonia, Norway and Sweden & Denmark.

In Citycon's reporting, Kista Galleria is treated as a joint venture and the shopping centre's result or fair value will not impact on the gross rental income, net rental income or fair value of investment properties of the group. Kista Galleria is consolidated in Citycon's financial statements based on the equity method, meaning that Citycon's share of Kista Galleria's profit for the period is recognised in the line 'Share of result in joint ventures' and associated companies in the statement of comprehensive income and Citycon's share of Kista Galleria's shareholder's equity is recognised in the line 'Investments in joint ventures and associated companies' in the statement of financial position. In addition, the management fee received by Citycon is reported in the line 'other operating income and expenses' and the interest income on the shareholder loan is reported in 'net financial income and expenses'. Kista Galleria contributed to the IFRS based profit for the period Q1–Q3 by EUR -15.4 million.

In addition to IFRS segment results, the Board of Directors follows Kista Galleria's financial performance separately, and therefore, segment information includes both IFRS segment results and Kista Galleria's result.

MEUR	Q3/2020	Q3/2019	%	Q1–Q3/ 2020	Q1–Q3/ 2019	%	2019
Gross rental income							
Finland & Estonia	23.3	23.8	-2.0%	69.5	74.2	-6.4%	98.3
Norway	21.3	19.8	7.5%	60.8	61.1	-0.4%	80.9
Sweden & Denmark	12.5	13.1	-4.6%	38.3	39.9	-3.9%	52.9
Total Segments	**57.1**	**56.7**	**0.7%**	**168.6**	**175.1**	**-3.7%**	**232.1**
Kista Galleria (50%)	2.6	3.0	-13.9%	8.3	9.2	-9.6%	12.5
Service charge income							
Finland & Estonia	7.7	7.9	-3.4%	22.5	25.3	-11.1%	33.3
Norway	4.8	6.4	-24.7%	18.0	19.8	-8.8%	28.1
Sweden & Denmark	3.7	3.9	-5.0%	10.7	11.6	-7.3%	15.7
Total Segments	**16.2**	**18.3**	**-11.2%**	**51.2**	**56.6**	**-9.5%**	**77.1**
Kista Galleria (50%)	0.8	0.9	-14.5%	2.5	2.6	-5.1%	3.6
Net rental income							
Finland & Estonia	22.6	23.7	-4.7%	66.6	71.1	-6.4%	94.4
Norway	19.5	18.6	4.8%	56.3	57.0	-1.4%	75.4
Sweden & Denmark	10.5	11.8	-11.3%	32.7	35.7	-8.3%	47.4
Other	0.3	0.1	-	0.0	0.2	-	0.3
Total Segments	**52.9**	**54.2**	**-2.4%**	**155.5**	**164.0**	**-5.2%**	**217.4**
Kista Galleria (50%)	1.5	2.1	-29.2%	5.7	7.1	-19.0%	9.9
Direct operating profit							
Finland & Estonia	22.0	23.1	-4.9%	64.2	69.3	-7.4%	92.0
Norway	18.6	17.5	6.7%	53.6	55.2	-3.0%	73.0
Sweden & Denmark	9.5	11.0	-13.4%	29.8	33.6	-11.5%	44.1
Other	-3.1	-3.6	15.1%	-10.3	-11.8	-13.0%	-15.5
Total Segments	**47.1**	**48.0**	**-1.8%**	**137.3**	**146.4**	**-6.2%**	**193.5**
Kista Galleria (50%)	1.3	1.9	-30.6%	5.3	6.5	-19.4%	9.1
Net fair value losses/gains on investment property							
Finland & Estonia	-12.3	-13.5	9.4%	-58.0	-32.6	78.0%	-56.1
Norway	-3.8	-1.5	-	-11.9	-22.5	-46.8%	-33.4
Sweden & Denmark	-7.0	-2.8	-	-40.5	-9.7	-	-32.4
Total Segments	**-23.1**	**-17.9**	**-28.8%**	**-110.5**	**-64.7**	**70.6%**	**-121.9**
Kista Galleria (50%)	-5.6	-2.3	-	-17.6	-8.7	-	-17.7
Operating profit/loss							
Finland & Estonia	9.7	12.5	22.2%	6.5	38.1	-82.9%	37.4
Norway	15.1	15.9	5.4%	43.2	32.8	31.9%	39.6
Sweden & Denmark	2.5	8.1	69.5%	-10.8	23.9	-	11.7
Other	-3.1	-3.6	15.1%	-10.3	-11.8	-12.7%	-15.5
Total Segments	**24.2**	**33.0**	**26.5%**	**28.7**	**83.0**	**-65.4%**	**73.1**
Kista Galleria (50%)	-4.3	-0.4	-	-12.4	-2.2	-	-8.5

MEUR	30 September 2020	30 September 2019	%	2019
Assets				
Finland & Estonia	1,911.8	1,873.4	2.1%	1,878.3
Norway	1,522.6	1,567.8	-2.9%	1,563.7
Sweden & Denmark	1,034.3	1,088.9	-5.0%	1,086.5
Other	88.6	47.6	86.3%	53.8
Total Segments	**4,557.3**	**4,577.6**	**-0.4%**	**4,582.3**
Kista Galleria (50%)	262.5	280.9	-6.5%	282.2
Liabilities				
Finland & Estonia	16.5	15.4	7.8%	13.1
Norway	55.6	61.3	-9.3%	59.3
Sweden & Denmark	25.6	20.5	24.7%	29.9
Other	2,329.6	2,458.8	-5.3%	2,154.8
Total Segments	**2,427.4**	**2,556.0**	**-5.0%**	**2,257.1**
Kista Galleria (50%)	241.8	235.5	2.7%	245.7

The change in segment assets was due to the fair value changes in investment properties as well as investments.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

MEUR	Q3/2020	Q3/2019	%	Q1–Q3/ 2020	Q1–Q3/ 2019	%	2019
Service charges [1]	12.8	14.4	-10.9%	40.7	44.3	-8.1%	59.3
Utility charges [1]	2.0	1.9	5.3%	5.5	5.8	-5.7%	7.9
Other service income [1]	1.5	2.0	-28.1%	5.1	6.6	-22.6%	9.9
Management fees [2]	0.7	1.4	-44.7%	2.8	3.9	-27.9%	5.2
Revenue from contracts with customers	**17.0**	**19.6**	**-13.5%**	**54.1**	**60.5**	**-10.7%**	**82.3**

[1] Is included in the line item 'Service charge income' in the Consolidated statement of comprehensive income
[2] Is included in the line item 'Other operating income and expenses' in the Consolidated statement of comprehensive income

5. EARNINGS PER SHARE

		Q3/2020	Q3/2019	%	Q1–Q3/ 2020	Q1–Q3/ 2019	%	2019
Earnings per share, basic								
Profit attributable to parent company shareholders	MEUR	3.5	13.8	-74.8%	-19.5	34.6	-	8.9
Hybrid bond interests and expenses	MEUR	-4.1	0.0	-	-12.2	-	-	-1.7
Weighted average number of ordinary shares [1]	million	178.0	178.0	0.0%	178.0	178.0	0.0%	178.0
Earnings per share (basic) [1]	EUR	**0.00**	**0.08**	**-**	**-0.18**	**0.19**	**-**	**0.04**
Earnings per share, diluted								
Profit attributable to parent company shareholders	MEUR	3.5	13.8	-74.8%	-19.5	34.6	-	8.9
Hybrid bond interests and expenses	MEUR	-4.1	0.0	-	-12.2	-	-	-1.7
Weighted average number of ordinary shares [1]	million	178.0	178.0	0.0%	178.0	178.0	0.0%	178.0
Adjustment for share-based incentive plans	million	0.2	0.5	-55.3%	0.3	0.5	-49.6%	0.4
Weighted average number of ordinary shares, diluted [1]	million	178.2	178.5	-0.1%	178.3	178.5	-0.2%	178.4
Earnings per share (diluted) [1]	EUR	**0.00**	**0.08**	**-**	**-0.18**	**0.19**	**-**	**0.04**

[1] The key figure includes hybrid bond coupons (both paid and accrued not yet recognizes) and amortized fees.

6. INVESTMENT PROPERTIES

Citycon divides its investment properties into two categories: Investment Properties Under Construction (IPUC) and Operative Investment Properties. On reporting date and the comparable period 30 September 2019, the first mentioned category included Lippulaiva in Finland.

IPUC-category includes the fair value of the whole property even though only part of the property may be under construction.

30 SEPTEMBER 2020

MEUR	Investment properties under construction (IPUC)	Operative investment properties	Investment properties, total
At period-start	**169.0**	**3,991.2**	**4,160.2**
Acquisitions	-	147.1	147.1
Investments	85.1	36.2	121.3
Disposals	-	-9.4	-9.4
Capitalized interest	3.2	0.2	3.4
Fair value gains on investment property	-	39.8	39.8
Fair value losses on investment property	-3.3	-142.7	-146.1
Valuation gains and losses from Right-of-Use-Assets	-	-4.2	-4.2
Exchange differences	-	-157.7	-157.7
Transfer between operative investment properties and joint ventures	-	3.7	3.7
Changes in right-of-use assets classified as investment properties (IFRS 16)	-	-3.0	-3.0
At period-end	**254.0**	**3,901.1**	**4,155.1**

30 SEPTEMBER 2019

MEUR	Investment properties under construction (IPUC)	Operative investment properties	Investment properties, total
At period-start	**149.6**	**3,981.6**	**4,131.3**
Acquisitions	-	0.3	0.3
Investments	23.6	38.1	61.7
Disposals	-	-2.9	-2.9
Capitalized interest	1.9	0.4	2.3
Fair value gains on investment property	-	8.9	8.9
Fair value losses on investment property	-11.9	-61.7	-73.6
Exchange differences	-	-27.7	-27.7
Transfer between operative investment properties, joint ventures and transfer into investment properties held for sale	-	-51.1	-51.1
Changes in right-of-use assets classified as investment properties (IFRS 16)	-	56.7	56.7
At period-end	**163.2**	**3,942.7**	**4,105.9**

31 DECEMBER 2019

MEUR	Investment properties under construction (IPUC)	Operative investment properties	Investment properties, total
At period-start	**149.6**	**3,981.6**	**4,131.3**
Acquisitions	-	0.3	0.3
Investments	38.6	58.2	96.8
Disposals	-	-2.9	-2.9
Capitalized interest	2.6	0.6	3.3
Fair value gains on investment property	-	2.4	2.4
Fair value losses on investment property	-21.9	-96.5	-118.4
Valuation gains and losses from Right-of-Use-Assets	-	-6.0	-6.0
Exchange differences	-	-4.2	-4.2
Transfer between operative investment properties, joint ventures and transfer into investment properties held for sale	-	0.5	0.5
Changes in right-of-use assets classified as investment properties (IFRS 16)	-	57.0	57.0
At period-end	**169.0**	**3,991.2**	**4,160.2**

The fair value of investment properties has been measured internally for the interim reporting on 30 September 2020. Value of development projects and Kista Galleria has been measured by external appraisers.The fair value of Citycon's investment properties has been measured by CBRE (Norway, Denmark, Estonia) and JLL (Finland, Sweden) for the financial statement 2019 and Half-yearly report 2020.

The fair value is calculated by a net rental income based cash flow analysis. Market rents, the yield requirement, the occupancy rate and operating expenses form the key variables used in the cash flow analysis. The segments' yield requirements and market rents used in the cash flow analysis were as follows:

YIELD REQUIREMENT AND MARKET RENTS

	Weighted average yield requirement, %			Weighted average market rents, EUR/sq.m./mo		
	30 September 2020	30 September 2019	31 December 2019	30 September 2020	30 September 2019	31 December 2019
Finland & Estonia	5.5	5.5	5.3	29.6	30.3	30.2
Norway	5.6	5.4	5.5	20.1	22.6	22.6
Sweden & Denmark	5.7	5.3	5.4	25.7	24.7	25.5
Investment properties, average	**5.6**	**5.4**	**5.4**	**25.7**	**26.4**	**26.5**
Investment properties and Kista Galleria (50%), average	5.5	5.3	5.3	26.1	26.7	26.9

7. CAPITAL EXPENDITURE

MEUR	Q1–Q3/2020	Q1–Q3/2019	2019
Acquisitions of properties [1]	147.1	0.3	0.3
Acquisitions of and investments in joint ventures	5.1	2.6	2.2
Property development	124.7	64.0	100.1
Goodwill and other investments	0.8	1.8	3.3
Total capital expenditure incl. acquisitions	**277.7**	**68.7**	**106.0**

Capital expenditure by segment			
Finland & Estonia	107.3	42.6	66.9
Norway	159.2	14.4	22.3
Sweden & Denmark	10.4	10.1	14.1
Group administration	0.7	1.6	2.6
Total capital expenditure incl. acquisitions	**277.7**	**68.7**	**106.0**
Divestments [2]	**9.4**	**80.5**	**80.6**

[1] *Capital expenditure takes into account deduction in the purchase price calculations and FX rate changes*
[2] *Excluding transfers into 'Investment properties held for sale' -category*

8. INVESTMENT PROPERTIES HELD FOR SALE

On 30 September 2020 Citycon had no property held fo sale properties. On 30 September 2019 the Investment Properties Held for Sale included one asset from the Finland & Estonia -segment. Transfer from investment properties includes also fair value changes of properties in Investment Properties Held for Sale.

MEUR	30 September 2020	30 September 2019	2019
At period-start	**-**	**78.1**	**78.1**
Disposals	-	-77.6	-77.6
Transfer from investment properties	-	51.1	-0.5
At period-end	**-**	**51.6**	**-**

9. CASH AND CASH EQUIVALENTS

MEUR	30 September 2020	30 September 2019	31 December 2019
Cash in hand and at bank	37.4	2.2	7.1
Restricted cash	6.2	5.0	7.1
Total	**43.6**	**7.2**	**14.2**

Cash and cash equivalents in the cash flow statement comprise the items presented above. Restricted cash mainly relates to gift cards.

10. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Classification of financial instruments and their carrying amounts and fair values

	30 September 2020		30 September 2019		31 December 2019	
MEUR	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
I Financial assets at fair value through profit and loss						
Derivative financial instruments	20.5	20.5	22.9	22.9	18.7	18.7
II Derivative contracts under hedge accounting						
Derivative financial instruments	-	-	2.1	2.1	1.4	1.4
Financial liabilities						
I Financial liabilities amortised at cost						
Loans						
Loans from financial institutions	354.0	354.2	257.1	257.4	231.3	231.5
Bonds	1,666.9	1,693.6	1,865.0	1,877.4	1,587.8	1,599.2
Lease liabilities (IFRS 16)	47.4	47.4	56.4	56.4	55.2	55.2
II Financial liabilities at fair value through profit and loss						
Derivative financial instruments	2.6	2.6	0.5	0.5	7.5	7.5
III Derivative contracts under hedge accounting						
Derivative financial instruments	0.7	0.7	-	-	-	-

11. DERIVATIVE FINANCIAL INSTRUMENTS

MEUR	30 September 2020 Nominal amount	30 September 2020 Fair value	30 September 2019 Nominal amount	30 September 2019 Fair value	31 December 2019 Nominal amount	31 December 2019 Fair value
Interest rate swaps						
Maturity:						
less than 1 year	121.6	-0.7	-	-	-	-
1–5 years	-	-	227.4	2.1	136.9	1.4
over 5 years	-	-	-	-	-	-
Subtotal	**121.6**	**-0.7**	**227.4**	**2.1**	**136.9**	**1.4**
Cross-currency swaps						
Maturity:						
less than 1 year	-	-	-	-	-	-
1–5 years	-	-	-	-	-	-
over 5 years	314.8	14.0	316.8	22.1	316.8	15.7
Subtotal	**314.8**	**14.0**	**316.8**	**22.1**	**316.8**	**15.7**
Foreign exchange forward agreements						
Maturity:						
less than 1 year	293.7	3.9	103.0	0.3	239.4	-4.5
Total	**730.0**	**17.2**	**647.2**	**24.5**	**693.0**	**12.6**

Derivative financial instruments are used in hedging the interest rate and foreign currency risk.
Hedge accounting is applied for interest swaps which have a nominal amount of EUR 121.6 million (227.4). The change in fair values of these derivatives is recognised under other comprehensive income.

Citycon also has cross-currency swaps to convert EUR debt into SEK debt and currency forwards. Changes in fair values of these are reported in the profit and loss statement as hedge accounting is not applied.

Furthermore, changes in fair values of interest rate caps hedging Kista Galleria's loans are recognised under 'Share of profit of joint ventures and associated companies'.

12. DIVIDEND AND EQUITY REPAYMENT

Citycon's AGM 2020 decided that no dividend is distributed by a resolution of the AGM and authorised the Board of Directors to decide in its discretion on the distribution of dividend and assets from the invested unrestricted equity fund. Based on the authorisation the maximum amount of dividend to be distributed for the financial year 2019 shall not exceed EUR 0.05 per share and the maximum amount of equity repayment to be distributed from the invested unrestricted equity fund shall not exceed EUR 0.60 per share. The authorisation is valid until the opening of the next AGM. On 28 May 2020, the Board of Directors resolved to adjust the remaining quarterly instalments of the equity repayment in 2020 to further increase long-term financial stability and to strengthen the credit risk profile of the company. Following the adjustment, the Board of Directors will use a maximum total amount of EUR 0.5375 per share from its total dividend and equity repayment authorization of EUR 0.65 per share from the Annual General Meeting 2020.

On the basis of the authorisation mentioned above and explained in quarterly report sections 12 and 13 the Board of Directors decided in March 2020, June 2020 and September 2020 to distribute divided of EUR 0.05 per share, or EUR 8.9 million and equity repayment of EUR 0.3625 per share, or EUR 64.5 million. Preliminary payment date for equity repayment to be distributed on basis of the authorization is 30 December 2020. The Board of Directors will make separate resolutions on each distribution of the equity repayment and the company shall make separate announcements of such Board resolutions.

Total amount of dividend EUR 8.9 million and equity repayment EUR 106.8 million were distributed during the financial year 2019, of which EUR 8.9 million dividend and EUR 77.9 million equity repayment were distributed during January–September of 2019.

13. CONTINGENT LIABILITIES

MEUR	30 September 2020	30 September 2019	31 December 2019
Mortgages on land and buildings	243.2	131.4	131.8
Bank guarantees and parent company guarantees	41.8	41.2	49.6
Capital commitments	156.9	23.9	208.0

At period-end, Citycon had capital commitments of EUR 156.9 million (23.9) relating mainly to on-going (re)development projects.

Citycon owns 50% of Kista Galleria joint venture. Shares in the joint venture have been pledged as security for the loans of the joint venture.

14. RELATED PARTY TRANSACTIONS

Citycon Group's related parties comprise the parent company Citycon Oyj and its subsidiaries, associated companies, joint ventures, Board members, the CEO and other Corporate Management Committee members and the company's largest shareholder Gazit-Globe Ltd., whose shareholding in Citycon Oyj accounted for 48.9% on 30 September 2020 (48.6%).

Over the reporting period, Citycon paid no expenses to Gazit-Globe Ltd and its subsidiaries, but invoiced EUR 0.0 million expenses forward to Gazit-Globe Ltd and its subsidiaries (0.0).

Citycon had engaged Starkitect Studio Inc., a company acting through Ofer Stark as consultant, to provide consultancy services in a reference period, during which Citycon paid consulting fees EUR 0.1 million. The agreement ended at 7 August 2019.

REPORT ON REVIEW OF CITYCON OYJ'S INTERIM FINANCIAL INFORMATION FOR THE PERIOD JANUARY 1 – SEPTEMBER 30, 2020 (TRANSLATION)

TO THE BOARD OF DIRECTORS OF CITYCON OYJ

Introduction

We have reviewed the accompanying consolidated condensed statement of financial position of Citycon Oyj as of September 30th, 2020 and the related condensed statement of comprehensive income, condensed statement of changes in shareholders' equity, condensed cash flow statement and explanatory notes for the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting and in accordance with other laws and regulations governing the preparation of the interim financial information in Finland. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information has not been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting and in accordance with other laws and regulations governing the preparation of the interim financial information in Finland.

Helsinki, November 3rd, 2020

Ernst & Young Oy
Accountant Firm

Mikko Rytilahti
Authorized Public Accountant