CITYCON

FINANCIAL REVIEW 2019

CONTENTS

ABOUT THIS REPORT

Accounting principles and key estimates and assumptions regarding business activities are presented together with the relevant note. The aim is to improve the presentation of how operating result was formed, what assets were used to achieve the business profits and how business and asset transactions were financed.

The accounting principles have been marked with grey background.

Information on the key estimates and assumptions have been marked with red background.

CFO Eero Sihvonen comments on significant items during the reporting period.

INFORMATION TO SHAREHOLDERS

LISTING OF CITYCON'S SHARES

Citycon Oyj's shares are listed on the Nasdaq Helsinki Ltd. Large Cap list under the trading code CTY1S. Citycon has one series of shares and each share entitles its holder to one vote at the General Meeting of shareholders and to an equal dividend.

ANNUAL GENERAL MEETING

Citycon Oyj's Annual General Meeting will be held in Espoo, at the Finnkino Iso Omena (ISENSE-hall) on 17 March 2020 at 12:00 noon. The notice, topics discussed in the meeting, proposals made for the Annual General Meeting, as well as the instructions on how to register will be found on Citycon's website.

Shareholders wishing to attend the meeting must be registered in Citycon's shareholder register at Euroclear Finland Ltd. on the record date 5 March 2020.

CHANGES OF ADDRESS

Shareholders are requested to notify their book-entry account operator or Euroclear Finland Ltd., whichever holds the shareholder's book-entry account, of any changes to their name or address.

PUBLICATION OF FINANCIAL INFORMATION

Citycon publishes financial information in English and Finnish. All materials can be downloaded from Citycon's website.

SUBSCRIPTION TO PUBLICATIONS

Citycon's financial reports and stock exchange and press releases can be ordered by registering an e-mail address on Citycon's website at **citycon.com/newsroom**.

INVESTOR RELATIONS CONTACTS

Citycon's Investor Relations function assists in all investor relations related questions. The primary contact is the Legal and Investor Relations Specialist, Valtteri Piri (**valtteri.piri@citycon.com**).

PAYMENT OF DIVIDENDS

The Board of Directors proposes to the Annual General Meeting that the Board of Directors be authorized to decide on the distribution of dividend for the financial year 2019, and assets from the invested unrestricted equity fund.

Based on the proposed authorization 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. Based on the authorization, the company could distribute a maximum of EUR 8,899,926.25 as dividends and EUR 106,799,155.00 as equity repayment. The dividend/equity repayment would be paid to shareholders in four instalments.

FINANCIAL CALENDAR 2020

Financial Statements Bulletin and Financial Statements 2019	**6 February**
Interim Report January–March 2020	**23 April**
Half-yearly Report January–June 2020	**10 July**
Interim Report January–September 2020	**15 October**
AGM record date	**5 March**
Last day for AGM registration	**12 March**
AGM	**17 March**
Dividend payment/equity repayment [1]	**31 March** **30 June** **30 September** **30 December**

More information: Shares and shareholders, pages 37–38

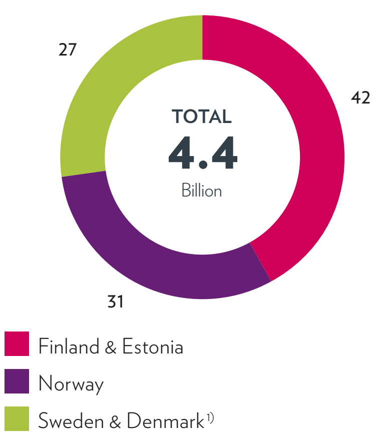
[1] *Citycon's Board of Directors will make separate resolutions and announcements on each distribution of the dividend/equity repayment subject to been authorized for asset distribution by the Annual General Meeting.*

OPERATING LOCATIONS IN THE NORDICS

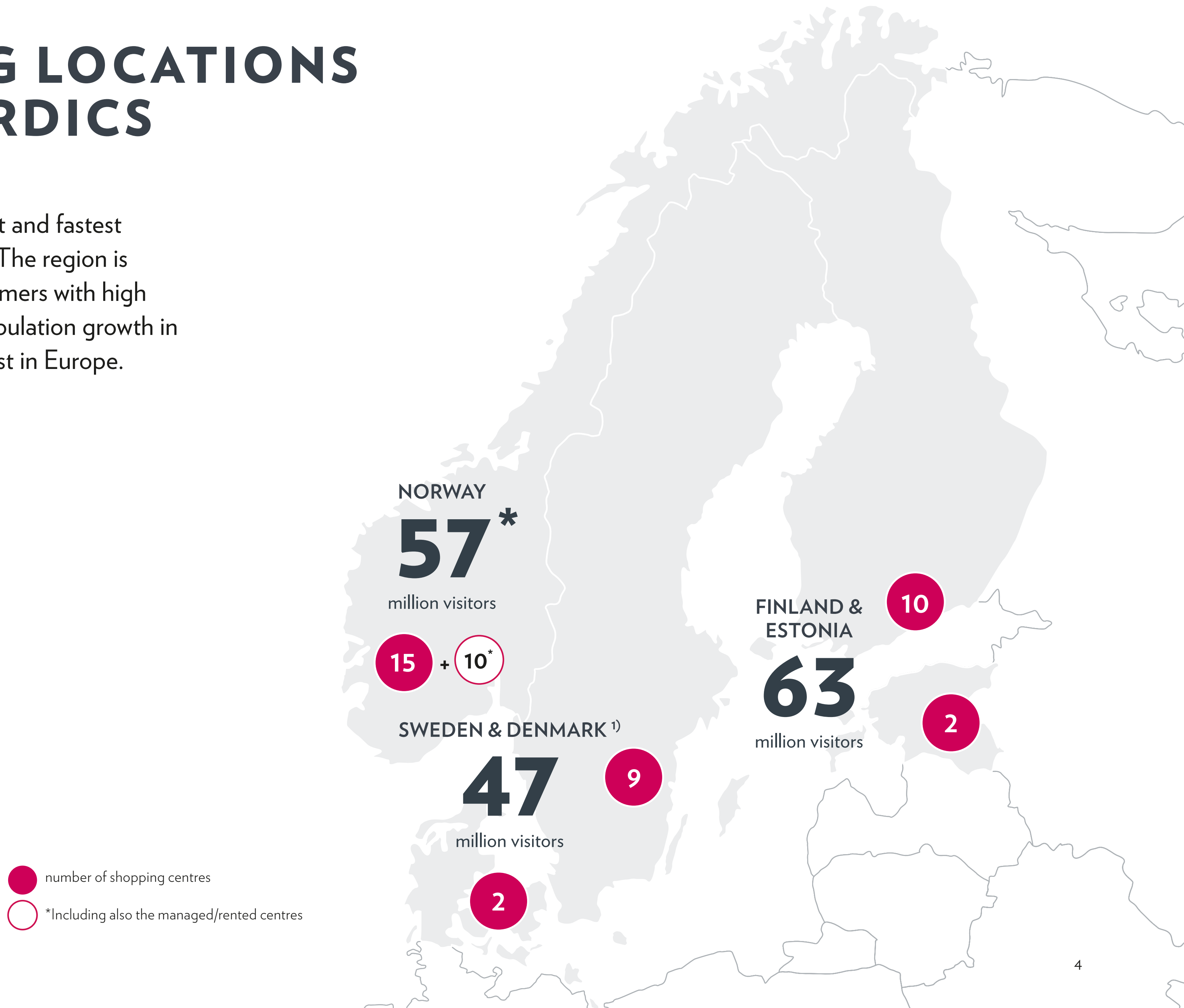
Citycon operates in the largest and fastest growing cities in the Nordics. The region is home to over 25 million consumers with high purchasing power, and the population growth in the area is among the strongest in Europe.

BALANCED NORDIC PORTFOLIO

%



[1] Including Kista Galleria 50%



CEO'S INTERVIEW

What were the highlights of the year for you?
2019 was my first year as Citycon's CEO and I am extremely proud of the progress this team made during the year.

We have been concentrating on improving asset-level focus and maximizing asset value as well as creating our strategy for densification. We implemented our new organization in the spring and now we are better able to focus on all parts of the business as well as finding synergies from our pan-Nordic reach. Furthermore, we made several key recruitments during the year. With our strengthened team, we have started to take advantage of the numerous densification opportunities we have in our portfolio across the Nordics.

Looking at the funding side, we issued EUR 350 million green hybrid bond which is an important milestone in strengthening our balance sheet. The hybrid was issued under Citycon's Green Financing Framework, which integrates Citycon's sustainability targets with our financing activities.

In 2019 we also gained international recognition as Iso Omena received three major awards. It was recognized as Finland's best shopping centre, the best shopping centre in the Nordics and finally as the best large shopping centre expansion project in Europe. I am tremendously proud our team's achievements. Iso Omena is a great example of our strategy and the prototype of the type of asset we want to own in the future. Its success is a validation of our strategy and ability to execute.

How would you describe Citycon's operational performance in 2019?
Looking at the operational performance figures in 2019, our business developed in line with expectations. This past year, our net rental income increased by 1.2% to EUR 217.4 million and the like-for-like net rental income grew by 0.5% driven by the best assets. It should be noted that like-for-like net rental income increased in all our business units. Our EPRA earnings increased from previous year to EUR 145.6 million (2018: 143.5) due to higher net rental income and lower net financial expenses. Citycon continued its strict cost management measures and administrative expenses declined by 4.5% to EUR 26.8 million. We were pleased that total tenant sales increased by 2.6% and total footfall by 3.8% during 2019.

Citycon has a very stable business model with a diversified tenant mix that is much less reliant on fashion as compared our peers. Our assets are located in dense urban areas with local connections to transportation. 85% of our leases are linked to indexation, further enhancing the stability of our business model. We see a clear trend that public sector tenants are growing in importance and we have several good examples, such as, the service square by the City of Espoo in Iso Omena and the service square by the City of Lahti in our shopping centre Trio.

How is the increasing focus on sustainability impacting Citycon?
For many years, sustainability has been a cornerstone for Citycon to create long-term value for its stakeholders. Our aim has been to become carbon neutral by 2030 by reducing our energy consumption and producing more energy ourselves. It is an ambitious target and showcases our long-standing commitment to sustainability.

In 2019, we launched our Green Financing Framework which enables us to integrate sustainability objectives in our financing activities. The Green Financing Framework will further support Citycon's profile as a forerunner in sustainability and enables us to broaden our investor base. Another concrete example of our sustainability achievements in 2019 is that in November, we opened the world's largest solar park with snow melting technology the roof of shopping centre Down Town in Norway. This brings the total number of solar panels to almost 6,800 throughout our portfolio.

What are Citycon's focus areas for 2020?
We will continue to further improve our performance by maximizing revenue and controlling costs. We are beginning to see improvement in our specialty leasing business which developed positively in 2019 and it is expected to grow significantly in 2020. In 2019 we welcomed around 170 million visitors into our assets, which is providing a great opportunity to significantly increase our revenue from our common areas.

Our strategy is to become more of a mixed-use urban developer and owner. It is clear we have a great number of embedded desinfication opportunities within the existing portfolio. We have identified 320,000 sq.m.

opportunity within the existing portfolio. Of that number approximately 60,000 sq.m. is already zoned, 130,000 sq.m. is in the zoning process and we are beginning to discuss for the remaining 130,000 sq.m. It is important to note that only small part of this is on our current valuations. The additional value will be realised as we achieve zoning approvals.

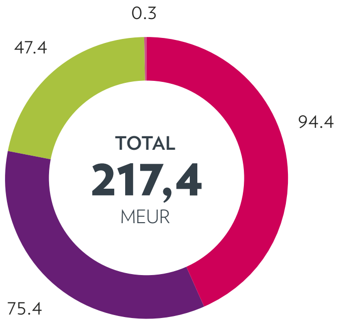
One good example of mixed-use development is our new project Lippulaiva in the Helsinki Metropolitan Area. We are very excited about this project, which combines approximately 500 apartments with convenience and a service-based shopping centre. The entire shopping centre will sit on the top of the metro station which is under construction. Construction works at the site are progressing as planned and we are confident that it will be the new heart of the fast-growing area. Lippulaiva is a great example of the direction Citycon is moving in the future.

F. Scott Ball
CEO

KEY FIGURES

NET RENTAL INCOME BY SEGMENT

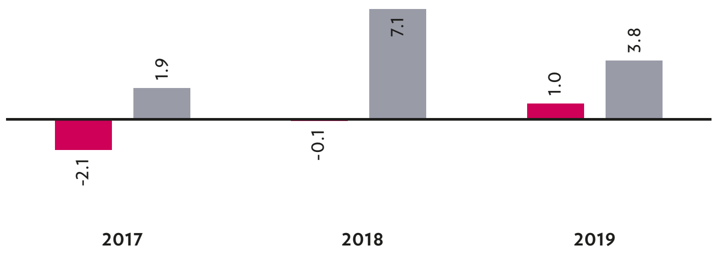
MEUR



Finland & Estonia
Norway
Sweden & Denmark
Other

FOOTFALL DEVELOPMENT [1]

%

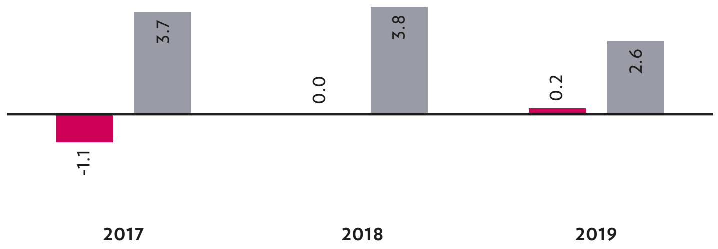


Like-for-like footfall
Total footfall

[1] Including Kista Galleria 50%. Footfall figures include estimates.

TENANT SALES DEVELOPMENT [1]

%

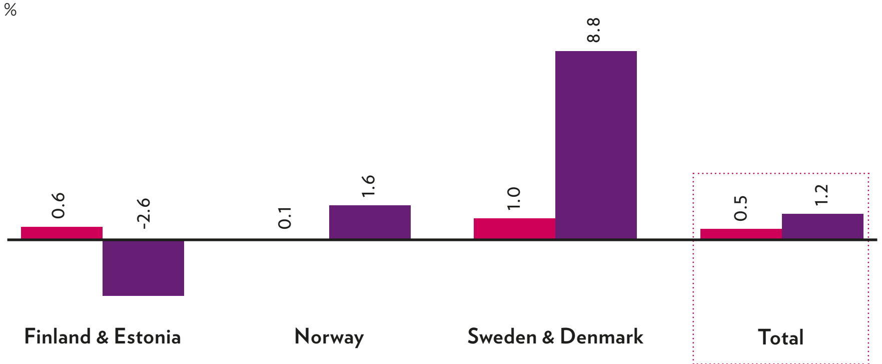


Like-for-like sales
Total sales

[1] Including Kista Galleria 50%. Sales figures include estimates. Sales figures exclude VAT and the change has been calculated using comparable exchange rates.

LIKE-FOR-LIKE AND TOTAL NET RENTAL INCOME DEVELOPMENT, 2019 VS. 2018

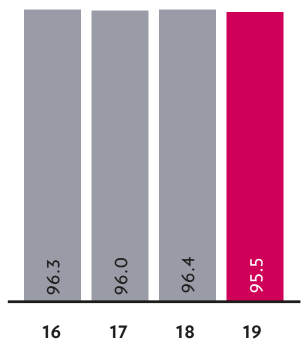
%



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

OCCUPANCY RATE (ECONOMIC) [1]

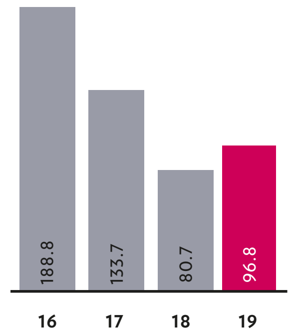
%



[1] Including Kista Galleria 50%.

INVESTMENTS IN PROPERTIES

MEUR



HOW WE CREATE VALUE

INPUTS

FINANCIAL
- Portfolio value EUR 4.4 billion
- Debt EUR 1.8 billion
- Active recycling of capital

EMPLOYEES
- Number of employees 234
- Training/development expenses EUR 0.5 million
- Female 42%/ Male 58%

RETAIL EXPERTISE
- Lease agreements 4,404, of which new 1,000
- Responding to new retail trends eg. M.E.E.T

NATURAL RESOURCES
- Land area 1,620,000 sq.m.
- Energy consumption 207,000 MWh
- Water consumption 660,000 m^3

SOCIAL AND COMMUNITY RELATIONSHIPS
- Linked to public transportation 100%
- Security training in 100% of shopping centres
- Continuous dialogue and loyalty building

OUR BUSINESS MODEL

STRATEGY

RIGHT ASSETS
Focusing on necessity-based, multifunctional shopping centres connected to public transport in growing urban areas.

RETAIL EXPERTS
Using and developing our retail expertise in order to create pleasant shopping experiences and sustainable solutions for tenants and visitors alike.

STRONG CAPITAL BASE
Allocating capital efficiently and maintaining a conservative gearing level in order to finance developments and maximise returns.

SUSTAINABILITY
- Carbon neutral
- Accessible
- Convenient and safe
- Excellence in action

VALUES
- Passionate
- Solution-oriented
- Together One

OUR BUSINESS MODEL

ASSETS

SHOPPING CENTRES

- Leading owner, manager and developer of shopping centres in the Nordics
- Total of 38 shopping centres
  - 12 in Finland & Estonia
  - 15 in Norway
  - 11 in Sweden & Denmark
- 10 managed/rented assets
- Gross leasable area 1.1 million sq.m.
- Footfall 170 million visitors p.a.
- Largest shopping centre portfolio of 87% environmentally certified
- Tenant mix 60% online resilient

DEVELOPMENT PIPELINE

- Our strategy is to become a mixed-use urban real estate investor and owner
- Up to 320,000 sq.m. residential opportunity within the existing portfolio

More about development projects on page 33–34.

RISK MANAGEMENT

- E-commerce: Creating more online-resilient tenant mix and following the multichannel approach
- Financing: keeping a solid Loan to Value <45% and 70–90% of the debt fixed interest rate
- Property development: Careful project monitoring and having strict pre-leasing requirements prior to project start

More about Risks and risk management on page 35–36.

OUTCOMES

FINANCIAL

- Net rental income EUR 217.4 million
- Credit ratings BBB-/Baa3
- Average interest rate of loans 2.29%
- Divestments EUR 86.4 million
- Dividend and equity return per share EUR 0.65 (proposal)

EMPLOYEES

- Employee survey score 73.4/100
- Salaries paid EUR 17.5 million

RETAIL EXPERTISE

- Tenant sales EUR 2.7 billion
- Occupancy rate 95.5%

NATURAL RESOURCES

- Renewable energy consumed: 100%
- Collected and sorted waste: 17,200 tn
- Recycling rate: 99%

SOCIAL AND COMMUNITY RELATIONSHIPS

- Jobs created in Citycon shopping centres 31,000
- Loyalty programme members 600,000
- Community enriching events held: 850

REPORT BY THE BOARD OF DIRECTORS

Citycon's net rental income in 2019 excluding Kista Galleria increased to EUR 217.4 million (2018: 214.9) due to successful opening of development project in Mölndal in September 2018 and to higher turnover-based rents. On the other hand, disposals contributed negatively to the net rental income. The like-for-like net rental developed positively in every business unit and in total the like-for-like net rental income increased by 0.5%.

Reported EPRA Earnings per share increased to EUR 0.818 (2018: EUR 0.806) due to higher net rental income and lower net financial expenses. Administrative expenses continued declining during the year. In 2019 administrative expenses decreased 4.5% to EUR 26.8 million (28.0). The overall occupancy rate remained at good level of 95.5%.

Citycon took concrete action to strengthen its balance sheet and issued EUR 350 million green hybrid bond in 2019. The proceeds of the issuance were used to strengthen balance sheet and purchase certain euro- and NOK-denominated bonds issued by the Citycon Group. Additionally, during the year Citycon focused on enhancing the average quality and composition of the asset portfolio. The average quality of the portfolio continued to improve after 2 non-core assets were divested for a total of EUR 77 million.

Citycon continued its (re)development project in Lippulaiva, which is progressing as planned with new main contractor. Lippulaiva is mixed-use urban development project and there will be a significant residential component attached to the shopping centre.

MAIN EVENTS IN 2019

- F. Scott Ball started as Citycon's new CEO on January 1, 2019. At the same time, Henrica Ginström started as Citycon's new COO and as a member on management committee. In May 2019 Erik Lennhammar was appointed as Citycon´s new CDO and as a member of management committee as of 12 August 2019.
- New organization was implemented to take advantage of Citycon's Pan Nordic scale and to grow specific segments of the business.
- Citycon's management gave an update on Citycon's short and long-term priorities in Capital Market Days held in September 2019. In the short term, Citycon's aim is to maximise the value of the current portfolio by increasing focus on asset management. In the long term, Citycon's ambition is to become a mixed-use urban real estate investor and owner.
- Citycon issued EUR 350 million green capital securities in November. The Capital Securities bear interest at a fixed interest rate of 4.496 per cent per annum until the reset date 22 February 2025. The proceeds of the issuance were used to strengthen our balance sheet and buy back short-term euro- and NOK-denominated bonds.
- Iso Omena shopping centre was awarded as the best shopping centre in Finland, the best shopping centre in Nordics and the best refurbishments and/or expansion projects in Europe.
- Citycon continued to improve the average quality of its asset portfolio by divesting secondary assets. Citycon divested two shopping centres for approximately EUR 77 million. The proceeds were used to fund the development pipeline.
- Mixed-use urban development project in Lippulaiva progressing as planned with new main contractor.

BUSINESS ENVIRONMENT

In Finland, retail sales continued to grow during the reporting period. In large good quality centres, mainly in the Helsinki Metropolitan area (HMA), the rent levels were stable during Q4/2019. Rent pressure continued in many centres outside the Helsinki Metropolitan area (HMA) and in secondary centres in the HMA. The prime shopping centre yield in the HMA was 4.50%.

In Norway, retail sales continued to grow during 2019. According to a report by Kvarud Analyse both overall shopping centre footfall and the average shopping basket size increased in Norway in 2019 compared to the same period of 2018. There was some pressure on market rents, particularly in the secondary centres. For the full year, the retail share was 16.5% of the preliminary transaction volume, which is in line with normal. Yields in prime shopping centres remained at 4.50%, while there continues to be some pressure on secondary yields.

In Sweden, retail sales grew during the reporting period. There continued to be some pressure on market rents. The prime shopping centre yields remained unchanged at 4.25%, although the gap between prime and secondary assets has widened. For the

BUSINESS ENVIRONMENT KEY FIGURES

%	Finland	Norway	Sweden	Denmark	Estonia	Euro area
GDP growth forecast, 2019	1.4%	2.5%	1.1%	2.0%	3.2%	1.1%
Unemployment, 2019	6.7%	3.4%	6.8%	4.9%	5.1%	7.5%
Inflation, 2019	1.2%	1.4%	1.7%	0.8%	2.4%	1.3%
Retail sales growth, 2019	0.9%	0.8%	2.4%	0.8%	4.0%	1.0%

Sources: SEB Nordic Outlook, European Commission, Eurostat, Statistics Finland/Norway/Sweden/Estonia/Denmark full year, the retail share was 6.00% of the preliminary transaction volume.

In Denmark, retail sales grew during the reporting period. There were no major changes in rental levels. The prime shopping centre yield increased 25 bps to 4.75% while the secondary yield remained stable at 6.50%.

In Estonia, retail continued its strong growth during the reporting period. In Tallinn, prime shopping centre rents remained stable. The prime shopping centre yield in Estonia was 6.25%.

(Sources: SEB Nordic Outlook, Nordea Economic Outlook, European Commission, CBRE, JLL, Statistics Finland/Norway/Sweden/Estonia/Denmark, Eurostat)

FINANCIAL PERFORMANCE 2019

- Net rental income increased to EUR 217.4 million (Q1–Q4/2018: 214.9). Completed (re)development projects increased net rental income by EUR 3.8 million, and like-for-like properties increased NRI by EUR 0.9 million. Divestments decreased net rental income by EUR -6.2 million and weaker SEK and NOK by EUR -3.0 million. Adoption of IFRS 16 standard increased net rental income in Q1–Q4/2019 by EUR 7.0 million in total.
- EPRA Earnings increased to EUR 145.6 million (143.5) due to higher net rental income and lower net financial expenses. EPRA Earnings per share (basic) was EUR 0.818 (0.806), negative impact from weaker currencies was EUR -0.015 per share.
- IFRS-based earnings per share was EUR 0.04 (0.09) as a result of larger fair value losses of investment properties.
- Net cash from operations per share increased to EUR 0.76 (0.54) resulting from lower net financial expenses, mainly due to lower one-off bond buy-back costs for the full period
- The Board of Directors proposes to the Annual General Meeting that the Board be authorised to decide on the distribution of dividend for the financial year 2019, and assets from the invested unrestricted equity fund. Based on the proposed authorization 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. Based on the authorization, the company could distribute a maximum of EUR 8,899,926.25 as dividends and EUR 106,799,155.00 as equity repayment. The dividend/equity repayment would be paid to shareholders in four instalments.
- *The reporting period includes the adoption of IFRS 16 from 1.1.2019 onwards. Please see Note 2 for more information.*

OUTLOOK

Citycon's Board of Directors resolved to update Citycon's guidance practice following the issuance of Capital Securities. In order to quantify the impact of hybrid bond coupons, Citycon will also provide guidance on adjusted EPRA EPS after hybrid bond coupon expenses. As of 2020, Citycon will provide guidance on direct operating profit, EPRA EPS and adjusted EPRA EPS. The adjusted EPRA metrics include all coupon expenses from the Capital Securities.

Citycon forecasts the 2020 EPRA Earnings per share (basic) to be EUR 0.815-0.915. Furthermore, the Direct operating profit is expected to be in the range of EUR 191-209 million and adjusted EPRA EPS in the range of EUR 0.720-0.820.

On 5 February 2020 disclosed acquisition of portfolio of three shopping centres is included in the estimates. Otherwise, the 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.

KEY FIGURES

		2019	2018	% [1]	Comparable change % [3]
Net rental income	MEUR	217.4	214.9	1.2%	2.6%
Direct Operating profit [2]	MEUR	193.5	187.6	3.1%	4.7%
IFRS Earnings per share (basic) [4] [5]	EUR	0.04	0.09	-56.6%	-52.8%
Fair value of investment properties	MEUR	4,160.2	4,131.3	0.7%	-
Loan to Value (LTV) [2]	%	42.4	48.7	-12.9%	-
EPRA based key figures [2]					
EPRA Earnings	MEUR	145.6	143.5	1.5%	3.4%
Adjusted EPRA Earnings [5]	MEUR	143.9	143.5	0.3%	2.2%
EPRA Earnings per share (basic) [4]	EUR	0.818	0.806	1.5%	3.4%
Adjusted EPRA Earnings per share (basic) [4] [5]	EUR	0.809	0.806	0.3%	2.2%
EPRA NAV per share [4]	EUR	12.28	12.95	-5.2%	-

[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) guidelines. More information is presented in Basis of Preparation and Accounting Policies in the notes to the accounts.*
[3] *Change from previous year (comparable exchange rates). Change-% is calculated from exact figures.*
[4] *Key ratios have been adjusted in the comparison periods to reflect the new number of shares after the reversed share split executed in March 2019.*
[5] *The adjusted key figure includes hybrid bond coupons and amortized fees.*

LIKE-FOR-LIKE NET RENTAL INCOME GREW IN ALL BUSINESS UNITS

The net rental income, including the impact from applying the IFRS 16 standard, increased to EUR 217.4 million (214.9). Net rental income developed positively in best assets, in Iso Omena in particular. The increase was also due to successful opening of development project in Mölndal in September 2018. Planned divestments conducted during 2018 and Q2/2019 decreased the net rental income.

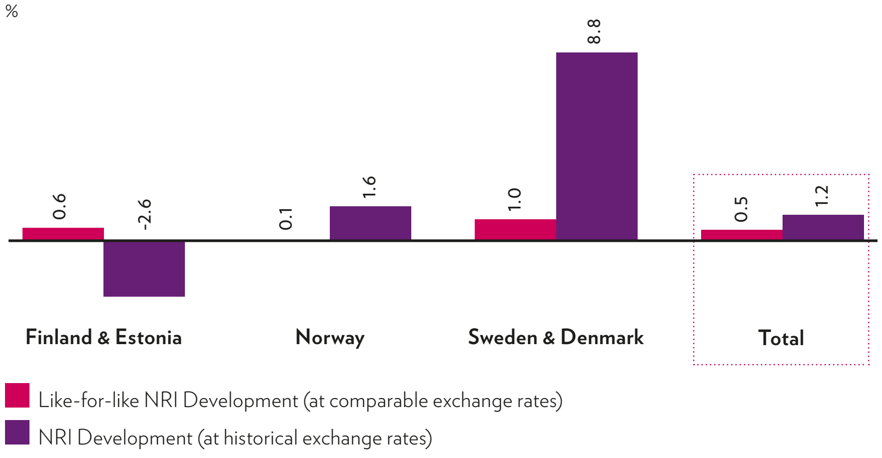
Like-for-like gross rental and service charge income increased from the corresponding period by EUR 1.1 million. Like-for-like property operating expenses and other expenses from leasing operations increased slightly from the previous year by EUR 0.2 million. As a result, like-for-like net rental income increased by EUR 0.9 million or 0.5%.

Net rental income from the Finnish & Estonian operations decreased by 2.6% compared to Q1–Q4/2018 due to divestments of non-core assets in 2018 and Q2/2019. This was partly offset by positive impact from the like-for-like portfolio, which increased by 0.6% due to higher turnover-based rents, as well as ongoing (re)development projects.

Net rental income from the Norwegian operations increased by 1.6% compared to Q1–Q4/2018 due to positive impact from applying the IFRS 16 standard from the start of 2019. Planned divestments of non-core assets in 2018 and weaker NOK compared to previous year, as well as slightly lower net rental income from ongoing (re) development projects impacted net rental income negatively. These were partly offset by like-for-like net rental income increase of 0.1% due to higher rental levels.

Net rental income from the Swedish & Danish operations increased by 8.8% due to the successful opening of the development project in Mölndal in September 2018, and positive impact from the like-for-like portfolio, which increased by 1.0% due to higher turnover-based rents and specialty leasing. On the other hand, divestment of a non-core asset in 2018, and weaker SEK compared to previous year reduced the net rental income.

LIKE-FOR-LIKE AND TOTAL NET RENTAL INCOME DEVELOPMENT, 2019 VS. 2018



NET RENTAL INCOME AND GROSS RENTAL INCOME BREAKDOWN

	Net rental income					Gross rental income
MEUR	**Finland & Estonia**	**Norway**	**Sweden & Denmark**	**Other**	**Total**	**Total**
2018	**96.9**	**74.3**	**43.5**	**0.2**	**214.9**	**237.0**
Acquisitions	-	-	0.2	-	0.2	0.3
(Re)development projects	0.6	-0.6	3.8	-	3.8	4.5
Divestments	-4.3	-1.5	-0.3	-	-6.2	-7.9
Like-for-like properties [1]	0.5	0.1	0.4	-	0.9	1.7
Other (incl. IFRS 16 and exchange rate differences)	0.7	3.2	-0.2	0.1	3.8	-3.5
2019	**94.4**	**75.4**	**47.4**	**0.3**	**217.4**	**232.1**

[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.*

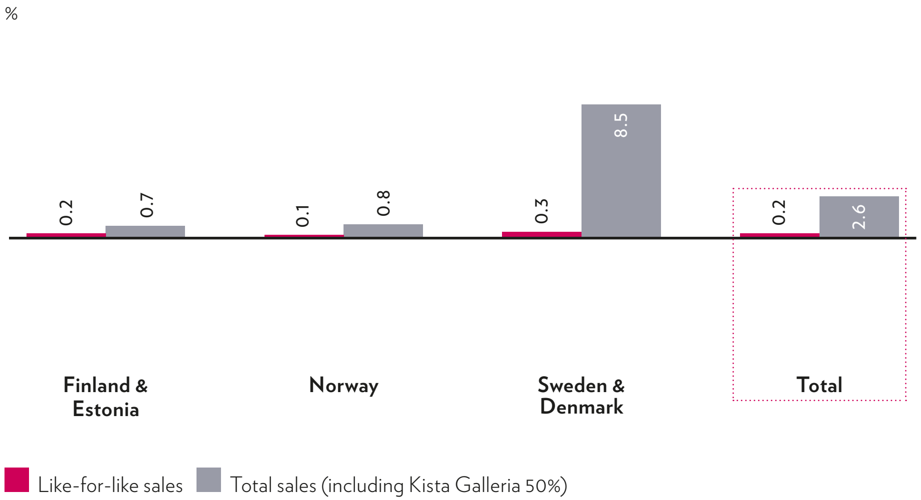
OCCUPANCY RATE AT GOOD LEVEL

The economic occupancy rate was at a good level of 95.5%. Economic occupancy rate improved compared to the previous quarter (Q3/2019: 95.3%). The average rent per sq.m. was EUR 23.3 (23.2). With comparable rates, the average rent per sq.m. increased by EUR 0.5. The year-to-date leasing spread of renewals and re-lettings was 1.4% due to positive development in Sweden & Denmark in particular.

During the period, total sales in Citycon's shopping centres increased by 2.6% and footfall 3.8% compared to the corresponding period of the previous year.

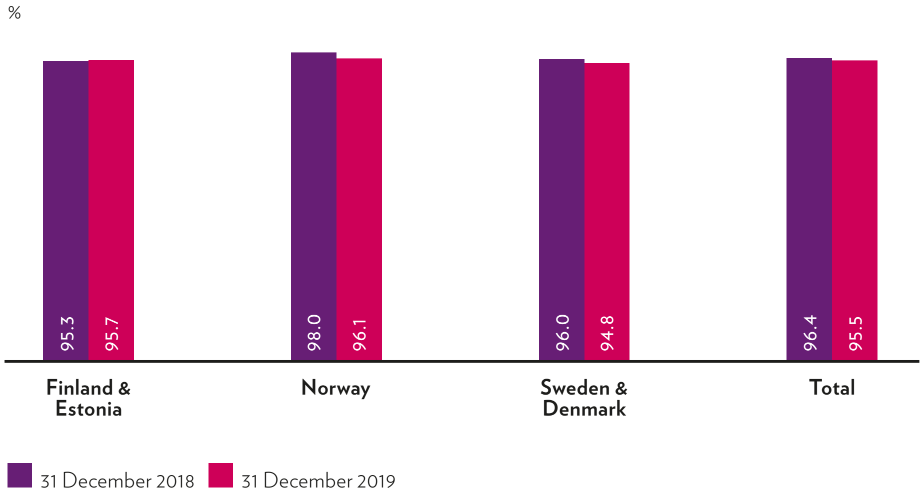
At period-end, Citycon had a total of 4,404 (4,454) leases, of which the average remaining length was 3.2 years (3.4).

TENANT SALES DEVELOPMENT, 2019 VS. 2018 [1]



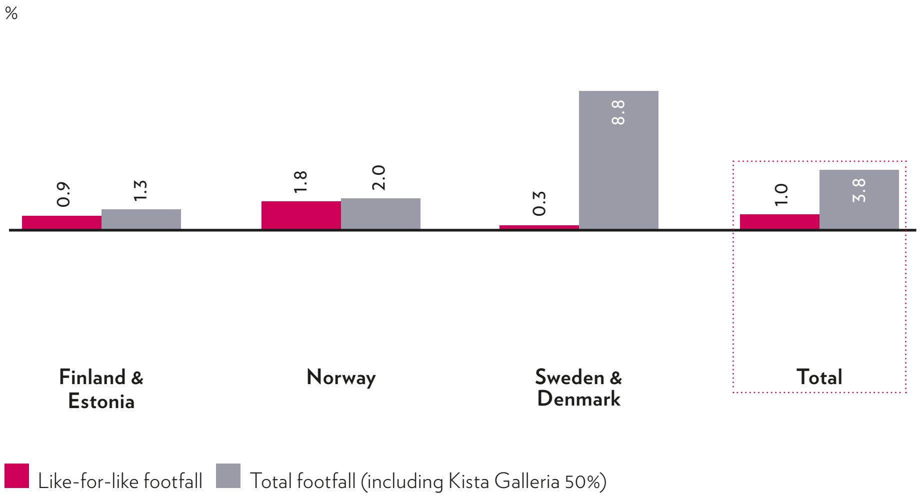
[1] Sales figures include estimates. Sales figures exclude VAT and the change has been calculated using comparable exchange rates.

ECONOMIC OCCUPANCY RATE [1]



[1] Including Kista Galleria 50%.

FOOTFALL DEVELOPMENT, 2019 VS. 2018 [1]



[1] Footfall figures include estimates.

LEASE PORTFOLIO SUMMARY 1)

		31 December 2019	31 December 2018
Number of leases	pcs	4,404	4,454
Average rent	EUR/sq.m.	23.3	23.2
Finland & Estonia	EUR/sq.m.	25.8	25.6
Norway	EUR/sq.m.	21.7	21.8
Sweden & Denmark	EUR/sq.m.	22.1	21.8
Average remaining length of lease portfolio	years	3.2	3.4
Occupancy cost ratio 2)	%	9.4	9.1
Leasing spread, renewals and re-lettings 3)	%	1.4	-0.3

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)

		2019	2018
Total area of leases started	sq.m.	145,859	186,576
Average rent of leases started	EUR/sq.m.	26.0	22.5
Total area of leases ended	sq.m.	194,152	220,202
Average rent of leases ended	EUR/sq.m.	25.5	22.1

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

VALUATION ITEMS IMPACTED OPERATING PROFIT

Administrative expenses decreased 4.5% to EUR 26.8 million (28.0). At the end of the reporting period, Citycon Group employed a total of 234 (254) full-time employees (FTEs), of whom 50 worked in Finland & Estonia, 95 in Norway, 52 in Sweden & Denmark, and 37 in Group functions.

Operating profit declined to EUR 73.1 million (104.7) following higher fair value losses of EUR -121.9 million (-72.5).

Net financial expenses (IFRS) decreased by EUR 16.3 million to EUR 54.2 million (70.5) partly due to lower average cost of debt and weaker average NOK and SEK currency rates. Decrease was however mainly a result of indirect costs related to bond tenders, which were clearly higher in 2018 than in 2019. Interest expenses resulting from lease liabilities recognized according to IFRS 16 and lower interest income increased net financial expenses.

Share of loss of joint ventures and associated companies totalled EUR -16.6 million (-12.5). The decrease was mainly due to the lower result and fair value losses in Kista Galleria.

Profit for the period decreased to EUR 8.9 million (16.6) due to fair value losses.

PERSONNEL KEY FIGURES

	2019	2018	2017
Average number of personnel (FTE)	240	254	251
Wages and salaries, EUR million	17.5	19.4	21.6

PROPERTY PORTFOLIO VALUE DEVELOPMENT

The fair value of investment properties increased by EUR 28.9 million from year-end to EUR 4,160.2 million (31 December 2018: 4,131.3). Fair value losses decreased the fair value by EUR 121.9 million and changes in exchange rates decreased value by EUR 4.2 million. Investments increased the value of investment properties during the period by EUR 96.8 million. Furthermore, the adoption of IFRS 16 increased the value of investment properties by EUR 57.0 million.

PROPERTY PORTFOLIO SUMMARY

31 December 2019	No. of properties	Gross leasable area	Fair value, MEUR	Properties held for sale, MEUR	Portfolio, %
Shopping centres, Finland & Estonia	12	402,050	1,843.9	-	45%
Other properties, Finland & Estonia	1	2,240	2.9	-	0%
Finland & Estonia, total	**13**	**404,290**	**1,846.8**	**-**	**45%**
Shopping centres, Norway	15	387,500	1,332.9	-	32%
Rented shopping centres, Norway [1]	1	14,000	-	-	-
Norway, total	**16**	**401,500**	**1,332.9**	**-**	**32%**
Shopping centres, Sweden & Denmark	10	268,800	929.5	-	23%
Sweden & Denmark, total	**10**	**268,800**	**929.5**	**-**	**23%**
Shopping centres, total	38	1,072,350	4,106.2	-	100%
Other properties, total	1	2,240	2.9	-	0%
Investment properties, total	**39**	**1,074,590**	**4,109.1**	**-**	**100%**
Right-of-use assets classified as investment properties (IFRS 16)	**-**	**-**	**51.1**	**-**	**-**
Investment properties in the statement of financial position, total	-	-	4,160.2	-	-
Kista Galleria (50%)	1	47,150	275.1	-	-
Investment properties and Kista Galleria (50%), total	**40**	**1,121,740**	**4,435.3**	**-**	**-**

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

The fair value change of investment properties amounted to EUR -121.9 million (-72.5). The company recorded a total value increase of EUR 2.4 million (39.2) and a total value decrease of EUR -118.4 million (-111.7). In addition, the application of IFRS 16 standard had an impact of EUR -6.0 million to the fair value change of investment properties during the January–December reporting period.

FAIR VALUE CHANGES

MEUR	2019	2018
Finland & Estonia	-56.1	-58.8
Norway	-33.4	-22.2
Sweden & Denmark	-32.4	8.5
Investment properties, total	**-121.9**	**-72.5**
Kista Galleria (50%)	-17.7	-8.6
Investment properties and Kista Galleria (50%), total	**-139.6**	**-81.1**

External appraisers, CBRE (in Sweden, Norway, Denmark and Estonia) and JLL (in Finland), measured the fair values for Financial statement 2019. Citycon's investment properties has been measured by CBRE for Financial statement 2018 and half-yearly report 2019. Citycon measures the fair values of the properties internally in the first and third quarter.

JLL's and CBRE's Valuation statement reports are available on Citycon's website below Investors.

RECYCLING OF CAPITAL CONTINUED

During 2019, Citycon continued to implement its divestment strategy and sold two shopping centres and agreed to sell two land plots for approximately EUR 86.4 million.

Since 2011, Citycon has divested 70 non-core properties, five residential portfolios and two land plots for a total value of approximately EUR 865 million. Strengthening the balance sheet remains a key priority and the company will continue its capital recycling actions going forward.

(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 the company's completed, ongoing and planned (re)developments can be found on pages 33–34 in the Financial Review 2019.

ACQUISITIONS AND DIVESTMENTS 2019

		Location	Date	Gross leasable area, sq.m.	Price, MEUR
Divestments					
Two land plots next to Columbus shopping centre		Helsinki, Finland	22 February & 2 May 2019	-	9.4 [1)]
Arabia & Duo			13 June 2019		77.0
Arabia	Shopping centre	Helsinki, Finland		15.800	
Duo	Shopping centre	Tampere, Finland		13.100	
Divestments, total				**28.900**	**86.4**

[1)] *The total value of preliminary agreements is approximately MEUR 9.4. One transaction took place in Q3/2019 and another transaction will take place after the zoning has been approved.*

(RE)DEVELOPMENT PROJECTS PROGRESSED

	Location	Area before/ after, sq.m.	Expected gross investment, MEUR	Actual gross investment by 31 December 2019, MEUR	Completion
Lippulaiva	Helsinki metropolitan area, Finland	19,200/44,300	TBC [1)]	123.1	2022

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

CAPITAL EXPENDITURE

MEUR	2019	2018
Acquisitions of properties [1]	0.3	68.4
Acquisitions of and investments in joint ventures	2.2	14.4
Property development	100.1	83.7
Goodwill and other investments	3.3	2.4
Total capital expenditure incl. acquisitions	**106.0**	**168.8**
Capital expenditure by segment		
Finland & Estonia	66.9	54.9
Norway	22.3	21.1
Sweden & Denmark	14.1	91.7
Group administration	2.6	1.2
Total capital expenditure incl. acquisitions	**106.0**	**168.8**
Divestments [2]	**80.6**	**93.1**

[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

KEY FINANCING FIGURES

		31 December 2019	31 December 2018
Fair value of debt	MEUR	1,830.7	2,154.6
Interest-bearing liabilities, carrying value [1]	MEUR	1,874.4	2,140.0
Available liquidity	MEUR	562.1	556.4
Average loan maturity	years	4.6	5.0
Loan to Value (LTV) [2] [3]	%	42.4	48.7
Equity ratio (financial covenant > 32.5) [3] [4]	%	50.9	45.4
Interest cover ratio (financial covenant > 1.8)	x	4.2	3.8
Solvency ratio (financial covenant < 0.65) [4]	x	0.42	0.48
Secured solvency ratio (financial covenant < 0.25) [4]	x	0.02	0.02

[1] Including EUR 55.2 million lease liabilities due to adoption of IFRS 16 beginning 1 January 2019.
[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. Thus, IFRS 16 has no impact on LTV calculations as compared to earlier periods.
[3] Hybrid bond treated as equity as according to IFRS.
[4] Not comparable to earlier periods due to impact of IFRS 16 items.

SHAREHOLDERS' EQUITY

Equity per share was EUR 13.06 (31 December 2018: 11.74). The hybrid bond classified as part of the equity had a positive impact on the equity per share, while dividends and equity return paid of EUR 115.7 million and translation losses decreased the equity per share.

At period-end, **shareholders' equity** attributable to parent company's shareholders was EUR 1,978.4 million (2,088.9). It decreased by EUR 110.5 million from the end of last year mainly due to distribution of dividend and equity repayment.

FINANCING

In November 2019, Citycon successfully issued a EUR 350 million green Capital Securities ("hybrid bond") to strengthen the balance sheet. The hybrid bond is treated as shareholder's equity in the IFRS financial statements and thereby not included in any of the reported debt figures or metrics. Rating agencies treat 50% of the hybrid bond as equity in their metrics. The hybrid bond is unsecured, subordinated to all debt and senior only to ordinary share capital. A holder of hybrid bond notes has no shareholder rights. The hybrid bond coupon is fixed at 4.5 per cent per year up until 22 February 2025, and thereafter reset every five years with applicable swap rate and margin. The bond has no set maturity date, but the company has the right to redeem it after five years from the issue date and thereafter on every yearly interest payment date. Coupons and amortized fees are recorded in retained earnings.

All proceeds were used to refinance existing indebtedness, by repurchasing EUR 143 million of a Eurobond due in June 2020, NOK 900 million of a NOK bond due in March 2021, and EUR 45 million of a Eurobond due in September 2022. Remaining funds were used to repay commercial paper. These financing arrangements clearly strengthened Citycon's credit position by decreasing the LTV, lengthening the average debt maturity, reducing near-term refinancing risk and improving net liquidity.

In November, Citycon launched a Green Financing Framework. Debt issued under the framework can be used to finance or re-finance eligible green assets in categories green buildings, energy efficiency, renewable energy or waste management. At the time of the launch, approximately EUR 2.7 billion of Citycon's property portfolio would be eligible for green (re)financing. The framework has a Medium Green shading by second opinion provider Cicero.

In March, Standard & Poor's downgraded Citycon's credit rating from BBB (negative outlook) to BBB- (stable outlook). In May, Moody's downgraded Citycon's credit rating from Baa2 (negative outlook) to Baa3 (stable outlook). In September, Standard & Poor's changed the rating outlook to negative, mainly due to elevated LTV. After that, Citycon has improved the LTV through green hybrid bond issuance.

In June, Citycon sold shopping centres Arabia and Duo in Finland and the proceeds were mainly used to repay commercial paper.

The dividends and equity return paid in March, June, September and December were mainly financed by operative cash flow.

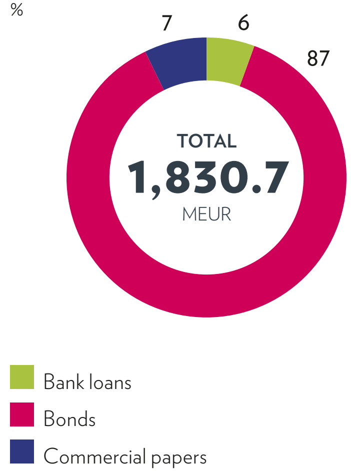
INTEREST-BEARING DEBT

The fair value of interest-bearing debt decreased by EUR 323.9 million to EUR 1,830.7 million, mainly due to debt prepayments in November financed with the issuance of a EUR 350 million hybrid bond treated as equity in IFRS reporting, but also due to the divestments of Arabia and Duo in June. The carrying amount of interest-bearing liabilities in balance sheet was EUR 1874.4 million. The carrying amount of interest-bearing liabilities in balance sheet decreased less than the fair value of interest-bearing debt due to EUR 55.2 million of lease liabilities arising from the adoption of IFRS 16 from the beginning of 2019.

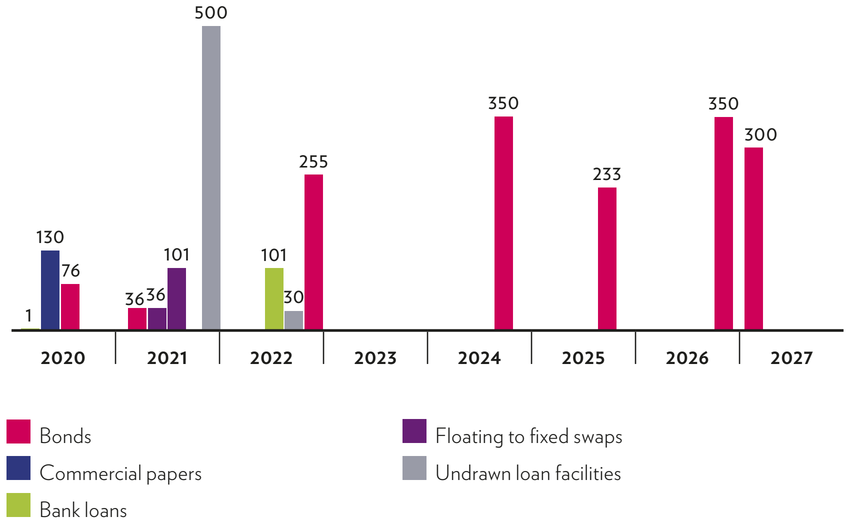
The weighted average loan maturity was 4.6 years.

The LTV (IFRS) decreased to 42.4% (48.7%) as a result of the issuance of the hybrid bond.

BREAKDOWN OF LOANS



DEBT MATURITIES



FINANCIAL EXPENSES

The direct net financial expenses (EPRA) declined year-on-year mainly due to lower average cost of debt and weaker average NOK and SEK currency rates. Interest expenses resulting from lease liabilities recognized according to IFRS 16 and lower interest income increased net financial expenses.

Net financial expenses (IFRS) decreased by EUR 16.3 million to EUR 54.2 million (70.5) for the same reasons, but mainly as indirect costs related to bond tenders were clearly higher in 2018 than in 2019. Fair value changes of cross-currency swaps not under hedge accounting and realised fair value gains on closed interest rate swaps led to indirect financial gains of EUR 2.6 million.

The financial income mainly consisted of interest income on a loan to Kista Galleria.

The period-end average cost of debt declined to 2.29% (2.35%).

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 EXPENSES KEY FIGURES

		2019	2018
Financial expenses [1) 2)]	MEUR	-62.4	-79.1
Financial income [2)]	MEUR	8.2	8.7
Net financial expenses (IFRS)	**MEUR**	**-54.2**	**-70.5**
Direct net financial expenses (EPRA)	MEUR	-48.9	-50.1
Weighted average interest rate [3)]	%	2.29	2.35
Weighted average interest rate excluding derivatives	%	2.34	2.36
Year-to-date weighted average interest rate [3)]	%	2.41	2.69

1) Q1–Q4/2019 including EUR 1.9 million interest expenses due to adoption of IFRS 16 so not fully comparable to earlier periods.
2) The foreign exchange differences are netted in the financial expenses
3) Including interest rate swaps and cross-currency swaps

CHANGES IN CORPORATE MANAGEMENT

F. Scott Ball started as Citycon's CEO on January 1, 2019. Ball replaced Marcel Kokkeel, who stepped down based on mutual agreement on January 1, 2019 and stayed as an advisor to the company until May 1, 2019.

At the same time, Henrica Ginström was appointed Citycon's new Chief Operating Officer as of January 1, 2019. Jurn Hoeksema stepped down from his COO position based on a mutual agreement, effective January 1, 2019.

Anu Tuomola, Citycon's General Counsel and member of the Corporate Management Committee, left the company based on a mutual understanding in March 2019.

Erik Lennhammar was appointed as Citycon's new Chief Development Officer as of 12 August 2019. Citycon's former CDO Tom Lisiecki decided to leave the company in April 2019.

SUSTAINABILITY

Citycon's strategy is to be a forerunner in sustainable shopping centre management. Citycon's sustainability strategy was updated in 2017 and Citycon has set ambitious targets that extend to 2030.

Citycon uses BREEAM In-Use to assess and develop the sustainable management of its shopping centres. 84% of Citycon's shopping centres, measured by fair value, had acquired the certification at period-end. Citycon now boasts the largest shopping centre portfolio with BREEAM In-Use certification in the Nordic countries.

In its sustainability reporting, Citycon applies the GRI Standards Core option, the Construction and Real Estate Sector Supplement (CRESS), as well as the guidelines published by European Public Real Estate Association (EPRA) in autumn 2017. Citycon's sustainability strategy, targets and measures are described in detail in the upcoming Sustainability Accounts 2019.

Citycon's Annual and Sustainability Report 2018 was awarded as one of the best within the industry. Citycon received the EPRA Gold Award in the Sustainability Best Practices series for the eighth year in a row. Since 2018, Citycon has received a rating of AA in the MSCI ESG Ratings assessment. Citycon also has the ISS-Oekom "Prime" rating, awarded to companies that achieve the best ESG scores among their sector peers.

Key environmental indicators 2019:

- Citycon's total energy consumption (incl. electricity consumption in common areas, heating and cooling) amounted to 208 gigawatt hours (230 GWh). Shopping centre energy intensity (kWh/sq.m) decreased by 6.7% compared to previous year.
- The carbon footprint totalled 33,000 thousand carbon equivalent tonnes (40,000 tCO_2e). The carbon intensity ($kgCO_2e$/sq.m) of shopping centres decreased by 15.3% compared to previous year.
- The recycling rate in shopping centres increased 1%-points compared to the previous year and was 99%.

RISKS AND UNCERTAINTIES

The most significant near-term risks and uncertainties in Citycon's business operations are associated with the general development of the economy and consumer confidence in the Nordic countries and Estonia as well as how this affects 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.

LEGAL PROCEEDINGS

Some lawsuits, claims and legal disputes based on various grounds are pending against Citycon relating to the company's business operations. In the company's view, it is improbable that the outcome of these lawsuits, claims and legal disputes will have a material impact on the company's financial position.

GENERAL MEETING

Annual General Meeting 2019

Citycon's Annual General Meeting (AGM) 2019 was held in Espoo on 13 March 2019. A total of 354 shareholders attended the AGM either personally or through a proxy representative, representing 81.6% 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 2018. 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 decisions and the minutes of the AGM are available on the company's website at **citycon.com/agm2019**.

Board of Directors

Under the Articles of Association, the Board of Directors of the company consists of a minimum of five and a maximum of ten members, elected by the General Meeting for a term of one year that will end at the close of the following Annual General Meeting.

Citycon's AGM 2019 set the number of Board members at nine. The Board of Directors elected by the AGM consisted of Chaim Katzman, Bernd Knobloch, Arnold de Haan, Alexandre (Sandy) Koifman, David Lukes, Andrea Orlandi, Per-Anders Ovin, Ofer Stark and Ariella Zochovitzky.

Chaim Katzman was the Chairman of the Board of Directors in 2019, and Bernd Knobloch the Deputy Chairman.

Auditor

Since 2006, the company's auditor has been Ernst & Young Oy, a firm of authorised public accountants, which had designated Authorised Public Accountant Mikko Rytilahti to act as the responsible auditor of Citycon in 2019.

Chief Executive Officer (CEO)

From 1 January 2019 onwards, F. Scott Ball has been the company's CEO. Eero Sihvonen, Chief Financial Officer, is Citycon's Executive Vice President. Their personal details, career histories and positions of trust can be found on the company's website at **citycon.com/about-us/our-management**. Information on the CEO's executive contract and its terms and conditions are available on page 55 of the Financial Statements.

CORPORATE GOVERNANCE STATEMENT

Citycon has published Citycon Group's Corporate Governance Statement 2019 as a separate report, distinct from the Report by the Board of Directors. The statement is prepared in accordance with the recommendations of the Finnish Corporate Governance Code 2020 and is available on the company's website at **citycon.com/corporate-governance**.

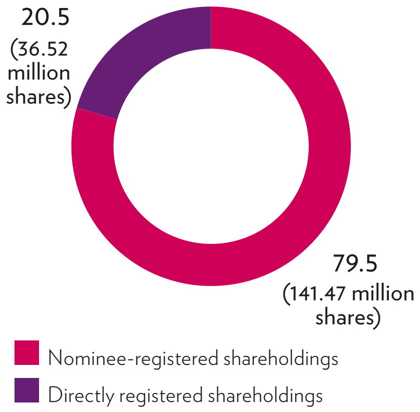
SHARES, SHARE CAPITAL AND SHAREHOLDERS

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 December 2019, the total number of shares outstanding in the company was 177,998,525. The shares have no nominal value. During 2019, there were no changes in the company's share capital.

In March 2019, the number of shares in Citycon changed due to the reverse share split. The number of shares in the company was reduced from 889,992,628 to 177,998,525 by merging each five (5) shares into one (1) share. The new number of shares was registered with the Trade Register on 16 March 2019 and trading with the merged shares commenced on 18 March 2019.

SHAREHOLDERS 31 DECEMBER 2019

% of shares and voting rights



SHARES AND SHARE CAPITAL

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

At the end of December 2019, Citycon had a total of 17,396 (17,269) registered shareholders, of which 11 were account managers of nominee-registered shares. Holders of the nominee-registered shares held approximately 141.5 million (141.9) shares, or 79.5% (79.7%) 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**.

Further information of the company's stock listing, trading volume, share price, market cap, share capital, most significant registered shareholders, of the distribution of ownership and of the issue-adjusted average number of shares can be found on pages 37–38 and 26 of the Financial Review.

DIVIDEND AND EQUITY REPAYMENT

Citycon's dividend for the financial year 2018 and equity repayments paid in 2019 are showed in the table below.

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 13 March 2019:

- 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 2020.
- 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 2020.

During January–December 2019, the Board of Directors used five times its authorisation to repurchase its own shares and issue them by conveying repurchased shares. The repurchases and conveyances were made for payment of agreed severance payments and rewards earned under the company's share plans in accordance with the terms and conditions of the plans and the share repurchase program:

Matching Share Plan 2018–2020

- The company repurchased a total of 15,702 of its own shares and conveyed them on 8 May 2019 to two persons.

Restricted Share Plan 2015

- The company repurchased a total of 20,000 of its own shares and conveyed them on 8 May 2019 to three persons.

Severance payments

- The company repurchased a total of 25,000 of its own shares and conveyed them on 8 May 2019 to two persons.

All repurchases were made during 25 April–2 May 2019.

DIVIDENDS AND EQUITY REPAYMENTS PAID ON 31 DECEMBER 2019 [1)]

	Record date	Payment date	EUR / share
Dividend for 2018	22 March 2019	29 March 2019	0.05
Equity repayment Q1	22 March 2019	29 March 2019	0.1125
Equity repayment Q2	21 June 2019	28 June 2019	0.1625
Equity repayment Q3	23 September 2019	30 September 2019	0.1625
Equity repayment Q4	19 December 2019	30 December 2019	0.1626
Total			**0,65**

[1)] *Board decision based on the authorisation issued by the AGM 2019*

OWN SHARES

During the reporting period, the company held a total of 60,702 of the company's own shares. These 60,702 shares were conveyed to implement payments of severance payments and 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 year 2019.

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.

Based on the information received by Citycon, Gazit-Globe Ltd. and CPPIBEH have undertaken to vote in Citycon's general meetings in favour of the election of members to the Citycon Board of Directors so that no less than three members of the Board of Directors will be nominated by Gazit-Globe Ltd. and no less than two members will be nominated by CPPIBEH. One of the members nominated by CPPIBEH shall be independent of both CPPIBEH and Citycon. The parties to the agreement have agreed to use their best efforts to ensure that the Board members nominated by CPPIBEH will also be elected to serve on such Board committees as Citycon may establish from time to time, including one member on the Board's Nomination and Remuneration Committee. In the event that a Board member nominated by CPPIBEH is not a member of the Board's Nomination and Remuneration Committee for a period of three months during any annual financial period of Citycon, subject to certain exceptions, Gazit-Globe Ltd. shall support and vote in favour of a proposal by CPPIBEH at a general meeting of shareholders of Citycon to introduce a shareholders' nomination board to replace the Board's Nomination and Remuneration Committee.

Gazit-Globe Ltd. has also, subject to certain exceptions, granted CPPIBEH a limited right to sell its shares (tag-along right) in connection with potential transfers by Gazit-Globe Ltd. of more than 5% of Citycon's shares during any 12-month period.

According to information received by Citycon, Gazit-Globe Ltd. and CPPIBEH have received statements from the Finnish Financial Supervisory Authority to the effect that the governance agreement does not, as such, constitute acting in concert, and thus does not trigger an obligation for the parties to make a mandatory tender offer for the shares in Citycon.

The governance agreement shall terminate 10 years from the date of the agreement, or if CPPIBEH ceases to hold at least 10% of Citycon shares, directly or indirectly, for more than 30 consecutive days, or if Gazit-Globe Ltd. ceases to hold at least 20% of Citycon shares, directly or indirectly, for more than 30 consecutive days.

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:

- Restricted Share Plan 2020–2022
- CEO Restricted Share Plan 2018–2021
- Matching Share Plan 2018–2020
- Restricted Share Plan 2018–2020
- Performance Share Plan 2015, and
- Restricted Share Plan 2015.

The main terms of the long-term share-based incentive plans are explained in the Note 1.6 on pages 55–57 of the Financial Statements.

In December 2019 the Board of Directors approved a new Restricted Share Plan 2020–2022. The share plan is directed to selected key employees, excluding the CEO and other members of the Corporate Management Committee.

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

SHARES HELD BY MEMBERS OF THE BOARD OF DIRECTORS AND BY THE COMPANY MANAGEMENT

The members of the Board of Directors of Citycon, the CEO, the other Corporate Management Committee members held a total of 226,233 company shares on 31 December 2019. These shareholdings represented 0,13% of the company's total shares and total voting rights.

Members of the Board of Directors are not included in the company's share-based incentive plans.

Details of the shareholdings of the members of the Board of Directors, the CEO and the other members of the Corporate Management Committee are available on the company's website at **www.citycon.com/managers-holdings-shares**.

EVENTS AFTER THE REPORTING PERIOD

On 5 February 2020 was disclosed that Citycon has agreed to acquire a portfolio of three shopping centres in Norway. The transaction value amounts approximately to EUR 145 million.

Helsinki, 5 February 2020
Citycon Oyj
Board of Directors

EPRA PERFORMANCE MEASURES

EPRA (European Public Real Estate Association) is a common interest group for listed real estate companies in Europe. Citycon is an active member of EPRA. EPRA's objective is to encourage greater investment in European listed real estate companies and strive for 'best practices' in accounting, financial reporting and corporate governance in order to provide high-quality information to investors and to increase the comparability of different companies. The best practices also create a framework for discussion and decision-making on the issues that determine the future of the sector. In addition, EPRA publishes the FTSE EPRA/NAREIT index in association with FTSE, which tracks the performance of the largest European and North American listed real estate companies. Citycon is included in the FTSE EPRA index, which increases international interest towards Citycon as an investment.

Citycon applies the best practices policy recommendations of EPRA for financial reporting and also for sustainability reporting. This section in Citycon's financial statements presents the EPRA performance measures and their calculations. For more information about EPRA and EPRA's best practice policies please visit EPRA's web page: **www.epra.com**.

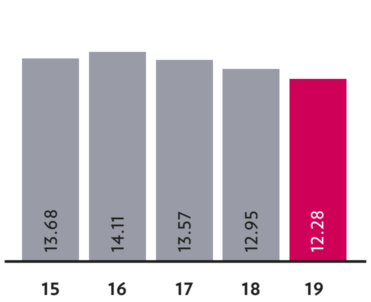
EPRA PERFORMANCE MEASURES

	Note	2019	2018	2017	2016	2015
EPRA Earnings, MEUR	1	145.6	143.5	152.3	151.1	130.8
Adjusted EPRA Earnings, MEUR 2)	1	143.9	143.5	152.3	151.1	130.8
EPRA Earnings per share (basic), EUR 1)	1	0.818	0.806	0.856	0.849	0.865
Adjusted EPRA Earnings per share (basic), EUR 1) 2)	1	0.809	0.806	0.856	0.849	0.865
EPRA NAV per share, EUR 1)	2	12.28	12.95	13.57	14.11	13.68
EPRA NNNAV per share, EUR 1)	2	10.97	11.90	11.84	12.33	12.28
EPRA Cost Ratio (including direct vacancy costs), %	3	14.1	17.1	18.7	17.6	20.3
EPRA Cost Ratio (excluding direct vacancy costs), %	3	11.7	15.1	16.5	15.5	18.5
EPRA Net Initial Yield (NIY), %	4	5.3	5.2	5.2	5.5	5.4
EPRA 'topped-up' NIY, %	4	5.4	5.2	5.3	5.6	5.5
EPRA vacancy rate, %	5	4.5	3.6	4.0	3.7	3.1

1) *Key ratios have been adjusted in the comparison periods to reflect the new number of shares after the reversed share split executed in March 2019.*
2) *The adjusted key figure includes hybrid bond coupons (both paid and accrued not yet recognized) and amortized fees.*

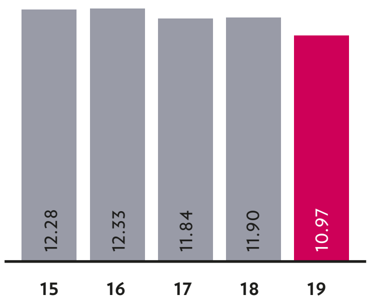
EPRA NAV

EUR



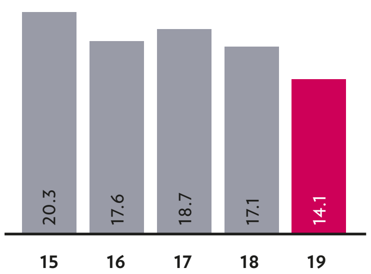
EPRA NNNAV

EUR



EPRA COST RATIO

%



1. EPRA EARNINGS AND EPRA EARNINGS PER SHARE (BASIC)

EPRA Earnings presents the underlying operating performance of a real estate company excluding all so called non-recurring items such as net fair value gains/losses on investment properties, profit/loss on disposals and other non-recurring items. EPRA Earnings is especially important for investors who want to assess the extent to which dividends are supported by recurring income.

EPRA Earnings can also be calculated from the statement of comprehensive income from top to bottom. The EPRA Earnings calculation is presented in the below table with this different method, which also presents the Direct Operating profit.

	2019 MEUR	2019 Average number of shares (1,000)	2019 per share, EUR	2018 MEUR	2018 Average number of shares (1,000)	2018 per share, EUR
Earnings in IFRS Consolidated Income Statement	**8.9**	**177,997**	**0.050**	**16.6**	**177,997**	**0.093**
+/- Net fair value losses/gains on investment property	121.9	177,997	0.685	72.5	177,997	0.407
-/+ Net gains/losses on disposal of investment property	-1.5	177,997	-0.009	0.2	177,997	0.001
+/- Indirect other operating expenses	-	177,997	-	10.3	177,997	0.058
+ Early close-out costs of debt and financial instruments	7.9	177,997	0.044	21.4	177,997	0.120
-/+ Fair value gains/losses of financial instruments	-2.6	177,997	-0.015	-1.1	177,997	-0.006
+/- Indirect losses/gains of joint ventures and associated companies	19.5	177,997	0.109	17.9	177,997	0.100
-/+ Change in deferred taxes arising from the items above	-8.5	177,997	-0.048	5.7	177,997	0.032
+/- Non-controlling interest arising from the items above	-	177,997	-	-	177,997	-
EPRA Earnings (basic)	**145.6**	**177,997**	**0.818**	**143.5**	**177,997**	**0.806**
-/+ Hybrid bond coupons and amortized fees	-1.7	177,997	-0.010	-	177,997	-
Adjusted EPRA Earnings (basic)	**143.9**	**177,997**	**0.809**	**143.5**	**177,997**	**0.806**

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

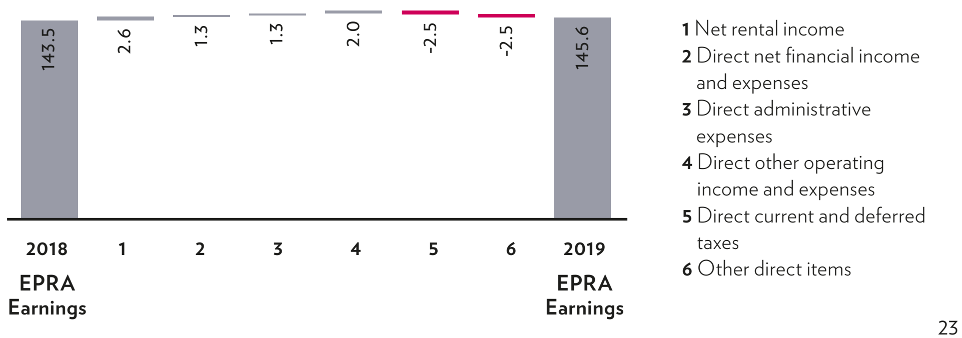
EPRA Earnings increased by EUR 2.1 million and EPRA EPS was EUR 0.818.
EPRA earnings were increased due to lower administrative and finance expenses, completed development project in Mölndal, and positive like-for-like development. Increase was partly offset by non-core disposals, higher taxes and weaker NOK and SEK FX rates.

	2019 MEUR	2019 Average number of shares (1,000)	2019 per share, EUR	2018 MEUR	2018 Average number of shares (1,000)	2018 per share, EUR
Net rental income (NRI)	**217.4**	**177,997**	**1.222**	**214.9**	**177,997**	**1.207**
Direct administrative expenses	-26.8	177,997	-0.150	-28.0	177,997	-0.158
Direct other operating income and expenses	2.8	177,997	0.016	0.8	177,997	0.005
Direct Operating profit	**193.5**	**177,997**	**1.087**	**187.6**	**177,997**	**1.054**
Direct net financial income and expenses	-48.9	177,997	-0.275	-50.1	177,997	-0.282
Direct share of profit/loss of joint ventures and associated companies	2.8	177,997	0.016	5.3	177,997	0.030
Direct current taxes	-2.0	177,997	-0.011	-0.2	177,997	-0.001
Change in direct deferred taxes	0.1	177,997	0.001	0.9	177,997	0.005
Direct non-controlling interest	0.0	177,997	0.000	0.0	177,997	0.000
EPRA Earnings (basic)	**145.6**	**177,997**	**0.818**	**143.5**	**177,997**	**0.806**
Hybrid bond coupons and amortized fees	-1.7	177,997	-0.010	-	177,997	-
Adjusted EPRA Earnings (basic)	**143.9**	**177,997**	**0.809**	**143.5**	**177,997**	**0.806**

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

CHANGE IN EPRA EARNINGS

MEUR



2. EPRA NAV PER SHARE AND EPRA NNNAV PER SHARE

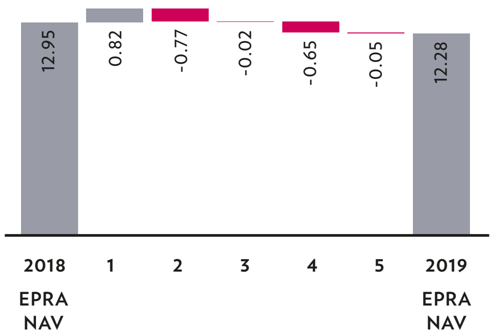
EPRA NAV presents the fair value of net assets of a real estate company. It is based on the assumption of owning and operating investment properties for a long term and therefore it is a useful tool to compare against the share price of a real estate company. The closing share price of Citycon was 9.365 EUR per share on 31 December 2019.

As EPRA NAV intends to reflect the fair value of a business on a going-concern basis, all items arising from future disposals (e.g. deferred taxes on disposals) and the fair value of financial instruments are excluded from EPRA NAV. Fair value of financial instruments i.e. mark-to-market value of hedging instruments will end up zero when they are held to maturity. Therefore, the fair value of financial instruments at the balance sheet date is excluded from EPRA NAV.

EPRA NNNAV is including the deferred tax liabilities and fair value of financial instruments and therefore it is a measure of the real estate company's "spot" fair value at the balance sheet date. Spot fair value means that EPRA NNNAV reflects the fair value of net assets of the company at a particular day as opposed to EPRA NAV, which reflects the fair value of net assets on a going-concern basis. However, EPRA NNNAV is not a liquidation NAV as the fair values of assets and liabilities are not based on a liquidation scenario.

CHANGE OF NET ASSET VALUE (EPRA NAV)

EUR



1 EPRA Earnings
2 Indirect result
3 Translation reserve
4 Dividends paid and equity return
5 Other

EPRA NAV per share decreased by EUR 0.67 to EUR 12.28 mainly due to fair value losses and foreign exchange movements. EPRA NNNAV per share decreased by 0.93 to EUR 10.97 mainly due to higher secondary market value of outstanding bonds.

	2019			2018		
	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	1,978.4	177,999	11.11	2,088.9	177,999	11.74
Deferred taxes from the difference between the fair value and fiscal value of investment properties	294.5	177,999	1.65	302.6	177,999	1.70
Goodwill as a result of deferred taxes	-85.8	177,999	-0.48	-85.1	177,999	-0.48
Fair value of financial instruments	-1.4	177,999	-0.01	-1.1	177,999	-0.01
Net asset value (EPRA NAV)	**2,185.7**	**177,999**	**12.28**	**2,305.3**	**177,999**	**12.95**
Deferred taxes from the difference between the fair value and fiscal value of investment properties	-294.5	177,999	-1.65	-302.6	177,999	-1.70
Goodwill as a result of deferred taxes	85.8	177,999	0.48	85.1	177,999	0.48
Difference between the secondary market price and fair value of bonds and capital loans [1)]	-26.4	177,999	-0.15	29.3	177,999	0.16
Fair value of financial instruments	1.4	177,999	0.01	1.1	177,999	0.01
EPRA NNNAV	**1,952.1**	**177,999**	**10.97**	**2,118.2**	**177,999**	**11.90**

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

[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 fair value of the bonds was EUR -26.4 million (29.3) as of 31 December 2019.*

3. EPRA COST RATIOS

EPRA Cost Ratios reflect the relevant overhead and operating costs of the business and provide a recognized and understood reference point for analysis of a company's costs. The EPRA Cost Ratio (including direct vacancy costs) includes all administrative and operating expenses in the IFRS statements including the share of joint ventures' overheads and operating expenses (net of any service fees). The EPRA Cost Ratio (excluding direct vacancy costs) is calculated as above, but with an adjustment to exclude vacancy costs. Both EPRA Cost Ratios are calculated as a percentage of Gross Rental Income less ground rent costs, including a share of joint venture Gross Rental Income less ground rent costs.

MEUR	2019	2018
Include:		
Administrative expenses [1) 2)]	24.2	25.6
Property operating expenses and other expenses from leasing operations less service charge costs	69.9	79.1
Net service charge costs/fees	13.7	14.6
Management fees less actual/estimated profit element	-2.4	-2.0
Other operating income/recharges intended to cover costs less any related profit	-9.6	-10.7
Share of joint venture expenses	5.0	4.5
Exclude:		
Ground rent costs	-5.4	-6.0
Service charge costs recovered through rents but not separately invoiced	-59.3	-60.9
Share of joint venture investment property depreciation, ground rent costs and service charge costs recovered through rents but not separately invoiced	-1.8	-1.9
EPRA Costs (including direct vacancy costs) (A)	**34.2**	**42.4**
Direct vacancy costs	-5.9	-5.1
EPRA Costs (excluding direct vacancy costs) (B)	**28.3**	**37.4**
Gross rental income less ground rent costs	226.7	231.0
Add: share of joint ventures (Gross rental income less ground rent costs less service fees in GRI)	15.3	16.7
Gross Rental Income (C)	**242.0**	**247.7**
EPRA Cost Ratio (including direct vacancy costs) (A/C, %)	**14.1**	**17.1**
EPRA Cost Ratio (excluding direct vacancy costs) (B/C, %)	**11.7**	**15.1**

1) Administrative expenses are net of costs capitalised of EUR 3.8 million in 2019 and EUR 5.0 million in 2018. Citycon's policy is to capitalise, for example, expenses related to property development projects and major software development projects.
2) Expenses related to management and organizational changes 2.6M€ in 2019 are excluded from the administrative expenses. In 2018 the expenses related to management change were 2.4M€.

4. EPRA NET INITIAL YIELD (NIY), % AND EPRA 'TOPPED-UP' NIY, %

EPRA initial yields present property portfolio's ability to generate rent.

EPRA NIY, % is calculated by dividing the net rental income for the completed property portfolio, based on the valid lease portfolio on the balance sheet date, by the gross market value of the completed property portfolio. EPRA initial yields calculation does not include Kista Galleria.

In EPRA 'topped-up' NIY, the net rental income is 'topped-up' to reflect rent after the expiry of lease incentives such as rent-free periods and rental discounts.

MEUR	31 December 2019	31 December 2018
Fair value of investment properties determined by the external appraiser	4,091.9	4,192.6
Less (re)development properties, unused building rights and properties which valuation is based on the value of the building right	-196.4	-170.4
Completed property portfolio	**3,895.6**	**4,022.2**
Plus the estimated purchasers' transaction costs	66.9	70.6
Gross value of completed property portfolio (A)	**3,962.5**	**4,092.8**
Annualised gross rents for completed property portfolio	279.8	283.2
Property portfolio's operating expenses	-68.9	-72.3
Annualised net rents (B)	**210.9**	**211.0**
Plus the notional rent expiration of rent-free periods or other lease incentives	1.9	2.9
Topped-up annualised net rents (C)	**212.9**	**213.9**
EPRA Net Initial Yield (NIY), % (B/A)	**5.3**	**5.2**
EPRA 'topped-up' NIY, % (C/A)	**5.4**	**5.2**

EPRA Cost Ratio improved to 14.1% (17.1)

EPRA Cost Ratio (including direct vacancy costs) decreased to 14.1% and EPRA Cost Ratio (excluding direct vacancy costs) decreased to 11.7% from previous year. The decrease was mainly due to lower operating expenses. The implementation of IFRS 16 Leases -standard had a decreasing impact on the expenses.

EPRA NIY and EPRA 'TOPPED-UP' NIY increased

EPRA initial yields increased during the year due to fair value changes in our property portfolio.

5. EPRA VACANCY RATE, %

The EPRA vacancy rate presents how much out of the full potential rental income is not received because of vacancy.

The EPRA vacancy rate is calculated by dividing the estimated rental value of vacant premises by the estimated rental value of the whole property portfolio if all premises were fully leased. The EPRA vacancy rate is calculated using the same principles as the economic occupancy rate, which Citycon also discloses.

MEUR	31 December 2019	31 December 2018
Annualised potential rental value of vacant premises	13.3	11.0
÷ Annualised potential rental value for the whole property portfolio	293.4	303.2
EPRA vacancy rate, %	**4.5**	**3.6**

EPRA vacancy rate close to last years' level

The EPRA vacancy rate at the end of 2019 for the entire property portfolio was 4.5%. Vacancy was slightly higher in Norway and Sweden & Denmark.

6. PROPERTY RELATED CAPEX

MEUR	2019	2018
Acquisitions	1.2	69.6
(Re)development	70.2	51.1
Like-for-like portfolio	25.8	28.0
Capex on disposed assets	0.1	0.4
Other incl. capitalised interest	3.3	3.0
Capital expenditure	**100.5**	**152.0**

Capex disclosed in the table are categorised according to the EPRA recommendations and consists of the items 'Acquisitions during the period', 'Investments during the period' and 'Capitalised interest' presented in the Note 2.1. Investment Properties. Investments include both income-producing and maintenance capex.

Acquisitions include EUR 0.3 million related to acquisition costs and EUR 0.8 million of investments in acquisition portfolio's properties. In 2018, investments into acquisition portfolio's properties totalled EUR 1.2 million, and in addition, EUR 68.4 million acquisition costs.

7. EPRA EARNINGS FOR FIVE YEARS

MEUR	2019	2018	2017	2016	2015
Earnings in IFRS Consolidated Income Statement	**8.9**	**16.6**	**87.4**	**160.4**	**108.8**
+/- Net fair value losses/gains on investment property	121.9	72.5	42.9	-25.9	-7.3
-/+ Net gains/losses on disposal of investment property	-1.5	0.2	-6.0	-4.3	17.1
+ Transaction costs related to business combinations and investment property disposals	-	-	-	-	7.5
-/+ Indirect other operating expenses	-	10.3	12.8	4.4	9.2
-/+ Fair value gains/losses of financial instruments and early close-out costs of debt and financial instruments	5.3	20.3	2.0	5.9	6.1
+/- Indirect losses/gains of joint ventures and associated companies	19.5	17.9	6.9	-10.4	-16.9
-/+ Change in deferred taxes arising from the items above	-8.5	5.7	5.8	20.2	5.8
+/- Non-controlling interest arising from the items above	-	-	0.5	0.7	0.5
EPRA Earnings (basic)	**145.6**	**143.5**	**152.3**	**151.1**	**130.8**
-/+ Hybrid bond coupons and amortized fees	-1.7	-	-	-	-
Adjusted EPRA Earnings (basic)	**143.9**	**143.5**	**152.3**	**151.1**	**130.8**
Issue-adjusted average number of shares, million [1]	177,997	177,997	177,998	177,999	151,099
EPRA Earnings per share (basic), EUR [1]	**0.818**	**0.806**	**0.856**	**0.849**	**0.865**
Adjusted EPRA Earnings per share (basic), EUR [1]	**0.809**	**0.806**	**0.856**	**0.849**	**0.865**

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

EPRA Earnings can also be calculated from the consolidated income statement from top to bottom. The EPRA Earnings calculation is presented in the below table with this different method, which also presents the Direct Operating profit.

MEUR	2019	2018	2017	2016	2015
Net rental income	**217.4**	**214.9**	**228.5**	**224.9**	**199.6**
Direct administrative expenses	-26.8	-28.0	-29.1	-28.2	-27.0
Direct other operating income and expenses	2.8	0.8	1.1	1.8	2.7
Direct operating profit	**193.5**	**187.6**	**200.5**	**198.5**	**175.4**
Direct net financial income and expenses	-48.9	-50.1	-54.4	-51.7	-46.2
Direct share of profit/loss of joint ventures and associated companies	2.8	5.3	6.2	4.4	2.6
Direct current taxes	-2.0	-0.2	-0.8	-0.7	-0.4
Change in direct deferred taxes	0.1	0.9	0.7	0.7	0.6
Direct non-controlling interest	0.0	0.0	0.0	-0.1	-1.1
EPRA Earnings	**145.6**	**143.5**	**152.3**	**151.1**	**130.8**
Hybrid bond coupons and amortized fees	-1,7	-	-	-	-
Adjusted EPRA Earnings	**143.9**	**143.5**	**152.3**	**151.1**	**130.8**
Issue-adjusted average number of shares, million [1)]	177,997	177,997	177,998	177,999	151,099
EPRA Earnings per share (basic), EUR [1)]	**0.818**	**0.806**	**0.856**	**0.849**	**0.865**
Adjusted EPRA Earnings per share (basic), EUR [1)]	**0.809**	**0.806**	**0.856**	**0.849**	**0.865**

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

OPERATIONAL KEY FIGURES

FAIR VALUE

	No. of properties	Fair value, EUR million		Fair value change, EUR million	Average yield requirement, %		Average market rent, EUR/sq.m./month
	31 December 2019	31 December 2019	31 December 2018	2019	31 December 2019	31 December 2018	31 December 2019
Shopping centres, Finland & Estonia	12	1,843.9	1,835.4	-56.0	-	-	-
Other retail properties, Finland & Estonia	1	2.9	2.3	0.5	-	-	-
Finland & Estonia, total	**13**	**1,846.8**	**1,837.7**	**-55.5**	**5.3**	**5.5**	**30.2**
Shopping centres, Norway	15	1,332.9	1,328.6	-29.2	-	-	-
Rented shopping centres, Norway [1]	1	-	-	-	-	-	-
Norway, total	**16**	**1,332.9**	**1,328.6**	**-29.2**	**5.5**	**5.4**	**22.6**
Shopping centres, Sweden & Denmark	10	929.5	964.9	-31.4	-	-	-
Sweden & Denmark, total	**10**	**929.5**	**964.9**	**-31.4**	**5.4**	**5.2**	**25.5**
Shopping centres, total	38	4,106.2	4,129.0	-116.5	-	-	-
Other retail properties, total	1	2.9	2.3	0.5	-	-	-
Investment properties, total	**39**	**4,109.1**	**4,131.3**	**-116.0**	**5.4**	**5.4**	**26.5**
Right-of-use assets classified as investment properties (IFRS 16)	-	51.1	-	-6.0	-	-	-
Investment properties in the statement of financial position, total	**-**	**4,160.2**	**4,131.3**	**-121.9**	**5.4**	**5.4**	**26.5**
Kista Galleria, 50%	1	275.1	291.1	-17.7	-	-	-
Investment properties in the statement of financial position and Kista Galleria (50%), total	**40**	**4,435.3**	**4,422.4**	**-139.6**	**5.3**	**5.3**	**26.9**

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

LIKE-FOR-LIKE PORTFOLIO

	No. of properties	Fair value, EUR million		Fair value change, EUR million	Average yield requirement, %		Average market rent, EUR/sq.m./month
	31 December 2019	31 December 2019	31 December 2018	2019	31 December 2019	31 December 2018	31 December 2019
Shopping centres, Finland & Estonia	7	1,436.5	1,452.5	-27.8	-	-	-
Other retail properties, Finland & Estonia	1	2.9	2.3	0.5	-	-	-
Finland & Estonia, total	**8**	**1,439.4**	**1,454.8**	**-27.2**	**5.2**	**5.3**	**31.4**
Shopping centres, Norway	13	1,025.1	1,023.8	-14.1	-	-	-
Rented shopping centres, Norway [1]	1	-	-	-	-	-	-
Norway, total	**14**	**1,025.1**	**1,023.8**	**-14.1**	**5.5**	**5.4**	**22.7**
Shopping centres, Sweden & Denmark	8	737.9	766.8	-23.1	-	-	-
Sweden & Denmark, total	**8**	**737.9**	**766.8**	**-23.1**	**5.3**	**5.1**	**25.6**
Like-for-like properties, total	**30**	**3,202.4**	**3,245.4**	**-64.5**	**5.3**	**5.3**	**27.2**
Right-of-use assets classified as like-for-like properties (IFRS 16)	-	50.4	-	-5.5	-	-	-
Like-for-like properties in the statement of financial position, total	**30**	**3,252.8**	**3,245.4**	**-70.0**	**5.3**	**5.3**	**27.2**

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

AVERAGE RENT [1]

	Average remaining length of lease agreements, years	Average rent, EUR/sq.m./month
	31 December 2019	31 December 2019
Finland & Estonia	3.3	25.8
Norway	3.1	21.7
Sweden & Denmark	3.0	22.1
Total	**3.2**	**23.3**

[1] *Including Kista Galleria 50%.*

RENTAL INCOME BY BUSINESS UNITS

	Gross rental income, MEUR		Net rental income, MEUR	
	2019	2018	2019	2018
Finland & Estonia	98.3	102.8	94.4	96.9
Norway	80.9	84.7	75.4	74.3
Sweden & Denmark	52.9	49.5	47.3	43.5
Other	-	-	0.3	0.2
Investment properties, total	**232.1**	**237.0**	**217.4**	**214.9**
Kista Galleria, 50%	12.5	13.6	9.9	11.7
Investment properties and Kista Galleria (50%), total	**244.6**	**250.6**	**227.3**	**226.5**

RENTAL INCOME BY CATEGORY, % [1]

	Finland & Estonia	Norway	Sweden & Denmark	Total
Cafes and Restaurants	10.3	6.8	12.5	**9.7**
Cosmetics and Pharmacies	6.2	8.2	7.9	**7.3**
Fashion and Accessories	25.0	28.1	20.8	**24.9**
Groceries	22.5	10.5	18.1	**17.3**
Home and Sporting Goods	16.6	30.3	11.0	**19.6**
Leisure	1.8	0.2	1.4	**1.2**
Residentials and Hotels	1.1	-	3.7	**1.4**
Services and Offices	11.9	11.0	17.1	**13.0**
Specialty Stores	2.0	0.8	1.0	**1.3**
Wellness	2.5	4.2	6.4	**4.1**
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] *Including Kista Galleria 50%. Rental income based on valid rent roll at 31 December 2019.*

SHOPPING CENTRES [1)]

	Location	GLA, sq.m.	Retail GLA, sq.m.	Economic occupancy rate, % 31 December 2019	Year of acquisition	Year built/latest year of renovation
Finland & Estonia						
Shopping centres, Helsinki area Finland						
Columbus	Helsinki	20,900	19,000	98.2	2006	1997/2007
Heikintori	Espoo	6,200	4,500	29.3	1998	1968
Isomyyri	Vantaa	11,700	8,300	91.0	1999	1987
Iso Omena	Espoo	101,000	84,400	97.2	2007	2001/2016,2017
Pikkulaiva	Espoo	8,400	8,100	99.9	2017	2017
Myyrmanni	Vantaa	40,400	31,100	95.5	1999	1994/2016
Shopping centres, other areas in Finland						
IsoKarhu	Pori	14,600	12,700	76.9	1999	1972/2014
IsoKristiina	Lappeenranta	17,050	12,800	92.0	1999, 2005	1987,1993/2015
Koskikeskus	Tampere	33,300	28,800	96.0	1999, 2003	1988/2012
Trio	Lahti	46,900	27,100	88.1	1999, 2007	1977, 1992/2010
Shopping centres, Estonia						
Kristiine Keskus	Tallinn	44,000	44,600	99.3	2011	1999/2019
Rocca al Mare	Tallinn	57,600	56,700	99.5	2005	1998/2009
Shopping centres, total	-	**402,050**	**338,100**	**95.7**	-	-
Other retail properties, total	-	**2,240**	**700**	**79.6**	-	-
Finland & Estonia, total	-	**404,290**	**338,800**	**95.7**	-	-
Norway						
Shopping centres, Oslo area						
Buskerud Storsenter	Krokstadelva	32,100	28,800	98.4	2015	1984/2017
Kolbotn Torg	Kolbotn	18,700	16,900	91.9	2015	2008
Liertoppen Kjøpesenter	Lierskogen	26,900	24,800	97.4	2015	1987/1990
Linderud Senter	Oslo	21,600	16,900	98.5	2015	1967/2009
Magasinet Drammen	Drammen	15,000	12,000	84.1	2015	1992/2008
Trekanten	Asker	24,100	17,000	99.7	2015	1997/2008

	Location	GLA, sq.m.	Retail GLA, sq.m.	Economic occupancy rate, % 31 December 2019	Year of acquisition	Year built/latest year of renovation
Shopping centres, other areas in Norway						
Down Town	Porsgrunn	36,800	32,800	96.1	2015	1988/2019
Herkules	Skien	50,400	44,500	98.2	2015	1969/2013
Kilden Kjøpesenter	Stavanger	23,500	20,800	94.6	2015	1989/2015
Kongssenteret	Kongsvinger	18,000	16,000	88.3	2015	2001/2016
Kremmertorget	Elverum	20,500	17,900	84.3	2015	1979/2012
Oasen Kjøpesenter	Fyllingsdalen	50,300	27,700	98.5	2015	1971/2014
Sjøsiden	Horten	11,300	10,100	96.8	2015	2001
Solsiden [2]	Trondheim	14,000	13,500	100.0	2015	2000
Stopp Tune	Sarpsborg	12,300	11,400	98.1	2015	1993
Storbyen	Sarpsborg	26,000	24,900	95.1	2015	1999/2015
Norway, total	-	**401,500**	**336,000**	**96.1**	-	-
Sweden & Denmark						
Shopping centres, Stockholm area						
Fruängen Centrum	Hägerstern	14,700	7,400	96.4	2005	1965/2013
Högdalen Centrum	Bandhagen	19,900	14,400	97.5	2011	1959/2015
Jakobsbergs Centrum	Järfalla	42,400	26,100	91.1	2006	1959/1993
Kista Galleria, 50%	Stockholm	47,150	28,900	95.8	2013	1977,2002/ 2014
Liljeholmstorget Galleria	Stockholm	41,100	27,200	99.7	2006	1973/2009
Tumba Centrum	Botkyrka	23,200	13,000	96.1	2007	1954/2016
Åkersberga Centrum	Åkersberga	27,900	22,900	88.1	2005, 2015	1985/2011
Shopping centres, Gothenburg area						
Stenungstorg Centrum	Stenungsund	35,500	22,000	92.7	2006	1967/2016
Mölndals Galleria	Mölndal	26,400	24,200	89.7	2014/2018	2018
Shopping centres, Denmark						
Albertslund Centrum	Copenhagen	18,800	14,200	98.9	2012	1965/2015
Strædet	Køge	18,900	17,900	93.3	2017, 2018	2017, 2018
Sweden & Denmark, total	-	**315,950**	**218,200**	**94.8**	-	-
Total	-	**1,121,740**	**893,900**	**95.5**	-	-

[1] *Including Kista Galleria 50%.*
[2] *Rented property*

MANAGED SHOPPING CENTRES, NORWAY

	Location	Ownership, %	GLA, sq.m. 31 December 2019
City Syd	Trondheim	-	16,800
Holmen Senter	Asker	-	24,400
Markedet	Haugesund	20%	10,700
Stadionparken	Stavanger	-	11,200
Stovner Senter	Oslo	20%	44,800
Strandtorget	Lillehammer	-	33,800
Tiller Torget	Trondheim	-	35,900
Torget Vest	Drammen	-	7,400
Torvbyen	Fredrikstad	20%	14,100
Managed shopping centres, total			**199,100**

LEASING ACTIVITY, INVESTMENT PROPERTIES AND KISTA GALLERIA (50%) TOTAL

	Number of lease agreements	Leased area, sq.m.	Average rent, EUR/sq.m./month
31 December 2018	**4,454**	**1,065,960**	**23.2**
Leases started	1,000	145,859	26.0
Leases ended	1,153	194,152	25.5
Acquisitions	-	-	-
Other changes	103	1,020	-
31 December 2019	**4,404**	**1,018,686**	**23.3**

CITYCON'S FIVE LARGEST PROPERTIES

	Average rent, EUR/sq.m./month	Gross rental income, EUR million	Net rental income, EUR million	Fair value, EUR million	Fair value change, EUR million
	31 December 2019	2019	2019	31 December 2019	2019
Iso Omena	35.6	34.8	33.2	757.2	-3.8
Liljeholmstorget Galleria	33.2	14.5	13.8	313.6	-1.3
Kista Galleria, 50%	28.6	12.5	9.9	275.1	-17.7
Oasen	24.8	11.0	10.2	207.5	-7.5
Rocca al Mare	22.9	13.4	13.5	181.2	-2.5
Five largest properties, total	**29.9**	**86.2**	**80.5**	**1,734.7**	**-32.8**

TOP TEN TENANTS [1)]

	Proportion of rental income based on valid rent roll at 31 December 2019, %
Kesko Group	5.0%
Varner Group	4.1%
S Group	3.9%
ICA Group	2.3%
H&M	2.2%
Coop	2.2%
Gresvig	1.9%
Stockmann Group	1.7%
NorgesGruppen	1.7%
Clas Ohlson	1.7%
Total	**26.7%**

1) *Including Kista Galleria 50%.*

(RE)DEVELOPMENT PROJECTS IN PROGRESS
ON 31 DECEMBER 2019

ONGOING (RE)DEVELOPMENT PROJECTS

	Location	Area before/after, sq.m.	Expected gross investment, MEUR	Actual gross investment by 31 December 2019, MEUR	Completion
Lippulaiva	Helsinki metropolitan area, Finland	19,200/44,300	TBC [1)]	123.1	2022

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

POTENTIAL (RE)DEVELOPMENT PROJECTS

		Area before/after, sq.m.	Completion target	
Kista Galleria	Stockholm, Sweden	92,500/105,000	2026	Shopping centre extension project in which the shopping centre is planned to be extended towards the metro station to create seamless connection with the public transportation and additional space for new retail, groceries and services. Plan also include creating building rights for residential and offices.
Oasen Kjøpesenter	Bergen, Norway	56,800/68,800	2022	Shopping centre extension project in which the main part of the two lowest floors of the adjacent office building is converted into retail space and a new part that further connects the two buildings is built. The goal is to significantly improve the circulation of the shopping centre and connect it better to the surrounding urban environment with a new main entrance, while also giving space for new anchor tenants and a broader food and beverage offering.
Liljeholmstorget Galleria	Stockholm, Sweden	40,500/64,500	2026	Extension possibility of the shopping centre to meet the strong demand for more retail, office/healthcare and services including culture and library, entertainment and food, all directly connected to the metro station and bus terminal. Plans also include creating building rights for residentials.
Trekanten	Oslo, Norway	23,800/45,000	2022	Extension possibility of the shopping centre with the main objective to increase the offering of shops and services as well as create more visible and inviting entrances and improved circulation. Plans also include adding residential, offices, healthcare and sports facilities on top of the centre.

RISKS AND RISK MANAGEMENT

The objective of Citycon's risk management is to ensure that the business targets are achieved by identifying, assessing and monitoring key risks which may threaten these targets, and to the extent possible, avoid, transfer or mitigate these risks.

RISK MANAGEMENT PRINCIPLES

Citycon is exposed to various risks through the normal course of its activities. No business can be conducted without accepting a certain risk level, and expected gains are to be assessed against the involved risks. Successful risk management implemented in the business processes decreases the likelihood of risk realization and mitigates the negative effects of realised risk. Many of the risks and threats have not only potential negative effects, but could also develop in a favourable manner, or if effective proactive measures are taken, be turned into opportunities for Citycon.

The Board of Directors determines Citycon's strategic direction and is jointly with the Management Committee responsible for the long term and overall management of strategic risks. The operational risks, financial risks and hazard risks are managed in the various functions as a part of operational management. Each function has a dedicated person who is the owner of the risks in that area and also responsible for the reporting of the risks, the mitigation plans and the follow-up on their implementation.

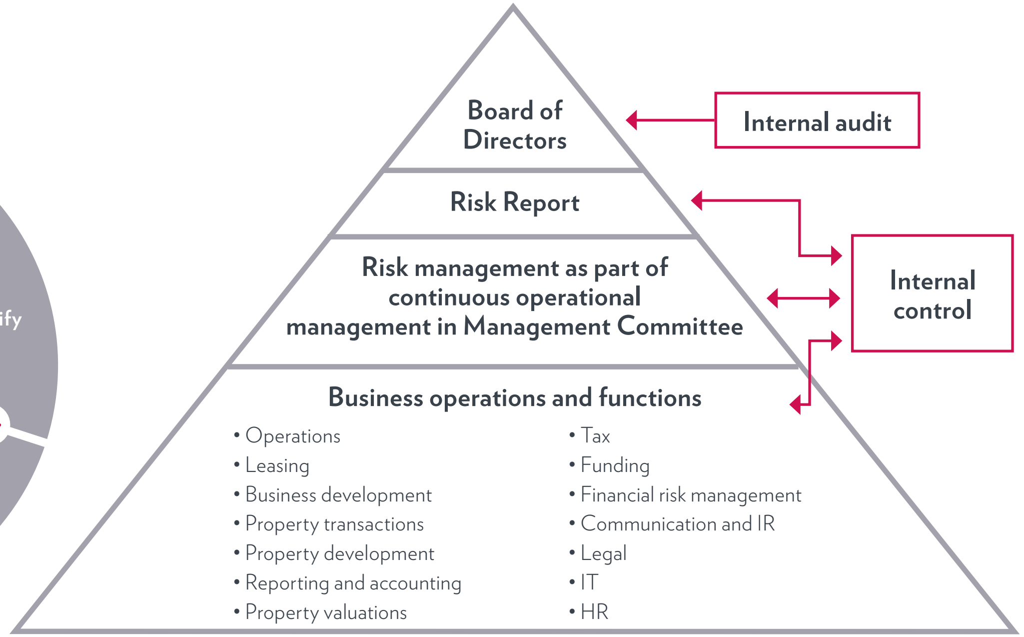
RISK REPORTING

The risk management and reporting process involves identifying, assessing, quantifying, mitigating and monitoring risks in all main business operations and processes. The process also includes evaluation of existing, and the planning of new, risk mitigation plans for the identified risks in order to continuously improve risk management processes.

The risk reporting process gathers data on risks and the respective mitigation plans into one group-wide risk register, for annual reporting to Citycon's Board of Directors to facilitate discussion and inform about the major risks in the company. This is done during the budgeting process so that the risks are linked to the annual targets. In order to evaluate the importance of each risk and to improve the comparativeness, an estimate of the loss associated with each risk is determined together with the probability of risk realization. The realised risks during the previous year are also estimated and reported. Group Treasury is responsible for the risk reporting process.

INSURANCES

To transfer certain operational and hazard risks, Citycon maintains a comprehensive insurance coverage to cover damages, claims and liabilities potentially arising from the Group's business. The properties are insured under the property damage policy to their full value, including business interruption insurance and third-party liability insurance. Citycon also have other customary insurance policies.



	RISK AND IMPACT	RISK MANAGEMENT MEASURES
Leasing	• The economic development in Citycon's operating countries impacts consumer confidence which could affect demand for retail premises. This may lead to lower rental levels or increased vacancy. It could also increase the risks for credit losses or decrease turnover based rental income. • The growing online retailing that affects customer behaviour, or increased local competition may affect demand for retail premises and put pressure on rental levels or increase vacancy, especially in less urban locations.	• Citycon's strategy to focus on grocery anchored, urban shopping centres connected to public transportation with necessity-driven retail has proven to be a recession proof business model with steady cash flows, occupancy and low credit losses also during a downturn. This strategy also decreases the negative effects of the increasing online retailing. • The fact that most of the company's assets are in AAA/AA+ rated countries decreases the risk of a major downturn affecting the retail sector. • Citycon is continuously following and analysing tenants to identify risk tenants, and requires a rent collateral. • Tenant diversification has improved considerably through focused leasing efforts and through pan-Nordic strategy.
Property Development & transactions	• Increased costs in development projects due to rising construction costs or delays due to unforeseeable challenges. • Reduced demand for new retail space could result in a low occupancy rate or lower than planned rent levels in new premises. • Planned divestments of non-core properties could be delayed due to relatively low liquidity for secondary assets.	• Construction costs are managed through competitive tendering, careful project monitoring of costs and by entering into contracts with price caps when appropriate. • Leasing risks are minimised by having strict pre-leasing requirements prior to project start, by signing agreements with key anchor tenants at an early stage and by carrying out developments in proven retail locations with strong and growing demographics. • Maintaining relatively low level of development exposure and keeping no landbank.
Operations	• A major accident, system failure or terrorist incident could threaten the safety of shoppers and retailers, leading to loss of consumer confidence and thereby loss of income and extra costs. • Risk of increased operating cost for e.g. maintenance, energy or security. In some lease agreements the rent paid by the lessee is not affected by changed operating expenses, and a rise in operating expenses higher than inflation would decrease the profitability. Also, when the higher costs can be passed to tenants, rising operating expenses may reduce tenants' rental payment capacity.	• Risk of accidents and incidents mitigated by adequate security plans and incident procedures supported by crisis case exercises for personnel. • Comprehensive insurance coverage. • Citycon tries to minimize the impact of rising operating expenses by lease contracts with specified rent components when possible and charging tenants based on actual operating costs. • Efficient centralized procurement, cost monitoring and cost benchmarking between shopping centres. • To mitigate the risk of energy price hikes, electricity prices are fixed according to a hedging policy, and energy efficiency actions have been implemented
Property values	• The value of the properties can decrease for a number of reasons: a weaker economic environment impacting consumer purchase power, changes in competition and consumer behaviour towards internet shopping, reduced availability and higher cost of financing and the relative attractiveness of other asset classes. The changes may lead to higher yield requirements, decreased market rents and increased vacancy rates.	• While many of the factors affecting property values cannot be influenced, Citycon seeks to impact the fair market value through active shopping centre management and optimising the profitability of its centres. • Citycon's strategy to focus on urban shopping centres with necessity-driven retail and services in strong and growing locations results in relatively stable property valuations throughout the economic cycle. • Citycon's presence in five highly rated countries gives country risk diversification and decreases the volatility of the total property values.
Environment	• Environmental concerns, customer expectations or legislation might restrict land use and construction. • Risks associated with climate change might affect Citycon's business environment. For example, extreme weather conditions and regulation implemented to mitigate and adapt to climate change can increase energy, maintenance and construction costs.	• Environmental impact assessments are conducted in connection with major projects. • Ensuring the environmental compliance of our buildings through energy investments, internal management practices, green energy purchase and production as well as external standards and certifications.
People	• An expert organisation of Citycon's nature relies heavily on its personnel for success, and therefore it is crucial to attract and retain the right people, develop competencies and ensure clear roles and targets.	• Citycon sees good leadership as essential to reduce personnel related risks and places great emphasis on target-setting and performance management, competence development, career advancement, and commitment of key employees.
Financing	• Both bank and bond financing have been available for Citycon at competitive terms, but banks' or bond investors' willingness to lend could decline due to turmoil in financial markets, tightening regulation, a credit rating downgrade or other reasons, which could affect the availability and cost of debt financing • Interest rates continue to be historically low and will inevitably increase over time.	• Citycon has a conservative but active financing policy, with a focus on long-term financing, a solid balance sheet and keeping 70–90% of debt tied to fixed interest rates to reduce the effects of increased interest rates. • Investment grade credit ratings by Standard & Poor's (BBB-, negative outlook) and Moody's (Baa3, stable outlook) supports the availability and cost of financing. Several long-term bond issues have further reduced the refinancing risk and dependency on bank financing.

SHARES AND SHAREHOLDERS

Listing	
Market place	Nasdaq Helsinki
Listed since	1988
Trading currency	euro
Segment	Large Cap
Sector	Financials
Sub-industry	Real Estate Operating Companies
Trading code	CTY1S
ISIN code	FI4000369947

SHARES AND SHARE CAPITAL

Citycon Oyj's shares are listed on Nasdaq Helsinki. Citycon has one series of shares and each share entitles its holder to one vote at the General Meeting and to an equal dividend. The shares have no nominal value.

At year-end 2019, Citycon's total number of shares was 177,998,525. The market capitalisation of Citycon at the end of 2019 was EUR 1.7 billion.

In 2019, approximately 28.3 million Citycon shares were traded on the Helsinki Stock Exchange. The daily average trading volume was 113,282 shares, representing a daily average turnover of approximately EUR 1.0 million.

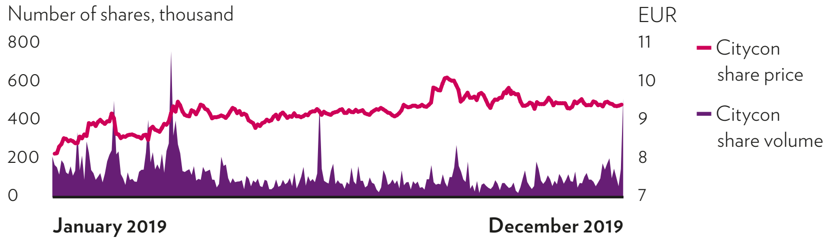
SHAREHOLDERS

The number of registered shareholders at year-end 2019 was 17,396 (17,269). Shares owned by nominee-registered parties equalled 79.5% at year-end 2019 (79.7%). Citycon is one of the companies on the Helsinki Stock Exchange with the most international ownership base.

LARGEST SHAREHOLDERS

Citycon's largest shareholders according to Euroclear Finland are listed in the table.

SHARE PRICE AND VOLUME



Share price and trading

		2019	2018	2017	2016	2015
Number of shares traded [1]	*1,000	28,320	49,253	35,457	29,537	31,669
Stock turnover	%	15.9	27.7	19.9	16.6	17.8
Share price, high [1]	EUR	10.08	11.24	12.51	11.95	16.2
Share price, low [1]	EUR	8.10	7.98	10.42	9.9	10.65
Share price, average [1]	EUR	9.18	9.30	11.15	10.9	12.65
Share price, closing [1]	EUR	9.37	8.08	10.79	11.7	12.00
Market capitalisation, period-end	MEUR	1,666.96	1,437.34	1,920.60	2,080.80	2,136.00
Number of shares, period-end	*1,000	177,999	889,993	889,993	889,993	889,993

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

Major shareholders 31 December 2019

Gazit-Globe Ltd. 86,497,174 shares, i.e. 48.59% of the total shares and votes in the company and CPP Investment Board European Holdings S.à.r.l. 29,498,893 shares, i.e. 15.00% of the total shares and votes in the company. Their shareholdings are nominee registered.

	Shares	%
Ilmarinen Mutual Pension Insurance Company	12,694,139	7.13
Gazit-Globe Ltd. [1]	2,382,174	1.34
The State Pension Fund of Finland	1,200,000	0.67
OP-Henkivakuutus Oy	455,461	0.26
Pakkanen Mikko Pertti Juhani	400,000	0.22
Pakarinen Janne Heikki Petteri	340,000	0.19
Suomalaisen Kirjallisuuden Seura Ry	278,800	0.16
Esr Danske Invest Suomen Parhaat	234,584	0.13
Elo Mutual Pension Insurance Company	200,000	0.11
Sr Taaleritehdas Arvo Markka Osake	200,000	0.11
10 largest shareholders, total	**18,385,158**	**10.33**
Nominee-registered shares	141,473,830	79.48
Others	18,139,537	10.19
Total	**177,998,525**	**100**

[1] *The total holdings of Gazit-Globe Ltd. 86,497,174 shares, representing 48.59%.*

Shareholders by owner groups 31 December 2019	**Number of shareholders**	**%**	**Number of shares**	**%**
Financial and insurance corporations	43	0.25	141,322,806	79.4
Corporations	807	4.64	2,803,017	1.58
Households	16,292	93.65	12,046,373	6.77
General government	11	0.06	14,222,204	7.99
Foreign	66	0.38	5,760,180	3.24
Non-profit institutions	177	1.02	1,843,945	1.04
Total	**17,396**	**100.00**	**177,998,525**	**100.00**

Shareholdings by number of shares 31 December 2019 Number of shares	**Number of shareholders**	**%**	**Number of shares**	**%**
1–100	5,723	32.90	265,649	0.149
101–500	6,429	36.96	1,679,792	0.944
501–1,000	2,350	13.51	1,751,784	0.984
1,001–5,000	2,383	13.70	5,044,729	2.834
5,001–10,000	278	1.60	2,002,521	1.125
10,001–50,000	176	1.01	3,618,960	2.033
50,001–100,000	26	0.15	1,807,822	1.016
100,001–500,000	23	0.13	4,468,317	2.51
500,001–	8	0.05	157,358,951	88.405
Total	**17,396**	**100.00**	**177,998,525**	**100.00**

Two main shareholders of Citycon, Gazit-Globe Ltd. and CPP Investment Board European Holdings S.à.r.l. are nominee-registered shareholders. Gazit-Globe Ltd. has informed the company that it holds 86,497,174 shares, i.e. 48.6% and CPP Investment Board European Holdings S.à.r.l. has informed that it holds 29,498,893 shares, i.e. 15.0% of the shares and voting rights in the company and at year-end 2019.

DIVIDEND PAYOUT

Citycon's financial target is to pay out a minimum of 50% of the profit for the period after taxes, excluding fair value changes on investment properties.

The Board of Directors proposes that based on the balance sheet to be adopted for the financial period ended on 31 December 2019 no dividend is distributed by a resolution of the Annual General Meeting. Nonetheless, the Board of Directors proposes that the Board of Directors be authorised to decide in its discretion on the distribution of dividend and assets from the invested unrestricted equity fund as follows.

Based on this 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. Based on the authorization, the company could distribute a maximum of EUR 8,899,926.25 as dividends and EUR 106,799,155.00 as equity repayment. The authorisation is valid until the opening of the next Annual General Meeting.

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. In this case, 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 below. Citycon shall make separate announcements of such Board resolutions.

Preliminary payment date	Preliminary record date
31 March 2020	19 March 2020
30 June 2020	22 June 2020
30 September 2020	23 September 2020
30 December 2020	18 December 2020

The dividend and/or equity repayment based on a resolution of the Board of Directors will be paid to a shareholder registered in the company's shareholders' register maintained by Euroclear Finland Ltd on the record date for the dividend and/or equity repayment.

KEY FIGURES AND FINANCIAL DEVELOPMENT FOR FIVE YEARS

MEUR	2019	2018	2017	2016	2015
Income statement data					
Gross rental income	232.1	237.0	257.4	251.4	223.9
Net rental income					
Finland & Estonia	94.4	96.9	106.9	110.4	121.7
Norway	75.4	74.3	79.6	74.0	36.8
Sweden & Denmark	47.3	43.5	41.3	40.1	41.2
Other	0.3	0.2	0.7	0.5	-
Net rental income total	217.4	214.9	228.5	224.9	199.6
Other operating income and expense	2.8	-9.5	-11.6	-2.6	-6.4
Operating profit/loss	73.1	104.7	150.9	224.4	148.9
Profit/loss before taxes	2.2	21.7	93.8	181.5	116.0
Profit/loss attributable to parent company shareholders	8.9	16.6	87.4	160.4	108.8
Statement of financial position data					
Investment properties	4,160.2	4,131.3	4,183.4	4,337.6	4,091.6
Current assets	74.2	56.2	43.7	56.2	89.1
Total equity	2,325.2	2,089.0	2,208.5	2,312.3	2,245.5
Equity attributable to parent company shareholders	1,978.4	2,088.9	2,208.1	2,311.4	2,245.5
Non-controlling interest	0.1	0.1	1.2	0.8	0.0
Interest-bearing liabilities	1,874.4	2,140.0	2,083.9	2,176.8	2,023.2
Total liabilities	2,257.1	2,533.7	2,468.6	2,588.7	2,418.8
Total liabilities and shareholders' equity	4,582.3	4,622.7	4,678.0	4,900.9	4,664.4

KEY FIGURES AND FINANCIAL DEVELOPMENT FOR FIVE YEARS

MEUR	Formula	2019	2018	2017	2016	2015
Key performance ratios						
Equity ratio, %	1	50.9	45.4	47.4	47.3	48.3
Loan to value (LTV), %	2	42.4	48.7	46.7	46.6	45.7
Return on equity, % (ROE)	3	0.4	0.8	3.8	7.0	5.9
Return on investment, % (ROI)	4	2.3	4.1	5.8	6.1	8.2
Quick ratio	5	0.3	0.6	0.4	0.4	0.4
Gross capital expenditure, MEUR		106.0	168.8	298.7	314.5	1,718.6
% of gross rental income		45.7	71.2	116.0	125.1	767.7
Per-share figures and ratios [1]						
Earnings per share, EUR	6	0.04	0.09	0.49	0.90	0.72
Earnings per share, diluted, EUR	7	0.04	0.09	0.49	0.89	0.72
Net cash from operating activities per share, EUR	8	0.76	0.54	0.83	0.77	0.74
Equity per share, EUR	9	13.06	11.74	12.41	12.99	12.62
P/E (price/earnings) ratio	10	187	87	22	13	17
Return from invested unrestricted equity fund per share, EUR [2]		0.60	0.60	0.60	0.60	0.70
Dividend per share, EUR [2]		0.05	0.05	0.05	0.05	0.05
Dividend and return from invested unrestricted equity fund per share total, EUR [2]		0.65	0.65	0.65	0.65	0.75
Dividend and return of equity per earnings, %	11	1,603.1	696.2	132.4	72.1	104.2
Effective dividend and return of equity yield, %	12	6.9	8.0	6.0	5.6	6.3
Issue-adjusted average number of shares (1,000)		177.997	889,987	889,992	889,993	755,496
Issue-adjusted number of shares at the end of financial year (1,000)		177,999	889,993	889,993	889,993	889,993
Operative key ratios						
Occupancy rate (economic), % [3]	13	95.5	96.4	96.0	96.3	96.9
Citycon's GLA, sq.m.[3]		1,121,740	1,152,790	1,184,140	1,271,940	1,288,090
Personnel (at the end of the period)		234	264	265	287	310

[1] *Per-share figures and ratios have been adjusted in the comparison periods to reflect the new number of shares after the reversed share split executed in March 2019.*

[2] *The Board of Directors proposes that based on the balance sheet to be adopted for the financial period ended on 31 December 2019 no dividend is distributed by a resolution of the Annual General Meeting. Nonetheless, the Board of Directors proposes that the Board of Directors be authorized to decide in its discretion on the distribution of dividend and assets from the invested unrestricted equity fund as follows. Based on this authorization 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.*

[3] *Including Kista Galleria 50%.*

Formulas are presented on section Formulas for key figures and ratios.

FORMULAS FOR KEY FIGURES AND RATIOS

1) Equity ratio, %

$$\frac{\text{Shareholders' equity}}{\text{Balance sheet total - advances received}} \times 100$$

2) Loan to value (LTV), %

$$\frac{\text{Interest-bearing liabilities - lease liabilities (IFRS 16) - cash and cash equivalents}}{\text{Fair value of investment properties + properties held for sale + investments in joint ventures - right-of-use assets classified as investment properties (IFRS 16)}} \times 100$$

3) Return on equity (ROE), %

$$\frac{\text{Profit/loss for the period}}{\text{Shareholders' equity (weighted average)}} \times 100$$

4) Return on investment (ROI), %

$$\frac{\text{Profit/loss before taxes + interest and other financial expenses}}{\text{Balance sheet total (weighted average) - (non-interest-bearing liabilities on the balance sheet date + opening balance of non-interest-bearing liabilities)/2}} \times 100$$

5) Quick ratio

$$\frac{\text{Current assets}}{\text{Short-term liabilities}}$$

6) Earnings per share (EPS), EUR [1]

$$\frac{\text{Profit/loss for the period}}{\text{Average number of shares for the period}} \times 100$$

7) Earnings per share, diluted, EUR [1]

$$\frac{\text{Profit/loss for the period}}{\text{Diluted average number of shares for the period}} \times 100$$

8) Net cash from operating activities per share, EUR

$$\frac{\text{Net cash from operating activities}}{\text{Average number of shares for the period}} \times 100$$

9) Equity per share, EUR

$$\frac{\text{Total equity}}{\text{Number of shares on the balance sheet date}}$$

10) P/E ratio (price/earnings)

$$\frac{\text{Closing price at year-end}}{\text{EPS}}$$

11) Dividend and return of equity per earnings, %

$$\frac{\text{Dividend and return of equity per share}}{\text{EPS}} \times 100$$

12) Effective dividend and return of equity yield, %

$$\frac{\text{Dividend and return of equity per share}}{\text{Closing price at year-end}} \times 100$$

13) Occupancy rate (economic), %

$$\frac{\text{Gross rental income as per leases}}{\text{Estimated market rent of vacant premises + gross rental income as per leases}} \times 100$$

[1] Transaction costs and coupons on hybrid bond are deducted from the profit/loss for the period attributable to parent company shareholders, despite the recognition date (coupons are recorded based on the commitment to the payment)

FINANCIAL STATEMENTS 2019

CITYCON OYJ'S CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT, IFRS

MEUR	Note	2019	2018
Gross rental income	1.2.	232.1	237.0
Service charge income	1.3.	77.1	79.2
Property operating expenses	1.4.	-89.3	-98.9
Other expenses from leasing operations		-2.5	-2.4
Net rental income	1.1.	**217.4**	**214.9**
Administrative expenses	1.5.	-26.8	-28.0
Other operating income and expenses	1.3, 1.7.	2.8	-9.5
Net fair value losses/gains on investment property	2.1.	-121.9	-72.5
Net gains/losses on sale of investment property	2.1., 2.2.	1.5	-0.2
Operating profit		**73.1**	**104.7**
Financial income		39.2	83.3
Financial expenses		-93.4	-153.8
Net financial income and expenses	3.2.	-54.2	-70.5
Share of profit of associated companies and joint ventures	2.4.	-16.6	-12.5
Profit before taxes		**2.2**	**21.7**
Current taxes	4.1.	-2.0	-0.2
Change in deferred taxes	4.2.	8.6	-4.8
Income taxes		6.7	-5.0
Profit for the period		**8.9**	**16.6**
Profit attributable to			
Parent company shareholders		8.9	16.6
Non-controlling interest		0.0	0.0
Earnings per share attributable to parent company shareholders [1]:			
Earnings per share (basic), EUR	1.8.	0.04	0.09
Earnings per share (diluted), EUR	1.8.	0.04	0.09

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

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME, IFRS

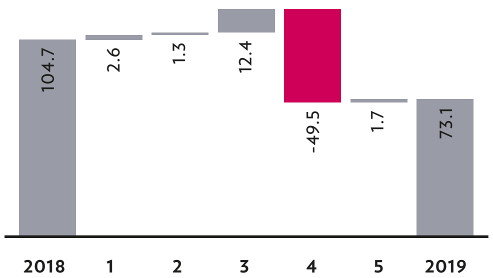
MEUR	Note	2019	2018
Profit for the period		**8.9**	**16.6**
Other comprehensive expenses/income			
Items that may be reclassified to profit or loss in subsequent periods			
Net gains/losses on cash flow hedges	3.2.	0.3	2.0
Income taxes relating to cash flow hedges		-	-0.4
Share of other comprehensive income of associated companies and joint ventures		0.0	0.3
Exchange losses/gains on translating foreign operations		-4.4	-22.7
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**-4.1**	**-20.9**
Other comprehensive expenses for the period, net of tax		**-4.1**	**-20.9**
Total comprehensive loss/profit for the period		**4.8**	**-4.2**
Total comprehensive loss/profit attributable to			
Parent company shareholders		4.8	-4.2
Non-controlling interest		0.0	0.0

Operating profit was lower mainly due to fair value losses

Operating profit and profit for the period decreased due to higher fair value losses on investment properties than previous year. Net financial expenses decreased by EUR 16.3 million due to lower average cost of debt and lower one-off bond buy-back costs.

CHANGE IN OPERATING PROFIT

MEUR



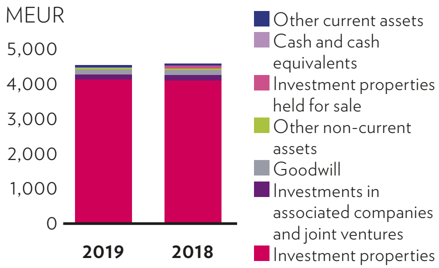
1 Change in net rental income
2 Change in administrative expenses
3 Change in other operating income and expenses
4 Change in fair value gains/losses
5 Change in gains/losses on sale

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

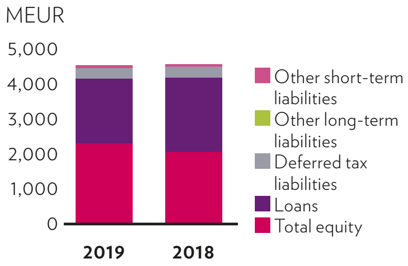
MEUR	Note	31 December 2019	31 December 2018
ASSETS			
Non-current assets			
Investment properties	2.1.	4,160.2	4,131.3
Goodwill	5.1.	146.5	145.7
Investments in associated companies and joint ventures	2.4.	147.6	164.8
Intangible assets	4.3.	19.3	18.1
Property, plant and equipment		4.3	0.7
Deferred tax assets	4.2.	9.4	9.0
Derivative financial instruments and other non-current assets	3.6.	20.7	18.8
Total non-current assets		**4,508.1**	**4,488.4**
Investment properties held for sale	2.2.	-	**78.1**
Current assets			
Derivative financial instruments	3.6.	0.0	1.5
Current tax receivables	4.1.	0.1	0.1
Trade and other receivables	3.3., 4.4.	59.9	43.2
Cash and cash equivalents	3.8.	14.2	11.4
Total current assets		**74.2**	**56.2**
Total assets		**4,582.3**	**4,622.7**

MEUR	Note	31 December 2019	31 December 2018
EQUITY AND LIABILITIES			
Equity	3.1.		
Share capital		259.6	259.6
Share premium fund		131.1	131.1
Fair value reserve		1.4	1.1
Invested unrestricted equity fund		909.9	1,016.7
Translation reserve		-120.3	-115.9
Retained earnings		796.7	796.3
Total equity attributable to parent company shareholders		**1,978.4**	**2,088.9**
Hybrid bond	3.1.	346.6	-
Non-controlling interest		0.1	0.1
Total equity		**2,325.2**	**2,089.0**
Long-term liabilities			
Loans	3.3., 3.4.	1,662.5	1,961.4
Derivative financial instruments	3.3., 3.6.	3.0	8.9
Deferred tax liabilities	4.2.	296.4	304.4
Other liabilities	3.3.	1.0	0.3
Total long-term liabilities		**1,962.9**	**2,275.1**
Short-term liabilities			
Loans	3.3., 3.4.	211.8	178.6
Derivative financial instruments	3.3., 3.6.	4.5	0.9
Current tax liabilities	4.1.	2.4	1.6
Trade and other payables	3.3., 4.5.	75.3	77.5
Total short-term liabilities		**294.1**	**258.6**
Total liabilities		**2,257.1**	**2,533.7**
Total liabilities and equity		**4,582.3**	**4,622.7**

ASSETS



EQUITY AND LIABILITIES



The issuance of hybrid bond increased equity and decreased loans

Hybrid bond, which is treated as equity and strengthens the balance sheet, increases the total equity by EUR 346.6 million. The value of the investment properties increased by EUR 28.9 million during the period, investments were EUR +100.1 million and fair value losses EUR -121.9 million.

CONSOLIDATED CASH FLOW STATEMENT, IFRS

MEUR	Note	2019	2018
Cash flow from operating activities			
Profit before taxes		**2.2**	**21.7**
Adjustments		195.2	169.9
Cash flow before change in working capital		**197.4**	**191.6**
Change in trade and other receivables	4.4.	4.6	-7.5
Change in trade and other payables	4.5.	-6.7	9.0
Change in working capital		-2.1	1.5
Cash generated from operations		**195.3**	**193.1**
Interest expenses and other financial expenses paid		-60.3	-101.5
Interest income and other financial income received		1.4	4.1
Taxes paid		-1.1	-0.2
Net cash from operating activities		**135.4**	**95.5**
Cash flow from investing activities			
Acquisition of subsidiaries, less cash acquired	2.1.	-0.3	-68.4
Capital expenditure on investment properties	2.1.	-95.7	-88.0
Capital expenditure on investments in joint ventures, intangible assets and PP&E	2.4., 4.3.	-4.0	-10.4
Sale of investment properties	2.1., 2.2.	65.8	87.7
Net cash used in investing activities		**-34.3**	**-79.0**
Cash flow from financing activities			
Proceeds from short-term loans	3.4.	1,204.8	1,131.8
Repayments of short-term loans	3.4.	-1,266.9	-1,029.9
Proceeds from long-term loans	3.4.	-	297.3
Repayments of long-term loans	3.4.	-277.2	-292.4
Proceeds from hybrid bond	3.1.	350.0	-
Hybrid bond interest and expenses	3.1.	-2.5	-
Acquisition of non-controlling interests	5.2.	-	-1.4
Dividends and return from the invested unrestricted equity fund		-114.9	-115.7
Realised exchange rate gains and losses		8.6	-4.0
Net cash from/used in financing activities		**-98.1**	**-14.3**
Net change in cash and cash equivalents		**3.0**	**2.2**
Cash and cash equivalents at period-start	3.8.	11.4	10.1
Effects of exchange rate changes		-0.3	-0.9
Cash and cash equivalents at period-end	3.8.	**14.2**	**11.4**

MEUR	Note	2019	2018
Adjustments:			
Depreciation and amortisation	1.5., 4.3.	2.5	3.1
Net fair value losses on investment property	2.1.	121.9	72.5
Losses/gains on disposal of investment property	2.2.	-1.5	0.2
Financial income	3.2.	-39.2	-83.3
Financial expenses	3.2.	93.4	153.8
Share of profit of associated companies and joint ventures	2.4.	16.6	12.5
Share-based payments	1.6.	0.6	1.1
Non-cash reduction in goodwill and write-off of accumulated translation difference relating to disposed properties	1.7.	-	10.0
Total		**194.3**	**169.9**

MEUR	2019	2018
Net cash from operating activities	135.4	95.5
Average number of shares (1,000)	177,997	177,997
Net cash from operating activities per share	**0.76**	**0.54**

Net cash from operating activities per share increased to EUR 0.76 from previous year's 0.54.

Net cash from operations per share increased to EUR 0.76 (0.54) resulting from lower net financial expenses, mainly due to lower one-off bond buy-back costs for the full period. During 2019 Citycon invested EUR 100.0 million in acquisitions and development projects, which were financed mainly by selling two properties in Finland. The biggest development investments in 2019 were Lippulaiva and Kristiine. The hybrid bond, which is presented in the cash flow from financing activities, was issued to strengthen the balance sheet.

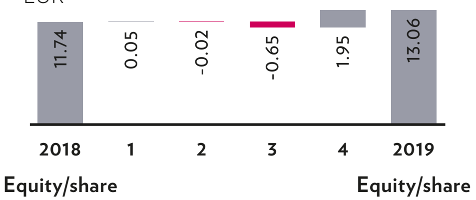
CASH NEEDS AND CASH PROCEEDS
MEUR

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS

	Equity attributable to parent company shareholders									
MEUR	**Share capital**	**Share premium fund**	**Fair value reserve**	**Invested unrestricted equity fund**	**Translation reserve**	**Retained earnings**	**Total**	**Hybrid bond**	**Non-controlling interest**	**Total equity**
Balance at 31 December 2017	**259.6**	**131.1**	**-0.8**	**1,123.5**	**-93.2**	**787.1**	**2,207.3**		**1.2**	**2,208.5**
Changes in accounting policies (IFRS 2 & IFRS 9)						**0.8**	**0.8**			**0.8**
Balance at 1 January 2018	**259.6**	**131.1**	**-0.8**	**1,123.5**	**-93.2**	**787.9**	**2,208.1**		**1.2**	**2,209.4**
Profit for the period 2018						**16.6**	**16.6**		**0.0**	**16.6**
Net gains on cash flow hedges (Note 3.2.)			1.6				1.6			1.6
Share of other comprehensive income of joint ventures			0.3				0.3			0.3
Exchange gains/losses on translating foreign operations			0.0		-22.7		-22.7		0.0	-22.7
Total other comprehensive expenses/income for the period, net of tax			**1.9**		**-22.7**		**-20.8**		**0.0**	**-20.9**
Total comprehensive loss/profit for the period			**1.9**		**-22.7**	**16.6**	**-4.2**		**0.0**	**-4.2**
Dividends and return from the invested unrestricted equity fund (Note 3.1.)				-106.8		-8.9	-115.7			-115.7
Share-based payments (Note 1.6.)						1.0	1.0			1.0
Acquisition of non-controlling-interests						-0.3	-0.3		-1.1	-1.4
Balance at 31 December 2018	**259.6**	**131.1**	**1.1**	**1,016.7**	**-115.9**	**796.3**	**2,088.9**	**0.0**	**0.1**	**2,089.0**
Profit for the period 2019						**8.9**	**8.9**		**0.0**	**8.9**
Net gains on cash flow hedges (Note 3.2.)			0.3				0.3			0.3
Share of other comprehensive income of joint ventures							0.0			0.0
Exchange gains/losses on translating foreign operations					-4.4		-4.4		0.0	-4.4
Total other comprehensive income/expenses for the period, net of tax			**0.3**		**-4.4**		**-4.1**		**0.0**	**-4.1**
Total comprehensive profit/loss for the period			**0.3**		**-4.4**	**8.9**	**4.8**		**0.0**	**4.8**
Proceeds from hybrid bond								346.6		346.6
Hybrid bond interest and expenses								0.0		0.0
Dividends and return from the invested unrestricted equity fund (Note 3.1.)				-106.8		-8.9	-115.7			-115.7
Share-based payments (Note 1.6.)						0.4	0.4			0.4
Acquisition of non-controlling-interests							0.0			0.0
Balance at 31 December 2019	**259.6**	**131.1**	**1.4**	**909.9**	**-120.3**	**796.7**	**1,978.4**	**346.6**	**0.1**	**2,325.2**

DEVELOPMENT OF EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS PER SHARE [1)]

EUR



1 Profit for the period
2 Translation differences
3 Dividends and equity return
4 Change in hybrid bond

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

Hybrid bond increases the equity and strengthens Citycon's balance sheet

Hybrid bond increases the equity by EUR 346,6 million. During 2019, Citycon paid a dividend of EUR 0.05 per share and an equity return of EUR 0.6 per share from the invested unrestricted equity fund. Distributed dividends were EUR 8.9 million and equity return EUR 106.8 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

This table presents the Notes to the Financial Statements of Citycon Group and the accounting principles related to the Notes. In addition, the table presents the IFRS standards in which the accounting principles are based on.

Accounting Principle	Note	Number	IFRS
Segment information	Segment information	1.1.	IFRS 8
Revenue recognition, other income and trade and other receivables	Gross rental income, Revenue from contracts with customers, Other operating income and expenses, Trade and other receivables	1.2., 1.3., 1.7., 4.4.	IFRS 16, IFRS 15, IFRS 9
Employee benefits and share-based payments	Employee benefits and personnel expenses	1.6.	IAS 19, IFRS 2
Earnings per share	Earnings per share	1.8.	IAS 33
Investment property, Right-of-use assets and the effect of IFRS 16 implementation	Investment properties and related liabilities	2.1., 2.3	IAS 40, IFRS 13, IFRS 16
Assets held for sale	Investment properties held for sale	2.2.	IAS 40, IFRS 5
Investments in associates and joint ventures	Investments in joint ventures, Investments in associates	2.4.	IAS 28, IFRS 11, IFRS 12
Financial Instruments: Disclosures, Presentation, Recognition and Measurement	Equity, Net financial income and expenses, Classification of financial instruments, Loans, Financial risk management, Derivative financial instruments, Cash and cash equivalents, Trade and other receivables, Trade and other payables	3.1, 3.2., 3.3., 3.4., 3.5., 3.6., 3.8., 4.4., 4.5.	IAS 32, IFRS 7, IFRS 9, IFRS 16
Provisions, Contingent Liabilities, Contingent Assets	Commitments and contingent liabilities	2.1., 3.7.	IAS 37
Consolidated Financial Statements, Business Combination	Business Combinations, Goodwill, Acquisition of non-controlling interests	5.1., 5.2.	IFRS 10, IFRS 3
Related Party Disclosures	Related party transactions and changes in group structure	5.3.	IAS 24
Impairment of Assets	Goodwill, Intangible assets, Trade and other receivables	4.3., 4.4., 5.1.	IAS 36, IFRS 9
Income taxes	Income taxes, Deferred tax assets and liabilities	4.1., 4.2	IAS 12
Intangible assets	Intangible assets	4.3.	IAS 38
Events after the Reporting Period	Post balance sheet date events	5.5.	IAS 10
Contingent liabilities	Capital Commitments, VAT refund liabilities, Securities and Pledges	2.1., 3.7.	-

BASIC COMPANY DATA

As a real estate investment company specialising in retail properties, Citycon operates in Finland, Norway, Sweden, Estonia and Denmark. Citycon is a Finnish public limited liability company established under Finnish law and domiciled in Helsinki, the address of its registered office being Suomenlahdentie 1, 02230 Espoo.

The Board of Directors has approved the financial statements of the company on 5th, February 2020. In accordance with the Finnish Limited Liability Companies Act, Annual General Meeting has the right to not approve the financial statements approved by the Board of Directors and return the financial statements back to the Board of Directors for a correction.

A copy of Citycon's consolidated financial statements is available on the corporate website at **www.citycon.com** and from the Group's headquarters at the address Suomenlahdentie 1, FI-02230 Espoo, Finland.

BASIS OF PREPARATION

Citycon has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and applied the International Accounting Standards (IAS) and IFRS as well as Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) interpretations effective as of 31 December 2019. International financial reporting standards refer to the approved applicable standards and their interpretations under Finnish accounting legislation and the following rules on European Union Regulation No. 1606/2002. Notes to the consolidated financial statements are also in compliance with Finnish accounting legislation and community legislation.

Available-for-sale financial assets, derivative contracts and investment properties, are measured at fair value following their initial recognition. In other respects, the consolidated financial statements are prepared at historical cost.

The financial statements are shown in millions of euros and rounded in hundred thousands of euros.

KEY ESTIMATES AND ASSUMPTIONS AND ACCOUNTING POLICIES REQUIRING JUDGMENT

Preparing the financial statements under IFRS requires that the company's management make certain accounting estimates and assumptions, which have an effect on the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses, as well as notes to the accounts. These estimates and associated assumptions are based on historical experience and various other factors deemed reasonable under the circumstances, the results of which form the basis of management judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Although these estimates are based on the best knowledge and current information available, the actual results may differ from the estimates due to uncertainty related to these assumptions and estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised for the period in which the estimate is revised if the revision affects only that period, or in the current and future periods if the revision affects both current and future periods.

Key estimates and assumptions and accounting policies requiring judgment regarding business activities are presented together with the relevant note.

1. OPERATING PERFORMANCE

1.1. SEGMENT INFORMATION

The geographical segments of Citycon are Finland & Estonia, Norway and Sweden & Denmark. The segment Other mainly includes administrative expenses arising from the Group's functions.

The Board of Directors follows IFRS segment result and in addition Kista Galleria's financial performance separately, and therefore, segment information includes both IFRS segment results and Kista Galleria result. The Board of Directors follow Kista Galleria's result and financial position based on a 50% share.

Citycon's Board of directors assess the business units' performance on the basis of net rental income and Direct operating profit. Fair value changes are also reported to Citycon's Board of directors, by business unit.

Segment assets and liabilities consist of operating items which the segment uses in its operations or which can be allocated to the segment on a reasonable basis. Unallocated items include tax and financial items, as well as corporate items. No internal sales take place between segments.

Capital expenditure includes additions to the investment properties, associated companies, joint ventures, property, plant and equipment and intangible assets in the statement of financial position.

None of the tenants' proportion of Citycon's gross rental income exceeded 10% during financial years 2019 and 2018, and the management does not manage operations according to customer segments.

1 JANUARY–31 DECEMBER 2019

MEUR	Finland & Estonia	Norway	Sweden & Denmark	Other	Total IFRS segments	Kista Galleria (50%)
Gross rental income	98.3	80.9	52.9	-	232.1	12.5
Service charge income	33.3	28.1	15.7	-	77.1	3.6
Property operating expenses	-36.5	-32.7	-20.3	0.3	-89.3	-5.7
Other expenses from leasing operations	-0.8	-0.8	-0.9	-	-2.4	-0.6
Net rental income	**94.4**	**75.4**	**47.4**	**0.3**	**217.4**	**9.9**
Direct administrative expenses	-2.8	-3.7	-4.4	-15.8	-26.8	-0.1
Direct other operating income and expenses	0.3	1.3	1.2	-	2.8	-0.6
Direct operating profit	**92.0**	**73.0**	**44.1**	**-15.5**	**193.5**	**9.1**
Indirect other operating income and expenses	-	-	-		-	-
Net fair value losses/gains on investment property	-56.1	-33.4	-32.4	-	-121.9	-17.7
Gains/losses on disposal of investment property	1.5	0.0	0.0	-	1.5	-
Operating profit/loss	**37.4**	**39.6**	**11.7**	**-15.5**	**73.1**	**-8.5**
Allocated assets						
Investment properties	1,849.3	1,371.4	939.5	-	4,160.2	272.6
Investment properties held for sale	0.0	-	-	-	0.0	-
Other allocated assets	29.0	192.2	147.1	24.3	392.6	9.6
Unallocated assets						
Deferred tax assets				9.4	9.4	
Derivative financial instruments				20.1	20.1	
Assets	**1 878.3**	**1 563.7**	**1 086.5**	**53.8**	**4,582.3**	**282.2**
Allocated liabilities						
Trade and other payables	13.1	59.3	29.9	-27.0	75.3	10.5
Unallocated liabilities						
Interest-bearing liabilities				1,874.4	1,874.4	220.6
Deferred tax liabilities				296.4	296.4	-
Derivative financial instruments				7.5	7.5	-
Other unallocated liabilities				3.4	3.4	14.6
Liabilities	**13.1**	**59.3**	**29.9**	**2,210.0**	**2,257.1**	**245.7**
Capital expenditure	**66.9**	**22.3**	**14.1**	**2.6**	**106.0**	**7.3**
Number of shopping centres	**12**	**16**	**10**	**-**	**38**	**1**
Number of other properties	**1**	**-**	**-**	**-**	**1**	**-**

1 JANUARY–31 DECEMBER 2018

MEUR	Finland & Estonia	Norway	Sweden & Denmark	Other	Total IFRS segments	Kista Galleria (50%)
Gross rental income	102.8	84.7	49.5	-	237.0	13.6
Service charge income	35.2	29.4	14.5	-	79.2	3.8
Property operating expenses	-40.3	-39.2	-19.6	0.2	-98.9	-5.4
Other expenses from leasing operations	-0.9	-0.6	-0.9	-	-2.4	-0.4
Net rental income	**96.9**	**74.3**	**43.5**	**0.2**	**214.9**	**11.7**
Direct administrative expenses	-3.2	-4.3	-4.6	-16.0	-28.0	-0.1
Direct other operating income and expenses	0.2	-0.1	0.8	-	0.8	-0.5
Direct operating profit	**93.9**	**69.8**	**39.7**	**-15.8**	**187.6**	**11.1**
Indirect other operating income and expenses	-	-6.9	-3.5	-	-10.3	-
Net fair value losses/gains on investment property	-58.8	-22.2	8.5	-	-72.5	-8.6
Gains/losses on disposal of investment property	-3.7	-1.0	4.5	-	-0.2	-
Operating profit/loss	**31.4**	**39.8**	**49.3**	**-15.8**	**104.7**	**2.4**
Allocated assets						
Investment properties	1,837.7	1,328.6	964.9	-	4,131.3	291.1
Investment properties held for sale	78.1	-	-	-	78.1	-
Other allocated assets	8.4	193.6	163.7	18.9	384.5	9.6
Unallocated assets						
Deferred tax assets				9.0	9.0	
Derivative financial instruments				19.8	19.8	
Assets	**1,924.2**	**1,522.2**	**1,128.6**	**47.7**	**4,622.7**	**300.7**
Allocated liabilities						
Trade and other payables	13.1	59.3	29.9	21.3	77.5	7.7
Unallocated liabilities						
Interest-bearing liabilities				2,140.0	2,140.0	221.8
Deferred tax liabilities				304.4	304.4	-
Derivative financial instruments				9.8	9.8	-
Other unallocated liabilities				2.0	2.0	16.7
Liabilities	**13.1**	**59.3**	**29.9**	**2,477.5**	**2,533.7**	**246.2**
Capital expenditure	**54.9**	**21.1**	**91.7**	**1.2**	**168.8**	**6.7**
Number of shopping centres	**14**	**17**	**10**	**-**	**41.0**	**1**
Number of other properties	**1**	**-**	**-**	**-**	**1.0**	**-**

1.2. GROSS RENTAL INCOME

Breakdown of gross rental income

MEUR	2019	2018
Straight-lining of lease incentives	0.9	2.1
Temporary and contractual rental discounts	-3.9	-3.8
Gross rental income (excl. items above)	235.1	238.7
Total	**232.1**	**237.0**

General description of Citycon's lease agreements

In the majority, i.e. in 90% (90) of Citycon's lease agreements the rent is divided into base rent and maintenance rent. Base rent is typically tied to a yearly rent revision which is based on an index, such as cost-of-living index, or percentual minimum increase. Maintenance rent, charged separately from the lessee, are used for covering operating expenses incurred by the property owner due to property maintenance.

Part of Citycon's lease agreements also contain a turnover-linked component in addition to base rent. In addition, Citycon also has some lease agreements which are fully tied to tenant's turnover. At the end of 2019, approximately 67% (64%) of lease agreements in Citycon's lease portfolio had turnover based components.

Because the majority of the lease portfolio is tied to indexation, a predetermined minimum rent increase and/or the tenant's turnover, Citycon's leases are mainly leases with contingent rent payments in accordance with IFRS 16.

In accordance with the below table, Citycon had 4,404 (4,454) lease agreements on 31 December 2019. The decrease in the number of lease agreements was mainly due to non-core property divestments in Finland.

Number of leases [1]

	31 December 2019	31 December 2018
Finland & Estonia	1,410	1,510
Norway	1,197	1,184
Sweden & Denmark	1,797	1,760
Total	**4,404**	**4,454**

[1] *Including Kista Galleria 100%.*

In accordance with the table presented below, the average remaining length of Citycon's lease portfolio was 3.2 (3.4) years on 31 December 2019. The duration of a new lease depends on the type of premises to be leased and the tenant. With larger anchor tenants, Citycon typically concludes long-term leases of 10–15 or even 20 years while leases for smaller retail premises are mainly agreed for a term of 3 to 5 years.

Average remaining length of lease portfolio, years [1]

	31 December 2019	31 December 2018
Finland & Estonia	3.3	3.5
Norway	3.1	3.5
Sweden & Denmark	3.0	3.1
Average	**3.2**	**3.4**

[1] *Including Kista Galleria 50%.*

Citycon mainly seeks to sign fixed-term leases with the exception of apartment, storage and individual parking space leases. At the year end 2019, fixed-term leases represented around 92% (92), initially fixed-term leases 5% (5) and leases in effect until further notice 4% (3) of Citycon's lease portfolio.

The table below presents the future minimum lease payments by first possible termination dates based on the valid rent roll at the end of the year 2019 and 2018.

Future minimum lease payments receivable under non-cancellable leases [1]

MEUR	31 December 2019	31 December 2018
Not later than 1 year	63.7	57.6
1–5 years	172.3	173.1
Over 5 years	33.8	50.5
Total	**269.9**	**281.3**

[1] *Non-cancellable leases include fixed-term and initially fixed-term leases until the end of their terms. Leases in effect until further notice are assumed as non-cancellable leases for the equivalent of their notice period.*

The Investment properties leases, in which Citycon is a lessor, are classified under operating leases, since Citycon retains a significant share of risks and rewards of ownership. Rental income from operating leases is spread evenly over the lease term.

Lease incentives, such as rent-free periods or rental discounts, are recognised on a straight-line basis over the lease term. In cases where rental discounts have not been agreed in the original lease, the leaseholder has requested a rental discount due to the market situation or the property's (re) development project, such temporary rental discounts are recognised in the consolidated income statement within the gross rental income during the period for which the rent reductions have been granted.

On behalf of the lessee, Citycon may perform alteration work on the premises rented by the lessee and charge the lessee for the resulting costs, in the form of a rent increase. Citycon recognises the alteration-related rent increase as rental income over the lease term. The rent increase and expenses arising from the alteration work are taken into account when measuring the fair value of the investment property.

1.3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Contracts with customers

In the business operations of Citycon Group, the guidance provided in the IFRS 15 Revenue from Contracts with Customers standard applies to the following sales revenues: Service charges, utility charges, other service income as well as management fees.

Breakdown of revenues 1 January–31 December 2018

MEUR	Finland & Estonia	Norway	Sweden & Denmark	Other	Total
Service charges [1]	26.5	20.2	12.6	-	59.3
Utility charges [1]	4.4	2.3	1.3	-	7.9
Other service income [1]	2.4	5.6	1.9	-	9.9
Total	**33.3**	**28.1**	**15.7**	**-**	**77.1**
Management fees [2]	0.2	3.4	1.6	-	5.2
Total	**0.2**	**3.4**	**1.6**	**-**	**5.2**
Revenue from contracts with customers	**33.5**	**31.5**	**17.3**	**-**	**82.3**

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

SERVICE CHARGES

The sales revenues linked to service charges consist of the repair, maintenance and administration services for the business premises and common areas of Citycon's shopping centre properties that Citycon provides for its customers on the basis of the contracts made with the customers (lease agreement).

UTILITY CHARGES

The sales revenues linked to utility charges comprise fees charged from customers to cover, e.g. the costs arising from the energy consumption, heating and waste management of the business premises of the shopping centre properties in accordance with the customer contract (lease agreement).

OTHER SERVICE INCOME

The sales revenues linked to other service income consist mainly of fees charged from customers to cover the costs arising from the planning and implementation of the marketing of Citycon Group's shopping centres.

MANAGEMENTS FEES

Sales revenues related to management fees consists of the administrative services provided by Citycon Group to shopping centres owned by joint ventures or third parties.

Citycon Group's lease agreements and management contracts typically include a clear description of the obligations of the service provider and the customer purchasing the service as well as a break down of the price of the service provided. As a result, the service obligations as well as the basis for the transaction prices of each performance obligation in accordance with the IFRS 15 standard connected to Citycon Group's customer contracts have been clearly defined.

The transaction prices of all sales revenue groups primarily consist of variable considerations based on, e.g. the amount of services used by the customer or the changing prices of goods. Hence, Citycon estimates the amount of sales revenues recorded from the contracts on the basis of the expected value of sales revenues from the reporting period.

With regard to all customer contracts, the sales revenues are recorded over time, as the customer simultaneously receives and uses the financial benefit resulting from the maintenance and service operations related to the business premises owned by Citycon Group or the management service provided for shopping centres owned by joint ventures or third parties when Citycon provides the customer with the service.

The service charges are presented in Citycon's as gross because in its view, Citycon is providing services acts as the principal in accordance with the definition in the IFRS 15 standard. For example, Citycon selects the maintenance and cleaning service providers for its properties, makes a contract with the providers and carries the credit risk pertaining to the provision of the service. This being the case, the customer may not choose the service provider or influence the service provider's pricing.

The services provided by Citycon Group do not include a significant financial component because the payments based on customer contracts typically become due before the start of the lease period or immediately upon its beginning. Citycon Group will not become subject to costs of obtaining a contract in accordance with the IFRS 15 standard. When it comes to the leases for business premises included in Citycon's core business, the accounting treatment of costs resulting from obtaining the contract and the expenses treated in accordance with the instructions in the IAS 40 standard, such as alteration works or commissions of the leased property, is described in detail in Note 1.2.

Contract balances

MEUR	2019	2018
Contract assets	3.0	5.0
Contract liabilities	3.1	4.5

CONTRACT BALANCES

The contract assets on customer contracts are open sales receivables related to service charges, and the contract liabilities based on the contract are advance payments received for service charges. The contract assets based on customer contracts are expected to be received within three (3) months and the contract liabilities based on the contract are expected to be recognised as income within the next twelve (12) months.

1.4. PROPERTY OPERATING EXPENSES

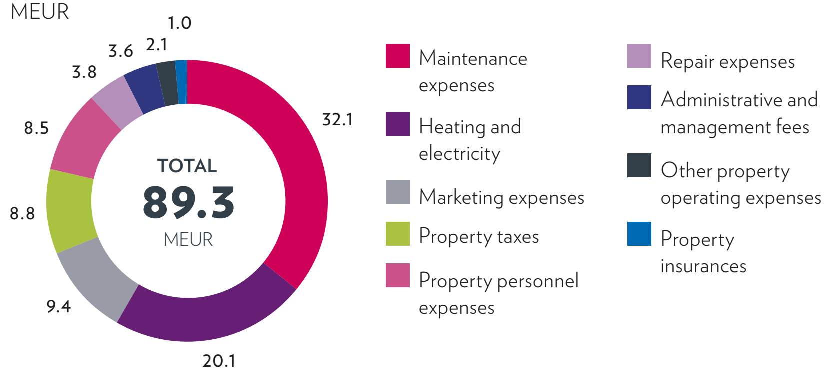
MEUR	2019	2018
Heating and electricity	-20.1	-20.3
Maintenance expenses	-32.1	-33.9
Land lease fees and other rents	-	-7.0
Property personnel expenses	-8.5	-8.5
Administrative and management fees	-3.6	-3.9
Marketing expenses	-9.4	-11.2
Property insurances	-1.0	-0.9
Property taxes	-8.8	-7.7
Repair expenses	-3.8	-3.8
Other property operating expenses	-2.1	-1.8
Total	**-89.3**	**-98.9**

PROPERTY OPERATING EXPENSES

Property operating expenses are recognized on an accrual basis for the period for which those are subject to. Property operating expenses are costs caused by e.g. property maintenance, energy consumption and marketing.

OPERATING EXPENSES 2019

MEUR



1.5. ADMINISTRATIVE EXPENSES

MEUR	2019	2018
Personnel expenses	-11.8	-13.3
Expenses related to management and organizational changes	-2.6	-2.7
Consultancy and advisory fees as well as external services	-4.6	-3.8
Office and other administrative expenses	-5.3	-6.6
Depreciation and amortisation	-2.5	-1.7
Total	**-26.8**	**-28.0**

Expenses related to management and organizational changes EUR 2.6 million (2.7) in 2019 includes mainly former CEO's and COO's expenses related to the employment terminations and expenses related to the hiring of a new CEO.

Depreciation and amortisation

Depreciation and amortisation are booked from intangible and tangible assets.

Audit fees

The following audit fees and services from the audit firm Ernst & Young are included in the line consulting and advisory fees within the administrative expenses and in the line administrative and management fees within the property operating expenses.

MEUR	2019 Group	2019 Parent company
Audit fees	**-0.9**	**-0.4**
Ernst & Young Oy	-0.5	-0.4
Other EY offices	-0.4	-
Other advisory services	**0.0**	**0.0**
Ernst & Young Oy	0.0	0.0
Other EY offices	0.0	-
Total	**-0.9**	**-0.4**

MEUR	2018 Group	2018 Parent company
Audit fees	**-0.8**	**-0.3**
Ernst & Young Oy	-0.4	-0.3
Other EY offices	-0.4	-
Other advisory services	**0.0**	**0.0**
Ernst & Young Oy	0.0	0.0
Other EY offices	0.0	0.0
Total	**-0.8**	**-0.4**

1.6. EMPLOYEE BENEFITS AND PERSONNEL EXPENSES

MEUR	Note	2019	2018
Wages and salaries of management			
CEO	A	-0.7	-0.9
Management committee	B	-1.5	-1.7
Board	C	-0.7	-0.6
Other wages and salaries		-14.7	-16.2
Pension charges: defined contribution plans		-2.1	-2.5
Social charges		-3.4	-3.3
Expense of share based payments	D, E	-0.6	-1.1
Total		**-23.6**	**-26.2**

Personnel expenses of EUR 11.8 million (13.3) are included in administrative expenses, EUR 8.5 million (8.5) in property operating expenses and EUR 2.8 million (3.4) in other operating income and expenses. In addition, EUR 1.2 million (1.0) were charged from the managed centres owned by third parties.

PENSIONS

The Group's employee pension cover is based on statutory pension insurance. Pension schemes are classified into two categories: defined contribution plans and defined benefit plans. At Citycon, all pension covers are classified as contribution plans, which are recognised in the consolidated income statement for the period during which such contributions are made.

Group full-time equivalent (FTE) by Business Units as at 31 December	2019	2018
Finland & Estonia	50	45
Norway	95	111
Sweden & Denmark	52	55
Group functions	37	43
Total	**234**	**254**

A) CEO wages and salaries

	2019	2018
In cash, EUR	691,852	860,544
In Citycon Oyj shares, pcs	40,000	120,148

F. Scott Ball (B.Sc., born 1961) started as CEO of Citycon on 1 January 2019. According to his service agreement, the CEO's gross base salary in 2019 amounted to EUR 625 000.

Citycon's Board will evaluate the achievement of the CEO's performance targets and decide on the CEO's performance bonus amount payable for each financial year during the first quarter of the following calendar year.

The current CEO is included in the CEO Restricted Share Plan 2018–2021. The plan includes three vesting periods ending on 15 November 2019, 2020 and 2021. The rewards under the plan are paid in three equal instalments after each vesting period including taxes and any employment related expenses payable. All shares allocated under the CEO Restricted Share Plan are eligible for dividend equivalent at the beginning of vesting periods. The value of the dividend equivalent per reward share shall equal to the distributed dividends or other distributed assets per share.

In 2019, in connection with the vesting date of 15 November, the CEO was paid the value of 40,000 shares in cash, including taxes and employment related payments, and he was obliged to acquire company's shares with the amount of paid net reward.

The CEO's pension benefit is in line with mandatory provisions of the Swedish Pension Act.

Mr. Kokkeel is released from his position as the CEO as of 1st January 2019 with mutual termination agreement signed on 2nd November 2018. From January 1st until May 1st 2019, Mr. Kokkeel acted as a senior adviser to the Board of Directors and senior management of the company.

Severance pay is 1,5 times annual salary and 20 000 company shares delivered on 8th May 2019.

In addition, Mr. Kokkeel have been paid bonus for the financial year 2018 amounting to EUR 435,000. He is also entitled to retain the shares and rewards under the long-term incentive plans of the company.

B) Personnel expenses for the Corporate Management Committee (excl. CEO)

MEUR	2019	2018
Wages and salaries	-1.5	-1.7
Pensions: defined contribution plans	-0.2	-0.2
Social charges	-0.1	-0.3
Total	**-1.8**	**-2.1**

C) Remuneration of the members of the Board of Directors

EUR	2019	2018
Chaim Katzman	165,000	165,000
Bernd Knobloch	87,800	83,200
Arnold de Haan	70,400	64,400
Alexandre (Sandy) Koifman (as of 13 March 2019)	59,600	-
David Lukes	67,400	64,800
Andrea Orlandi [1]	-	-
Per-Anders Ovin	66,200	61,400
Ofer Stark (as of 20 March 2018) [2]	62,600	59,000
Ariella Zochovitzky	74,000	68,200
Kirsi Komi (until 27 October 2018)	-	43,008
Rachel Lavine (until 20 March 2018)	-	2,400
Claes Ottosson (until 20 March 2018)	-	3,000
Total	**653,000**	**614,408**

[1] *Andrea Orlandi has notified the company that he will not accept any annual fees or meeting fees payable by the company.*

[2] *Transactions with The Board Members are presented in Note 5.3.B Related party transactions.*

During 2019, the travel expenses of the Board members amounted to EUR 0.2 million (0.2).

Board members do not participate in the company's share-based incentive schemes.

D) Long-term share-based incentive plans

Citycon has six long-term share-based incentive plans for the key employees of the group: Performance Share Plan 2015 and Restricted Share Plan 2015 decided on 10 February 2015, Matching Share Plan 2018–2020 and Restricted Share Plan 2018–2020 decided on 23 February 2018, CEO Restricted Share Plan 2018–2021 decided on 12 December 2018 and Restricted Share Plan 2020–2022 decided on 11 December 2019. The aim of the share-based incentive plans is to combine the objectives of the shareholders and the key employees in order to increase the value of the company in the long-term, to bind the key employees to the company, and to offer them competitive reward plans based on earning and accumulating the company's shares.

In 2019, expenses from long-term share-based incentive plans recognised in consolidated financial statements amounted to EUR 1.5 million (1.6).

PERFORMANCE SHARE PLAN 2015

The Performance Share Plan 2015 is directed to Citycon group's key personnel as determined by the Board for each performance period, including members of the Corporate Management Committee.

The Performance Share Plan 2015 includes three three-year performance periods, calendar years 2015–2017, 2016–2018 and 2017–2019. The Board has decided on the plan's performance criteria and required performance levels for each criterion at the beginning of each performance period. The criterion for all three performance periods is based on the total shareholder return of Citycon's share (TSR) (weight 100%). After the end of each performance period, the Board of Directors confirms the results of the performance criteria and the number of shares granted based on them. The rewards from all performance periods are paid partly in the company's shares and partly in cash. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant.

The maximum total number of shares granted under the Performance Share Plan 2015 is 860,000 shares. For the performance period 2016–2018 there were no accrued rewards to be paid out in 2019. Payments from the final performance period 2017–2019, if any, will be made by the end of March 2020, and the maximum total number of rewards that could be granted is 274,877 shares.

RESTRICTED SHARE PLAN 2015

The Restricted Share Plan 2015 is directed to selected key employees, including members of the Corporate Management Committee.

The rewards from the Restricted Share Plan 2015 were allocated during 2015–2018. The rewards will be based on a valid employment or service contract of a key employee upon the reward payment, and it will be paid partly in the company's shares and partly in cash after the end of a two-year or a three-year vesting period.

The rewards to be paid on the basis of the Restricted Share Plan 2015 correspond to the value of an approximate maximum total of 140,000 shares (including also the cash proportion to be used for taxes and tax-related costs).

MATCHING SHARE PLAN 2018–2020

The Matching Share Plan 2018–2020 is directed to the CEO and other members of the Corporate Management Committee.

The Matching Share Plan 2018–2020 includes three matching periods, calendar years 2018–2019, 2019–2020 and 2020–2021.

The prerequisite for participation in the plan and for reward payment is that a key employee invests in the company's shares a pre-determined percentage of the bonus earned from the company's performance bonus scheme during the calendar year preceding a matching period. If a key employ-ee's share ownership prerequisite is fulfilled and his or her employment or service is in force with a Citycon group company upon reward payment, he or she will receive free matching shares for shares subject to the share ownership prerequisite.

The rewards to be paid on the basis of the Matching Share Plan from the matching period 2018–2019 correspond to the value of an approximate maximum total of 40,000 shares. In addition, a cash proportion is included in the reward to cover taxes and tax-related costs arising from the reward to the participant. The rewards from the matching period 2018–2019 will be paid by the end of March 2020.

The rewards on the basis of the Matching Share Plan from the matching period 2019–2020, corresponding to the value of an approximate maximum total of 21,300 shares were allocated in 2019. In addition, a cash proportion is included in the reward to cover taxes and tax-related costs arising from the reward to the participant. The rewards from the matching period 2019–2020 will be paid by the end of March 2021.

RESTRICTED SHARE PLAN 2018–2020

The Restricted Share Plan 2018–2020 is directed to selected key employees.

The rewards from the Restricted Share Plan 2018–2020 may be allocated in 2018–2020. The rewards will be based on a valid employment or service contract of a key employee upon the reward payment, and it will be paid partly in the company's shares and partly in cash after the end of a 12 to 36 months vesting period.

The rewards to be paid on the basis of the plan correspond to the value of an approximate maximum total of 40,000 shares including also the cash proportion to be used for taxes and tax-related costs.

The rewards on the basis of the Restricted Share Plan 2018–2020 corresponding to the value of a total of 18,658 shares were allocated in 2019 (11,341).

CEO RESTRICTED SHARE PLAN 2018–2021

The CEO Restricted Share Plan 2018–2021 is directed to CEO F. Scott Ball.

The CEO Restricted Share Plan 2018–2021 includes three vesting periods ending on 15 November 2019, 2020 and 2021. The rewards to be paid on the basis of the plan correspond to the value of a total of 120,000 shares including also the cash proportion to be used for taxes and tax-related costs. The rewards from the plan will be paid in three equal instalments of 40,000 shares after the end of each vesting period, partly in the company's shares and partly in cash, or fully in cash, in which case the CEO may be obliged to acquire shares with the net reward. All shares allocated under the CEO Restricted Share Plan are eligible for dividend equiv-alent at beginning of vesting periods. The value of dividend equivalent per reward share shall equal to the distributed dividends or other distributed assets per share. The payment of the rewards under the CEO Restricted Share Plan provides that the CEO has not terminated his director contract.

RESTRICTED SHARE PLAN 2020–2022

The Restricted Share Plan 2020–2022 is directed to selected key employees, excluding the CEO and other members of the Corporate Management Committee.

The rewards from the new Restricted Share Plan 2020–2022 may be allocated in 2020–2022. The reward will be based on a valid employment or service contract of a key employee upon the reward payment, and it may be paid partly in the company's shares and partly in cash after the end of a vesting period. A vesting period may last 24 to 36 months from a reward allocation.

The rewards to be paid on the basis of this plan in 2020–2025 correspond to the value of an approximate maximum total of 60,000 Citycon Oyj shares including also a possible cash proportion to be used for taxes and tax-related costs.

FURTHER INFORMATION

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

MANAGEMENT FEES

Citycon manages some of the shopping centres owned by joint ventures and third parties and recognizes management fees over the contract period.

1.7. OTHER OPERATING INCOME AND EXPENSES

MEUR	2019	2018
Management fees	5.2	5.4
Management fee related expenses	-2.8	-3.0
Depreciation on contract values of managed and rented centres	-0.9	-1.4
Non-recurring personnel expenses arising from employment terminations	-	-0.3
Other operating income	1.3	0.3
Reduction in goodwill resulting from corporate income tax rate change in Norway	-	-3.7
Reduction in goodwill resulting from sales of assets in Norway	-	-3.1
Translation difference related to disposals in foreign companies	-	-3.6
Total	**2.8**	**-9.5**

The corporate income tax percent decrease in 2018 in Norway reduced the deferred tax liabilities by EUR 3.7 million, which arose from Norwegian business unit acquisition as treated in accordance with the business combination method. As the goodwill from Norwegian business unit acquisition arose mainly from deferred tax liabilities, the tax percent change reduced the goodwill accordingly. This reduction in goodwill does not indicate any changes in the future cash flows of Norway business unit.

1.8. EARNINGS PER SHARE

Earnings per share (basic) is calculated by dividing the net profit/loss attributable to parent company shareholders by the share issue adjusted weighted average number of shares.

Earnings per share, basic	2019	2018
Profit/loss attributable to parent company shareholders (MEUR)	8.9	16.6
Hybrid bond coupons and amortized fees	-1.7	-
Weighted average number of ordinary shares (1,000)	177,997	177,997
Earnings per share (basic) (EUR)	**0.04**	**0.09**

Earnings per share, diluted	2019	2018
Profit/loss attributable to parent company shareholders (MEUR)	8.9	16.6
Hybrid bond coupons and amortized fees	-1.7	-
Adjustment for share-based incentive plans (1,000)	445	934
Weighted average number of ordinary shares, diluted (1,000)	178,556	178,932
Earnings per share (diluted) [1]	**0.04**	**0.09**

[1] *Key ratios have been adjusted in the comparison periods to reflect the new number of shares after the reversed share split executed in March 2019. The key figure includes hybrid bond coupons (both paid and accrued not yet recognizes) and amortized fees.*

Weighted average number of ordinary shares used in the calculation of Earnings per share

	Days	No. of shares
Weighted average (daily) number of shares	365	178,555,822

Diluted Earnings per share is calculated by adjusting the weighted average number of shares to assume the conversion of all dilutive potential shares. The number of shares is increased by dilutive shares arising from stock options and long-term share-based incentive plans.

The share-based incentive scheme has a dilutive effect during the earning period when the performance conditions for the bonus have been fulfilled, and the shares have not yet been granted.

2. PROPERTY PORTFOLIO AND ASSETS

2.1. INVESTMENT PROPERTIES AND RELATED LIABILITIES

INVESTMENT PROPERTIES IN THE FINANCIAL STATEMENT

Investment property refers to land or a building, or part of a building, held to earn rental income or capital appreciation, or both. Under IAS 40, investment property is measured at fair value, with gains and losses resulting from fair value changes for investment properties are netted and stated as a separate item in the consolidated income statement.

The investment properties are measured initially at cost, including transaction costs such as consultant fees and transfer taxes. After their initial measurement investment properties are valued at fair value at the end of the quarter following the acquisition.

The fair valuation of the company's properties is conducted half-yearly by an independent external appraiser according to the International Valuation Standards (IVS) while on the first and third quarter of the year Citycon conducts the fair value measurement internally except for ongoing (re)development projects and new acquired properties which are valuated externally. When measuring the values internally, Citycon has based the valuations on the yields and market rent indications received from the external appraiser. In addition, the external appraiser conducts the fair value evaluation of properties under (re)development.

(Re)development projects are classified as investment properties and determined at fair value after an investment decision has been made and the external appraiser considers that sufficient information is available for a reliable valuation. Potential development projects are projects whose realization is uncertain. Therefore they have been left out of the valuation conducted by the external appraiser. In the fair value valuation on 31 December 2019, 1 property (1) was classified as (re)development project.

The fair value of Citycon's investment properties in the consolidated statement of financial position consists of the property portfolio's total value determined by the external appraiser, less transfers into investment properties held for sale, added by capital expenditure on potential development projects that are not taken into account by the external appraiser, as well as the value of new properties acquired during the reporting quarter.

The fair value of Citycon's properties was measured by CBRE (Sweden, Norway, Denmark, Estonia) and JLL (Finland) for the financial statements for 2019. The fair value of Citycon's properties was measured by CBRE for the financial statement for 2018. The resulting fixed fees based on the 2019 valuations totalled EUR 0.2 million (0.2). The reconciliation between the fair value determined by the external appraiser and the fair value of investment properties in Citycon's balance sheet, is presented below:

MEUR	31 December 2019	31 December 2018
Fair value of investment properties determined by the external appraiser per 31 December	4,091.9	4,192.6
Capital expenditure on development projects	17.2	12.4
Right-of-use assets classified as investment properties (IFRS 16)	51.1	-
Transfer into investment properties held for sale	-	-78.1
Acquisition cost of properties acquired during the last quarter of the year	-	4.3
Fair value of investment properties per 31 December	**4,160.2**	**4,131.3**

FAIR VALUE DEFINITION AND HIERARCHY

In accordance with IFRS 13, the fair value is defined as the price that would be received from the sale of an asset in an orderly transaction between market participants at the measurement date.

Citycon uses valuation techniques that are appropriate under the existing circumstances, and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Input data used in valuation method to determine the fair value is categorized into three fair value hierarchy levels in accordance with IFRS 13. Investment property measured at fair value is categorised to the same fair value hierarchy level as the lowest level input, which is significant to the fair value measurement as a whole.

Yield requirement is an important input parameter in the valuation measurement and it is derived from comparable market transactions. Citycon has decided to categorise all property fair valuations as level 3, because properties and especially shopping centres are usually heterogeneous and transactions are infrequent. Transfers between levels in the hierarchy did not occur during the year.

FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTIES, FAIR VALUE MEASUREMENT HIERARCHY

MEUR	31 December 2019	31 December 2018
Quoted prices (Level 1)	-	-
Observable inputs (Level 2)	-	-
Unobservable inputs (Level 3)	4,091.9	4,192.6
Total	**4,091.9**	**4,192.6**

FAIR VALUE OF INVESTMENT PROPERTIES

Measuring the fair value of investment properties is a key accounting policy that is based on assessments and assumptions about future uncertainties. Yield requirement, market rents, vacancy rate and operating expenses form the key variables used in an investment property's fair value measurement. The evaluation of these variables involves Citycon management's judgment and assumptions. Also, the evaluation of the fair value of (re)development projects requires management's judgment and assumptions regarding investments, rental levels and the timetable of the project.

FAIR VALUE MEASUREMENT

The fair value measurement of Citycon's investment properties is based on 10-year cash flow analysis, conducted separately for each property. The basic cash flow is determined by the lease agreements valid at the valuation date. Upon a lease's expiry, the market rent assessed by an external appraiser replace the contract rent. Potential gross rental income less vacancy assumption, operating expenses and investments equals cash flow, which is then discounted at the property-specific discount rate comprising of yield requirement and inflation assumption. The total value of the property equals to the value of the discounted cash flow, residual value and the value of the unused building rights. The total value of the property portfolio is calculated as the sum of the individual properties' fair values.

The valuation of on-going (re) development projects is based on a cash flow analysis, in which the capital expenditure on the (re)development project and the property's future cash flows are taken into account according to the (re)development project's schedule.

INPUTS

The segments' inputs used by the external appraisers in the cash flow analysis per 31 December 2019 and 31 December 2018 are presented in the following tables.

The weighted average yield requirement increased in Sweden & Denmark and Norway but decreased in Finland & Estonia compared to the comparison period.

The weighted average market rent for the whole property portfolio was 26.5 EUR/sq.m. (26.4). The weighted average vacancy assumption for the cash flow period was 3.9% (3.4).

INPUTS

31 December 2019

MEUR	Finland & Estonia	Norway	Sweden & Denmark	Average
Yield requirement (%)	5.3	5.5	5.4	5.4
Market rents (EUR/sq.m.)	30.2	22.6	25.5	26.5
Operating expenses (EUR/sq.m.)	6.8	5.1	6.2	6.1
Vacancy during the cash flow period (%)	4.5	3.3	3.6	3.9
Market rent growth assumption (%)	1.9	1.9	2.0	-
Operating expense growth assumption (%)	1.9	1.9	2.0	-

31 December 2018

MEUR	Finland & Estonia	Norway	Sweden & Denmark	Average
Yield requirement (%)	5.5	5.4	5.2	5.4
Market rents (EUR/sq.m.)	29.9	22.3	25.7	26.4
Operating expenses (EUR/sq.m.)	6.9	5.1	6.4	6.2
Vacancy during the cash flow period (%)	3.6	3.0	3.5	3.4
Market rent growth assumption (%)	2.0	1.9	2.0	-
Operating expense growth assumption (%)	1.8	1.9	2.0	-

SENSITIVITY ANALYSIS

Sensitivity to change in the properties' fair value, or the risk associated with fair value, can be tested by altering the key parameters. The sensitivity analysis below uses the investment properties' fair value of EUR 4,091.9 million defined by the external appraiser at 31 December 2019 as the starting value. Sensitivity analysis indicates that the market value is most sensitive to changes in market rents and yield requirement. A 10% increase in market rents increases the market value of the investment properties by approximately 13%. Correspondingly, a 10% decrease in the yield requirement results in an approximately 11% increase in market value.

The market value reacts to changes in vacancy and operating expenses, but their relative effect is not as great as changes to market rent and yield requirement. In sensitivity analyses one parameter is changed at a time. In reality, changes in different parameters often occur simultaneously. For example, a change in vacancy may connect to a change in market rents and yield requirement when they impact fair value simultaneously.

SENSITIVITY ANALYSIS

	Fair value (MEUR)				
Change %	**-10%**	**-5%**	**±0%**	**+5%**	**+10%**
Yield requirement	4,546.6	4,307.3	4,091.9	3,897.1	3,719.9
Market rents	3,556.7	3,824.3	4,091.9	4,359.5	4,627.1
Operating expenses	4,225.9	4,158.9	4,091.9	4,024.9	3,957.9
Change, percentage points	**-2**	**-1**	**±0**	**1**	**2**
Vacancy	4,211.5	4,151.7	4,091.9	4,032.1	3,972.3

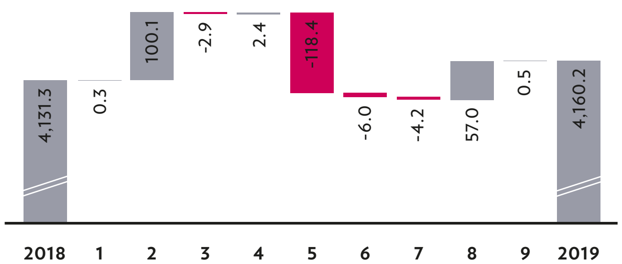
INVESTMENT PROPERTY CHANGES AND CLASSIFICATION

31 December 2019 MEUR	Investment properties under construction	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
Capitalised 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 IPUC , operative investment properties and transfer into investment properties held for sale		0.5	0.5
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**

31 December 2018 MEUR	Investment properties under construction	Operative investment properties	Investment properties total
At period-start	**121.0**	**4,062.4**	**4,183.4**
Acquisitions	4.3	64.0	68.4
Investments	22.7	58.0	80.7
Disposals	-	-24.5	-24.5
Capitalised interest	1.8	1.2	3.0
Fair value gains on investment property	-	39.2	39.2
Fair value losses on investment property	-0.2	-111.5	-111.7
Exchange differences	-	-45.9	-45.9
Transfer between IPUC, and operative investment properties and transfer into investment properties held for sale	-	-61.3	-61.3
Right-of-use assets classified as investment properties (IFRS 16)	-	-	-
At period-end	**149.6**	**3,981.6**	**4,131.3**

INVESTMENT PROPERTIES 2019

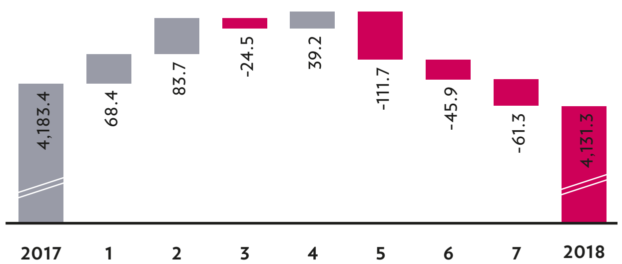
MEUR



1 Acquisitions
2 Investments and capitalised interest
3 Disposals
4 Fair value gains
5 Fair value losses
6 Valuation gains and losses from Right-of-Use-Assets
7 Exchange differences
8 Right-of-use assets classified as investment properties (IFRS 16)
9 Transfers between items

INVESTMENT PROPERTIES 2018

MEUR



1 Acquisitions
2 Investments and capitalised interest
3 Disposals
4 Fair value gains
5 Fair value losses
6 Exchange differences
7 Transfers between items

Citycon divides its investment properties into two categories: Investment Properties Under Construction (IPUC) and Operative Investment Properties. On reporting date and the comparable period 31 December 2018, the first mentioned category included Lippulaiva in Finland.

Due to the implementation of IFRS 16, Citycon recognized right-of-use assets related to lease agreements regarding investment properties. More information on IFRS 16 implementation is presented at note 2.3.

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

Contractual obligations to purchase, construct or develop investment properties are presented below.

Contingent liabilities related to investment properties

MEUR	31 December 2019	31 December 2018
Capital commitments	208.0	23.7
VAT refund liabilities	94.5	98.0

Capital commitments

Capital commitments relate mainly to on-going (re)development projects.

VAT refund liability

There are value-added tax refund liabilities arising from capitalised renovations and new investments in Citycon's investment properties. The VAT refund liabilities will realise if the investment property is transferred for non-VAT-liability use within 10 years.

2.2. INVESTMENT PROPERTIES HELD FOR SALE

Classifying properties into investment properties or investment properties held for sales requires management's judgement. In addition judgement is used when determining whether the sale of an investment property is to be classified as a real estate sale or sale of a business.

MEUR	2019	2018
Acquisition cost January 1	**78.1**	**25.4**
Disposals	-77.6	-65.4
Exchange differences	-	-0.3
Transfers from investment properties	-0.5	118.4
Accumulated acquisition cost December 31	**-**	**78.1**

Citycon had no property held for sale properties on 31 December 2019. On 31 December 2018 the Investment Properties Held for Sale comprised of two properties in Finland, which were disposed in June.

Citycon had no businesses held for sale (in accordance with IFRS 5) on 31 December 2019 or 31 December 2018.

An investment property is reclassified in the financial statement in cases where the investment property is divested or permanently withdrawn from use, and no future economic benefits are expected.

For Citycon, the characteristics of a sale of a business include, for example, the sale of a major line of business or geographical area of operations that also involves the transfer of staff and/or management essential to the business.

In the case of the sale of a business, IFRS 5, Assets Held for Sale based accounting treatment is applied. Businesses, i.e. disposal groups such as segments or property portfolios, are classified as non-current assets held for sale when their book values are to be recovered (principally through a sale transaction) and a sale is considered highly probable.

In the case of a real estate sale IAS 40 Investment Property or IAS 2 Inventory based accounting treatment, is applied.

If the sale of an operative investment property is deemed highly probable, such a property is transferred to 'Investment properties held for sale' in the financial statement.

A sale is deemed highly probable when
- the management is committed to a plan to sell the property and an active programme to locate a buyer and complete the plan has been initiated
- the property is actively marketed for sale at a price that is reasonable in relation to its current fair value,
- the sale is being expected to qualify for recognition as a completed sale within one year.

Investment properties held for sale are still recognized at fair value in accordance with IAS 40.

2.3 RIGHT-OF-USE ASSETS AND THE EFFECT OF IFRS 16 IMPLEMENTATION

The IFRS 16 Leases standard has replaced the IAS 17 standard at the beginning of the 2019 financial period. First and foremost, the standard has provided reporting entities with instructions on the accounting treatment of leases in the lessee's financial statements, changed the definition of leasing and set the principles regarding the recognition of leases in the balance sheet both as a right-of-use asset and a lease liability. The application of the standard did not result in any changes to the accounting treatment of leases where Citycon Group acts as the lessor. Nonetheless, with regard to the majority of the Group's leases where Citycon acts as the lessee, in the 2019 financial period Citycon has recognized assets and liabilities to the Group's balance sheet pertaining to these leases.

Citycon Group has recognized right-of-use assets from the leases subject to the scope of the standard as part of the 'Investment properties' and 'Tangible assets' balance sheet items. The right-of-use assets recognized as part of investment properties consist of leases subject to Citycon Group's core business, such as the leases of shopping centres, shopping centre land areas and shopping centre machinery. The right-of-use assets recognized as tangible assets, on the other hand, have primarily been recognized for leases included in administrative expenses, such as office leases, IT assets and leased cars. The lease liability of Citycon Group has been valued by discounting the lease payment liabilities of the leases subject to the scope of the IFRS 16 standard to their present value using as the discounting factor the view of the company's management on the incremental borrowing rate at the starting time of the lease.

Assessing the probability of exercising extension options included in lease agreements requires judgement. At the commencement date, Citycon assesses whether it is reasonably certain that the entity will exercise an extension option included in the lease agreement. Citycon considers all relevant facts and circumstances that create an economic incentive for the entity to exercise, or not to exercise, the option.

The majority of the leased right-of-use assets of Citycon Group are fixedly linked to Citycon's investment properties. As a result, Citycon has disclosed its lease expenses primarily as part of the fair value changes of its investment properties (comparable to straight-line depreciations) and as interest expenses determined by the interest rate factor of the lease liability. The impacts on profit pertaining to the right-of-use assets classified as 'Tangible assets' are disclosed in the profit and loss account as interest expenses and as depreciations included in the line item 'Administrative expenses'.

With regard to the implementation of the IFRS 16 Leases standard, Citycon has applied a simplified approach and, hence, has not adjusted the comparative information from corresponding reporting period. In addition, Citycon has applied the recognition exemptions permitted by the standard and, hence, has not applied the standard to short-term leases with a duration of less than a year or leases of a low value, such as leases applicable to specific office equipment.

The impact from the standard to Citycon's reporting in 2019 is as follows:

Consolidated income statement

MEUR	2019
Property operating expenses	7.0
Net rental income	7.0
Administrative expenses	0.0
Net fair value losses on investment property	-6.0
Other operating income and expenses	0.0
Operating profit	1.0
Net financial income and expenses	-1.9
Loss before taxes	-0.8
Deferred taxes	0.2
Loss/profit for the period	-0.7

Consolidated statement of financial position

MEUR	Investment properties	Tangible assets	Total Right-of-use assets	Lease liabilities
1 January 2019	57.4	4.4	61.9	61.9
31 December 2019	51.1	3.3	54.4	55.2

Consolidated cash flow statement

MEUR	2019
Net cash flows from operating activities	6.1
Net cash flows from financing activities	-6.1

Changes to calculation of key figures

When calculating loan to value (LTV), both the right-of-use assets classified as part of investment properties, as well as lease liabilities pertaining to these right-of-use assets, have not been taken into account. Thus, IFRS 16 has no impact on LTV calculations as compared to earlier periods. The updated formula is presented in section Formulas for key figures and ratios.

Depreciations of right-of-use assets by asset class

MEUR	2019
Valuation gains/losses	-6.0
Depreciation of right-of use assets	-1.0

Impact of recognition exemptions permitted by the standard

MEUR	2019
Short-term leases	0.0
Low-value assets	0.1
Variable rents	0.0

Maturity profile of liabilities related to right-of-use assets

MEUR	2019
Less than 1 month	0.5
1 to 12 months	5.6
1–5 years	21.8
over 5 years	27.3
Total	55.2

2.4. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Following table represents the Citycon Group's interest in the assets and liabilities, revenues and expenses of the joint ventures. The financial information presented in the table is based on the financial statements of the joint venture entities prepared in accordance with IFRS.

A) Investments in joint ventures

MEUR	2019 Kista Galleria Group	2019 Norwegian joint ventures	2019 Other joint ventures total	2019 Joint ventures total	2018 Kista Galleria Group	2018 Norwegian joint ventures	2018 Other joint ventures total	2018 Joint ventures total
Investment property	545.3	3.1	-	548.4	582.2	3.1	-	585.2
Other non-current assets	0.0	0.0	-	0,1	0.1	0.0	-	0.1
Cash and cash equivalents	6.9	2.2	-	9.1	10.9	2.9	-	13.7
Other current assets	12.2	2.6	-	14.8	8.3	2.1	-	10.3
Long-term loans	441.2	-		441.2	443.5	-	-	443.5
Deferred tax liabilities	29.1	-	-	29.1	33.5	-	-	33.5
Short-term liabilities	21.0	1.6	-	22.6	15.4	1.5	-	16.9
Equity	**80.3**	**6.4**	**-**	**86.7**	**111.1**	**6.6**	**-**	**117.6**
Portion of the Group's ownership, %	50%	50%	-		50%	50%	-	
Share of joint venture's equity	40.1	3.2	-	43.3	55.5	3.3	-	58.8
Share of loans of joint ventures	84.7	-		84.7	83.7	-	-	83.7
Investments in joint ventures	**124.8**	**3.2**	**-**	**128.0**	**139.3**	**3.3**	**-**	**142.5**
Gross rental income	25.0	-	-	25.0	27.2	-	0.6	27.8
Net rental income	19.7	-	-	19.7	23.3	-	0.6	23.9
Administrative expenses	-0.2	-6.3	-	-6.5	-0.2	-3.1	0.0	-3.3
Other operating income/expenses	-1.2	5.2	-	4.0	-1.0	4.0	-	3.0
Net fair value losses/gains on investment property	-35.4	-	-	-35.4	-17.3	-1.4	-1.1	-19.8
Operating profit	-17.1	-1.1	-	-18.2	4.9	-0.5	-0.5	3.9
Financial income	0.0	-	-	0.0	0.0	0.0	-	0.0
Financial expenses	-15.1	-	-	-15.1	-15.9	-0.1	0.0	-16.0
Taxes	3.7	-0.1	-	3.6	-4.9	1.0	-	-3.9
Loss / Profit for the period	**-28.5**	**-1.2**	**-**	**-29.7**	**-15.9**	**0.5**	**-0.5**	**-16.0**
Share of loss/profit of joint ventures	**-14.3**	**-0.6**	**-**	**-14.9**	**-8.0**	**0.2**	**-0.3**	**-8.0**
Other comprehensive income for the period, net of tax	0.0	-	-	0.0	0.2	-	-	0.2
Exchange losses/gains on translating foreign operations	-1.3	0.1	-	-1.2	-5.2	-0.1	0.0	-5.4
Share of other comprehensive income of associated companies and joint ventures	**-0.6**	**0.0**	**-**	**-0.6**	**-2.5**	**-0.1**	**0.0**	**-2.6**
Total comprehensive loss/profit for the period	**-29.8**	**-1.1**	**-**	**-30.9**	**-21.0**	**0.4**	**-0.6**	**-21.2**

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Citycon recognises its investment in joint ventures and associate companies using the equity method in the consolidated financial statements.

Joint ventures owned by Citycon are treated according to the IFRS 11 Joint Arrangements. In joint ventures, ventures have a contractual arrangement that establishes joint control over the economic activities of the entity. The most significant business and financing decisions regarding the joint ventures are made jointly among the owners.

An associated company is an entity over which the Group has significant influence. Significant influence is created usually when the Group owns over 20% of the voting rights of the company or when the Group has otherwise significant power over company, but not the control.

The Group presents the aggregate share of profit or loss from the associated companies and joint ventures on the face of its statement of comprehensive income in line "Share of profit of associated companies and joint ventures" and "Share of other comprehensive income of associated companies and joint ventures".

KISTA GALLERIA SHOPPING CENTRE

Citycon owns a 50% interest in Kista Galleria shopping centre in Sweden, the other 50% is owned by a Canadian partner (CPPIB). Each partner has equal number of members in the board of directors taking decisions related to the Kista Galleria. Material operating and capital decisions in the board are made unanimously. Consequently, the entity is considered to be jointly controlled and consolidated under the equity method. The Group has granted a shareholder loan to the Kista Galleria joint venture. Pursuant to the agreement between the Kista Galleria joint venture partners, the Kista Galleria joint venture shall not distribute any dividends until shareholder loans have been repaid and the Group shall take no action or make no decision with respect to the shareholder loan without the prior consent of the other partner. All payments made by the Kista Galleria joint venture in respect of the share-holder loan shall be made pro rata to each of the joint venture partners.

MÖLNDAL GALLERIA SHOPPING CENTRE

Citycon acquired on 27 September 2018, NCC's 50% interest in Mölndal Galleria located in Sweden. After the acquisition, Citycon owns 100% the Mölndal shopping centre.

JOINT VENTURES IN NORWAY

Citycon acquired all the shares in Norwegian shopping centre company Sektor on 14 July 2015. The acquired portfolio includes five joint ventures: Klosterfoss Utvikling AS, Dr Juells Park AS, Sandtranda Bolig AS, Centerteam AS and Magasinet Drammen AS, all of which Citycon owns 50% of the shares. First three of the former companies are residential real estate development companies, others operate outside of the real estate business.

B) Investments in associated companies

MEUR	2019	2018
Investment properties	237.5	258.2
Current assets	5.3	4.5
Short-term liabilities	1.7	2.0
Long-term liabilities	143.2	152.9
Total shareholders' equity	**94.5**	**107.9**
Portion of the Group's ownership, %	20%	20%
Share of associated companies' equity	18.9	21.6
Share of loans of associated companies	0.7	0.6
Investments in associated companies	**19.6**	**22.2**
Gross rental income	13.9	14.3
Net rental income	11.5	12.6
Net fair value losses/gains on investment property	-23.0	-30.8
Net financial income and expenses	-5.6	-2.7
Taxes	5.1	2.8
Profit for the period	**-12.6**	**-18.1**
Share of loss/profit of associated companies	**-2.5**	**-3.6**
Exchange losses on translating foreign operations	0.9	-2.0
Share of other comprehensive income of associated companies and joint ventures	**0.2**	**-0.4**
Total comprehensive loss/profit for the period	**-11.7**	**-20.1**

ASSOCIATED COMPANIES IN NORWAY

Citycon acquired on 14 July 2015 all the shares in Norwegian shopping centre com-pany Sektor. At the end of 2019, the acquired portfolio includes associate interests in three shopping centres: Markedet, Stovner Senter and Torvbyen. Citycon owns 20% interest in all of these shopping centres.

The table presents summarised financial information of the Citycon's investments in associate companies.

3. FINANCING

3.1. EQUITY

A) Description of funds and reserves included in the equity

SHARE CAPITAL

The company has single series of shares, each share entitling to one vote at General Meeting of shareholders. The shares have no nominal value and the share capital has no maximum value.

SHARE PREMIUM FUND

Since the 2006 entry into force of the current Finnish Limited Liability Companies Act, no new items are recognised in the share premium fund. The share premium fund accumulated before 2007 due to option schemes and share issues.

INVESTED UNRESTRICTED EQUITY FUND

The invested unrestricted equity fund is credited, for instance, with that part of the subscription price of the shares that, according to the Memorandum of Association or the share issue decision, is not to be credited to the share capital. Incremental transaction costs (net of taxes) directly attributable to the issue of new shares or options are deducted from the proceeds.

FAIR VALUE RESERVE

The fair value reserve contains fair value changes of derivative instruments used to hedge cash flows.

TRANSLATION RESERVE

The translation reserve contains translation differences arising from the currency translation of foreign subsidiaries' financial statements.

HYBRID BOND

In November 2019 Citycon issued a EUR 350 million hybrid bond to strengthen the balance sheet. The hybrid bond is treated as a part of shareholder's equity in the IFRS financial statements. The hybrid bond is unsecured, subordinated to all debt and senior only to ordinary share capital. A holder of hybrid bond notes has no shareholder rights. The hybrid bond coupon is fixed at 4.5 per cent per year up until 22 February 2025, and thereafter it is reset every five years with applicable 5-year swap rate plus margin. Citycon has the right to postpone interest payment if it does not distribute dividend or any other equity to its shareholders. The bond has no set maturity date, but the company has the right to redeem it after five years from the issue date and thereafter on every yearly interest payment date. The overall hybrid bond net position recognised in equity is EUR 346.6 million, after issuing expenses and deferred taxes. Fees related to the hybrid are amortised in retained earnings and interest is recorded in retained earnings upon payment or when the commitment to payment arises. The issuing expenses related to the hybrid bond amounted to EUR 2.8 million. The hybrid loan has an off-balance sheet accrued interest of EUR 1.7 million as of 31 December 2019.

TREASURY SHARES

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

B) Board proposal for dividend and return from the invested unrestricted equity fund

The Board of Directors proposes that based on the balance sheet to be adopted for the financial period ended on 31 December 2019 no dividend is distributed by a resolution of the Annual General Meeting. Nonetheless, the Board of Directors proposes that the Board of Directors be authorized to decide in its discretion on the distribution of dividend and assets from the invested unrestricted equity fund as follows.

Based on this authorization 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. Based on the authorization, the company could distribute a maximum of EUR 8,899,926.25 as dividends and EUR 106,799,115.00 as equity repayment.

The authorization is valid until the opening of the next Annual General Meeting.

Unless the Board of Directors decides otherwise for a justified reason, the authorization will be used to distribute dividend and/or equity repayment four times during the period of validity of the authorization. In this case, 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 below. Citycon shall make separate announcements of such Board resolutions.

Preliminary payment date	Preliminary record date
– 31 March 2020	– 19 March 2020
– 30 June 2020	– 22 June 2020
– 30 September 2020	– 23 September 2020
– 30 December 2020	– 18 December 2020

The dividend and/or equity repayment based on a resolution of the Board of Directors will be paid to a shareholder registered in the company's shareholders' register maintained by Euroclear Finland Ltd on the record date for the dividend and/or equity repayment.

3.2. NET FINANCIAL INCOME AND EXPENSES

A) Recognised in the consolidated income statement

MEUR	2019	2018
Interest income on loans	5.3	5.9
Interest income on derivatives and other items	0.3	0.8
Foreign exchange gains	31.0	74.6
Fair value gain from derivatives	2.6	1.9
Other financial income	0.0	0.0
Financial income, total	**39.2**	**83.3**
Interest expenses on loans	-50.7	-52.9
Interest expenses on derivatives and other items	-0.7	-3.3
Foreign exchange losses	-31.1	-75.1
Fair value loss from derivatives	-	-0.8
Development interest capitalised	3.3	4.1
Other financial expenses	-12.3	-25.9
Interest expenses on IFRS 16 lease liabilities	-1.9	-
Financial expenses, total	**-93.4**	**-153.8**
Net financial income and expenses	**-54.2**	**-70.5**
Of which attributable to financial instrument categories:		
Interest-bearing loans and receivables	-50.7	-62.6
Lease liabilities (IFRS 16)	-1.9	-
Derivative financial instruments	-1.1	-7.0
Other liabilities and receivables	-0.5	-0.8
Net financial income and expenses	**-54.2**	**-70.5**

In 2019, foreign exchange gains of EUR 28.0 million (60.7) and foreign exchange losses of EUR -24.9 million (-55.2) were recognised in the consolidated income statement from debt instruments.

Citycon's weighted average interest rate was 2.29% (2.35%) and the weighted average interest excluding derivatives was 2.34% (2.36%) as at 31 December 2019. Interest on development expenditure is capitalised at a rate of 2.60% (2.95%) as at 31 December 2019.

Citycon's interest expenses in the consolidated income statement contain interest expenses from interest-bearing debt as well as all interest expenses arising from derivative financial instruments used for hedging purposes. Additional information on Citycon's derivative financial instruments, their fair values and hedge accounting treatment can be found in Note 3.6. Derivative Financial Instruments.

Fair value gains and losses of derivatives relate to cross-currency swaps not under hedge accounting and realised market values on interest rate swaps under hedge accounting that have been closed. Other financial expenses mainly consists of EUR 7.9 million indirect costs related to early close out of bonds and the rest is amortized arrangement fees, paid commitment fees, rating fees and other bank fees.

B) Recognised in the other consolidated comprehensive income

MEUR	2019	2018
Gains/losses arising during the period from cash flow hedges	0.0	3.3
Added (Less): interest income (expenses) recognised in the consolidated income statement on cash flow hedges	0.6	-1.3
Net gains/losses on cash flow hedges	**0.7**	**2.0**

INTEREST INCOME

Interest income is recognised according to the time that has elapsed, using the effective interest method.

DIVIDEND INCOME

Dividend income is recognised when the right to receive a dividend is established.

BORROWING COSTS

Borrowing costs are usually expensed as incurred. However, borrowing costs, such as interest expenses and arrangement fees, directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to be ready for its intended use or sale. Capitalisation commences when the refurbishment of a property, or the construction of a new building or extension, begins and ceases once the building is ready for lease. Capitalizable borrowing costs include costs of funds borrowed for a construction project or costs attributable to a construction project multiplied by the capitalisation rate. The capitalisation rate is the weighted average cost of Citycon's borrowings for the financial year. Borrowing costs arising from the purchase cost of land are also capitalised on the development project, but only when activities necessary to preparing the asset for development are in progress on the purchased land.

Loan-related transaction expenses clearly associated with a specific loan are included in the loan's cost on an accrual basis and recognised as financial expenses, using the effective interest method.

Expenses related to hybrid bonds are recognised in retained earnings, see note 3.1.

3.3. CLASSIFICATION OF FINANCIAL INSTRUMENTS

FINANCIAL ASSETS AND LIABILITIES

Recognition and measurement

Starting 1 January 2018 Citycon has taken into use IFRS 9 for recognition and measurement of financial assets and liabilities. Financial assets are classified into the following categories for measurement purposes according to IFRS 9
1. financial assets at amortised cost or
2. financial assets at fair value through profit or loss.

The classification of a financial asset is determined based on the entity's business model for managing the asset and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

Assets classified at amortised cost include financial assets which the company has created by providing money, goods or services directly to the debtor. Initially recognised at fair value these assets under current and non-current assets are carried at amortised cost. Their balance sheet value is impaired by the amount of any credit loss. In the company's consolidated statements of financial position as at 31 December 2019 and 31 December 2018, financial assets held at amortised cost include rent and trade receivables, interest receivables and cash and cash equivalents, which are reported in the balance sheet within the following items "Trade and other receivables" and "Cash and cash equivalents".

Citycon concludes derivative contracts for hedging purposes only. Derivative contracts not fulfilling the criteria set for hedge accounting, or for which Citycon has decided not to apply hedge accounting, are classified as financial assets or liabilities at fair value through profit or loss.

Financial liabilities are classified as
1. financial liabilities at fair value through profit or loss or
2. financial liabilities at amortised costs

Financial liabilities are initially recognised at fair value. Afterwards, financial liabilities excluding derivative debt are recognised at amortised cost using the effective interest method. In the company's consolidated statement of financial position, on 31 December 2019 and 31 December 2018, financial liabilities at amortised cost include loans, trade payables and interest payables which are reported in the balance sheet under the items "Loans" and "Trade payables and other payables". On 31 December 2019 Citycon had foreign exchange derivative contracts and cross currency interest rate swaps classified as financial assets and liabilities at fair value through profit or loss.

Financial assets and liabilities are recognised in the statement of financial position on the basis of the settlement date.

A) Classification of financial instruments and their carrying amounts and fair values

MEUR	Note	Carrying amount 2019	Fair value 2019	Carrying amount 2018	Fair value 2018
Financial assets					
I Financial assets amortised at cost					
Financial assets within Rent, trade and other receivables	4.4.	14.7	14.7	13.2	13.2
Cash and cash equivalents	3.8.	14.2	14.2	11.4	11.4
II Financial assets at fair value through profit and loss					
Derivative financial instruments	3.6.	18.7	18.7	16.7	16.7
III Derivative contracts under hedge accounting					
Derivative financial instruments	3.6.	1.4	1.4	1.4	1.4
Financial liabilities					
I Financial liabilities amortised at cost					
I.I Loans					
Loans from financial institutions	3.4.	231.3	231.5	278.7	279.1
Bonds	3.4.	1,587.8	1,599.2	1,861.3	1,875.5
Lease liabilities (IFRS 16)	2.3	55.2	55.2	-	-
I.II Other liabilities					
Financial liabilities within Trade and other payables	4.5.	29.7	29.7	25.8	25.8
II Financial liabilities at fair value through profit and loss					
Derivative financial instruments	3.6.	7.5	7.5	8.2	8.2
III Derivative contracts under hedge accounting					
Derivative financial instruments	3.6.	-	-	-	-

B) The principles for determining the fair values of financial instruments

Citycon applies IFRS valuation principles when determining the fair values of financial instruments. The following presents the principles for determining the fair values of all financial assets and liabilities.

CASH AND CASH EQUIVALENTS, INVESTMENTS, TRADE AND OTHER RECEIVABLES, TRADE PAYABLES AND OTHER PAYABLES

Due to their short maturity, the fair value of trade payables and receivables and other short-term receivables and payables is regarded as corresponding to their original carrying amount.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially measured at fair value in the statement of financial position and subsequently re-measured at their fair value on each balance-sheet date. The fair value of interest rate swaps is calculated using the present value of estimated future cash flows. The fair value of Citycon's interest rate derivatives is determined based on customary valuation techniques used by market participants in the OTC derivative market. An interest rate curve is determined based on observable market rates. The curve is used to determine future interest payments, which are then discounted to present value.

The fair value of a currency forward agreement is based on the difference between the exchange rate of the agreement and the prevailing exchange rate fixing on each balance-sheet date as well as the currency basis spreads between the respective currencies. The fair value of derivative financial instruments is the estimated amount that Citycon would receive or pay to settle the related agreements. The fair value of foreign exchange derivative contracts is based on quoted market prices.

The fair value of cross-currency swaps consist of the fair value due to the interest rate change and the fair value due to the currency rate. The interest rate fair value is determined by the counterparty banks in the same way as in interest rate swaps mentioned above and the reported values are based on the valuations of the counterparty banks. The currency fair value is determined in a similar way as in currency forward agreements.

The fair value of both interest rate and foreign exchange derivative financial instruments corresponds to level 2 of the fair value hierarchy according to IFRS 13 72–90. For financial instruments that are recognised at fair value on a recurring basis, Citycon determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the period there was no transfers between the levels of the fair value hierarchy.

LOANS FROM FINANCIAL INSTITUTIONS

Citycon's loans from financial institutions are floating rate loans which have a fair value equal to the nominal amount of the loan. The difference between the fair value and carrying amount is the unamortised capitalised arrangement fees of the loans. The fair value of loans from financial institutions corresponds to level 2 according to IFRS 13 72–90.

BONDS

All bonds are loans which have fair values equal to the nominal amount of the loans. The difference between the fair value and carrying amount is the unamortised capitalised arrangement fees for the bonds, and for the 1/2013, 1/2014, 3/2015, 1/2016, 1/2017 and 1/2018 bonds also the unamortised reoffer discount. The fair value of the bonds corresponds to level 1 according to IFRS 13 72–90.

According to Citycon's accounting policy the fair value of bonds differs from the secondary market price. As of 31 December 2019, the secondary market price was EUR 14.8 million higher (43.6 lower) than the fair value of the bonds.

3.4. LOANS

All Citycon loans were interest-bearing liabilities on 31 December 2019 and 2018. These interest-bearing loans are explained here in detail.

Breakdown of interest-bearing liabilities

MEUR	Effective interest rate, %	Carrying amount 2019	Carrying amount 2018
Long-term interest-bearing liabilities			
Bonds			
Eurobond 1/2013	3.83	-	218.1
Eurobond 1/2014	2.64	346.8	346.1
NOK Bond 1/2015	3M Nibor + 1.55	35.4	125.3
NOK Bond 2/2015	3.90	131.2	130.0
Eurobond 3/2015	2.40	254.0	298.7
Eurobond 1/2016	1.26	348.2	347.9
NOK Bond 1/2017	2.77	100.6	99.7
Eurobond 1/2018	2.50	296.1	295.6
Syndicated term loans			
NOK 1,000 million term loan facility	3M Nibor + 1.30	101.1	100.2
Syndicated revolving credit facilities			
EUR 500 million revolving credit facility	Reference rate + 0.90	-	-
NOK 300 million revolving credit facility	Reference rate + 1.30	-	-
Lease liabilities (IFRS 16)	-	49.1	-
Total long-term interest-bearing liabilities		**1,662.5**	**1,961.4**
Short-term interest-bearing liabilities			
Eurobond 1/2013	3.83	75.5	-
Commercial papers	-	129.7	175.5
Cash pool overdrafts	-	0.5	3.1
Lease liabilities (IFRS 16)	-	6.1	-
Total short-term interest-bearing liabilities		**211.8**	**178.6**

The carrying amounts of syndicated loans and bonds are stated at amortised cost, using the effective yield method. The fair values of liabilities are shown in Note 3.3. Classification of Financial Instruments.

Maturity of long-term interest-bearing debt

MEUR	2019	2018
1–2 years	35.4	218.1
2–3 years	355.2	125.3
3–4 years	-	398.9
4–5 years	346.8	-
over 5 years	876.0	1,219.2
Total	**1,613.4**	**1,961.4**

Currency split including cross-currency swaps.

Long-term interest-bearing liabilities by currency

MEUR	2019	2018
EUR	926.9	1,182.3
NOK	368.4	455.1
SEK	318.1	324.0
Total	**1,613.4**	**1,961.4**

Short-term interest-bearing liabilities by currency

MEUR	2019	2018
EUR	143.5	80.1
NOK	-	1.0
SEK	62.2	97.5
Total	**205.7**	**178.6**

Maturity of liabilities related to IFRS 16 right-of-use assets is presented in note 2.3

3.5 FINANCIAL RISK MANAGEMENT

A) Financial risk management

The objective of financial risk management is to ensure that Citycon will reach its targets in financing and cost of finance and to identify and mitigate key risks which may threaten its ability to meet these targets before they realise.

The Board of Directors has approved a Treasury Policy which defines the objectives, responsibilities and risk management targets, responsibilities and indicators. The execution and controlling of financial risk management is performed by the Group Treasurer and Treasury Manager, under the supervision of the CFO. The Group Treasurer reports compliance with the objectives, in conjunction with the interim and annual report, to the CFO, who reports to the Board's Audit and Governance Committee.

Financial risks have been identified as business critical risks for Citycon. Financial risk arises for Citycon in the form of financial instruments, which are mainly used to raise financing for operations. The Group uses interest rate and foreign exchange derivatives to manage interest rate and currency risks arising from operations and financing sources.

Citycon's identified, key financial risks include interest rate risk, liquidity risk, credit risk and foreign currency risk. These risks are summarised below.

INTEREST RATE RISK

One of Citycon's key financial risks is the interest rate risk of its interest-bearing liabilities, whereby changes in money market interest rates lead to fluctuations in future interest cash flows on floating rate borrowings. Interest rate risk management aims to reduce or eliminate the adverse effect of interest rate fluctuations on the company's profit and cash flow. The company aims at a loan portfolio with the right balance of fixed and variable rate debt.

During recent years, the amount of fixed rate debt has increased, so now a relatively small part of Citycon's debt is floating rate. A part of this floating rate debt has been converted to fixed rate using interest rate swaps. Under the company's interest rate risk management policy, the target debt portfolio is one in which a minimum of 70% and a maximum of 90% of interest-bearing liabilities are based on fixed interest rates over time. At year-end the ratio of fixed rate debt was 88.8%.

The interest sensitivity of Citycon's loan portfolio at the end of 2019 is described by the fact that a one-percentage point rise in money market interest rates would increase its interest expenses by EUR 1.3 million on a yearly basis, while a fall of one-percentage point in such rates would decrease them by EUR 0.3 million.

INTEREST RATE SENSITIVITY

The following table shows interest expenses' sensitivity to a 100-basis point change in short-term interest rates, assuming that all other variables remain constant. The impact is shown as a change in interest expenses resulting from changes in the interest rate related to floating rate debt.

Effect on interest expenses of an increase of 100-basis points

MEUR	2019	2018
Euro	0.7	0.8
Norwegian crown	-	-
Swedish crown	0.6	1.0
Total	**1.3**	**1.8**

The following table shows the consolidated shareholders' equity's sensitivity to a 100-basis point change in short-term interest rates, assuming that all other variables remain constant. The impact is shown as a change in shareholders' equity resulting from changes in interest rates, which relate to interest rate derivatives under hedge accounting treatment.

Effect on shareholders' equity of an increase of 100-basis points

MEUR	2019	2018
Euro	-	-
Norwegian crown	0.3	0.4
Swedish crown	-	-
Total	**0.3**	**0.4**

LIQUIDITY RISK

As a real estate company with a large balance sheet, Citycon needs both equity capital and debt financing. Minimum shareholders' equity is determined by the company's loan covenants. The Group uses cash-flow forecasts to continuously assess and monitor financing required for its business. Here, the goal is to arrange financing on a long-term basis and avoid any large concentration of due dates for the loan agreements in the near term. Citycon aims to guarantee the availability and flexibility of financing, through sufficient committed unused credit limits and by using several banks and financing methods as sources of finance.

Citycon's financing policy states that all maturing debt, committed capital expenditures and committed acquisitions for the coming rolling 12 months period, not covered by Operating cash flow in approved budget or forecast or by committed disposals of assets must be covered by available liquidity consisting of cash and long-term committed credit limit facilities . On 31 December 2019, unused committed credit limits amounted to EUR 530.4 million, in addition Citycon had unused cash pool limits of EUR 24.6 million and unrestricted cash and cash equivalents of EUR 7.1 million.

The next table summarises the maturity profile of the Group's financial liabilities, based on contractual payments. The table includes both principal and interest flows of loans and payments arising from derivative financial instruments. Future interest payments of floating rate loans have been determined based on the interest rate applicable on the balance sheet date, and are not discounted. Future interest payments for derivative financial instruments are based on discounted net present values and future interest rates are obtained through interpolation based on the yield curve prevailing on the balance sheet date.

Maturity profile of financial liabilities including interest flows

MEUR	Less than 1 month	1 to 12 months	1–5 years	Over 5 years	Total
31 December 2019					
Loans from financial institutions	77.6	55.9	106.2	-	239.7
Bonds	7.1	106.8	765.5	921.2	1 800.6
Derivative financial instruments	0.1	0.5	0.6	0.2	1.5
Financial liabilities within Trade and other payables	20.2	9.5	-	-	29.7
31 December 2018					
Loans from financial institutions	144.5	36.7	107.0	-	288.2
Bonds	2.6	39.8	790.7	1 297.3	2 130.4
Derivative financial instruments	-	-0.1	-0.4	8.5	8.0
Financial liabilities within Trade and other payables	11.1	14.6	0.0	-	25.8

Citycon's rent revision procedures, long leases and high occupancy ratio generate a stable long-term cash flow profile. Citycon expects to meet its short-term liabilities shown in the table above from this stable cash flow and undrawn committed credit facilities. In the long term, loan refinancing, new bond issues, or disposals of investment properties will be considered. The table below shows the maturity profile of the undrawn committed credit facilities.

Undrawn committed credit facilities

MEUR	Less than 1 month	1 to 12 months	1–5 years	Over 5 years	Total
31 December 2019					
Undrawn committed credit facilities	-	-	530.4	-	530.4
31 December 2018					
Undrawn committed credit facilities	-	-	530.2	-	530.2

The above-mentioned credit facilities are freely available to Citycon based on the group's financing needs.

Changes in liabilities from financing activities

MEUR	1 January 2019	Cash flow	Foreign exchange movement	Change in fair values	Amortised fees	Other changes	31 December 2019
Long-term interest-bearing liabilities	1,961.4	-277.2	7.6	-	-2.8	-75.6	1,613.4
Short-term interest-bearing liabilities	178.6	-48.2	0.8	-	-1.1	75.6	205.7
Derivatives	8.2	-	-0.7	0.1	-	-	7.5
Total in liabilities from financing activities	**2,148.2**	**-325.4**	**7.6**	**0.1**	**-3.9**	**0.0**	**1,826.6**

MEUR	1 January 2018	Cash flow	Foreign exchange movement	Change in fair values	Amortised fees	Other changes	31 December 2018
Long-term interest-bearing liabilities	1,959.2	4.9	-4.6	-	2.0	-	1,961.4
Short-term interest-bearing liabilities	124.7	53.7	0.2	-	-	-	178.6
Derivatives	4.4	0.7	8.2	-5.1	-	-	8.2
Total in liabilities from financing activities	**2,088.3**	**59.3**	**3.7**	**-5.1**	**2.0**	**-**	**2,148.2**

CREDIT RISK

Citycon controls its receivables within the framework of the given credit limits and has not so far identified any major credit risk associated with them. Credit risk management caters for customer risk management, which is aimed at minimising the adverse effect of unexpected changes in the customers' financial standing on Citycon's business and financial results. Customer risk management is primarily based on the knowledge of the customers' business and active monitoring of customer data. Citycon's lease agreements include lease deposit provisions used to contribute to managing customers' risks. The maximum exposure from trade receivables is the carrying amount as disclosed in Note 4.4. Trade and other receivables.

Credit risk arising from cash and cash equivalents and certain derivative agreements relate to the default of a counterparty with a maximum exposure equal to the carrying amount of these instruments. Citycon invests its liquidity in a manner which minimizes the risk and does not, for example, invest in equity markets. Citycon's cash and cash equivalents are primarily placed on bank accounts and in short-term deposits, in which the counterparties are commercial banks participating in Citycon's credit agreements. Citycon's financing policy also sets forth approved financial instruments in which the company can invest, and includes counterparty limits for those investments.

EXCHANGE RATE RISK

Citycon's presence in countries outside the eurozone exposes the company to exchange rate risk. Exchange rate risk stems from transaction risks resulting from the conversion of foreign currency denominated transactions into local currency, as well as from translation risks in the balance sheet and profit and loss statement associated with investments in foreign subsidiaries. The company uses foreign exchange derivatives to manage the transaction risk on committed transactions. The company manages its exchange rate risk in the balance sheet by aiming to finance its foreign investments mainly in the local currency. Currently, the company's exchange rate risk relates to fluctuations in the Euro/ Swedish crown and the Euro/Norwegian crown exchange rates.

FOREIGN EXCHANGE SENSITIVITY

The following table shows the sensitivity in the net financial expenses of the consolidated income statement to a 5% change in foreign exchange rates, assuming that all other variables remain constant. This impact is mainly attributable to the change in the fair value of financial instruments and the change in interest expenses paid in other currencies as the principals are fully hedged.

Effect of a five per cent strengthening in foreign exchange rates on net financial expenses

MEUR	2019	2018
Swedish crown	0.1	0.1
Norwegian crown	-0.5	-0.6
Total	**-0.4**	**-0.5**

B) Capital management and financial covenants

CAPITAL MANAGEMENT

The objective of the company's capital management is to support the strategy, maximise shareholder value, comply with loan agreement provisions and ensure the company's ability to pay dividend. Citycon's capital structure is managed in an active manner and capital structure requirements are taken into account when considering various financing alternatives. The company can adjust the capital structure by deciding on the issuance of new shares, raising debt financing, hybrid financing or making adjustments to the dividend.

Citycon monitors its capital structure based on equity ratio and loan-to-value (LTV). The company's long-term LTV target is 40–45%.

Equity ratio:

MEUR	2019	2018
Total shareholders' equity (A)	2,325.2	2,089.0
Total assets	4,582.2	4,622.7
Less advances received	15.7	19.1
÷ (Total assets - advances received) (B)	4,566.5	4,603.7
Equity ratio, % (A/B)	**50.9%**	**45.4%**

LTV (Loan to value) -%:

MEUR	2019	2018
Interest-bearing debt total (Note 3.4.)	1,874.4	2,140.0
Less lease liabilities (IFRS 16, Note 2.3)	55.2	-
Less cash and cash equivalents (Note 3.8.)	14.2	11.4
Interest-bearing net debt (A)	1,804.9	2,128.6
Fair value of investment properties including properties held for sale and investments in joint ventures (Note 2.1, 2.2 and 2.3.)	4,307.8	4,374.1
Less right-of-use assets classified as investment properties (IFRS 16)	51.1	-
Fair value of investment properties (B)	4,256.7	4,374.1
LTV, % (A/B)	**42.4%**	**48.7%**

Equity ratio increased in 2019 mainly due to a higher total shareholders' equity following the issuance of a hybrid bond treated as equity in IFRS reporting. The LTV decreased in 2019 as a result of lower interest-bearing net debt when proceeds from hybrid bond was used to prepay existing debt, and despite lower fair value of investment properties.

Loan to value is calculated excluding both hybrid debt and IFRS 16 lease liabilities.

FINANCIAL COVENANTS

Under a commitment given in the terms of the bank loan facilities, the Group undertakes to maintain its equity ratio at above 32.5% and its interest coverage ratio at a minimum of 1.8. For the calculation of equity ratio, shareholders' equity excludes non-cash valuation gains/losses from derivative contracts recognised in equity and the minority interest. The interest coverage ratio is calculated by dividing the EBITDA adjusted by extraordinary gains/ losses, provisions and non-cash items, by net financial expenses.

Accordingly, equity ratio on 31 December 2019 stood at 50.9% (45.4%) and interest coverage ratio at 4.2 (3.8).

Under a commitment given in the terms of the Trust Deeds regarding the bonds issued in 2013, 2014, 2015, 2016, 2017 and 2018 Citycon undertakes to maintain the group's solvency ratio at under 0.65 and its secured solvency ratio at under of 0.25. The solvency ratio is calculated by dividing the Group's consolidated net debt with total assets. The secured solvency ratio is calculated by dividing the Group's consolidated secured debt with total assets.

Accordingly, the solvency ratio on 31 December 2019 stood at 0.42 (0.48) and the secured solvency ratio at 0.02 (0.02).

3.6. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts and hedge accounting

Derivative financial instruments are used in accordance with Citycon's Treasury Policy to hedge the interest rate risk of interest-bearing liabilities and foreign currency risk.

Derivatives are initially measured at fair value (if available) and re-measured at fair value on each statement of financial position date.

Citycon uses interest rate swaps to hedge the interest rate cash flow risk. These interest rate swaps hedge against volatility in future interest payment cash flows (cash flow hedging) resulting from interest rate fluctuations, and the resulting profit fluctuations. Hedged instruments consist of long-term floating rate debt, which is expected to be refinanced upon maturity on similar terms. Starting 1 January 2018 Citycon applies hedge accounting according to IFRS 9 to its interest rate swaps. Before 1 January 2018 Citycon applied hedge accounting according to IAS 9 to its interest rate swaps. Hedge accounting for Citycon's interest rate swaps did not change in practice when implementing IFRS 9, even though IFRS 9 sets out different requirements for applying hedge accounting than IAS 39. Subsequently, the fair value change of the effective part of the derivative hedge is recognised in the fair value reserve in equity and correspondingly under other consolidated comprehensive income. Any significant fair value change resulting from an ineffective part of the derivative hedge is recognised in the statement of consolidated comprehensive income under financial income and expenses. The amount in the fair value reserve is recognised in the statement of consolidated comprehensive income during the period when the cash flow from the hedged item is realised and affects earnings. If the criteria for hedge accounting are not met, changes in fair value are recognised in full through profit or loss. At the moment Citycon has two interest rate swaps under hedge accounting at nominals of NOK 350 and 1,000 million, in total EUR 136.9 million.

Interest payments based on interest rate swaps are included in interest expenses. Fair value changes that are booked through profit or loss are recognised as financial expenses or income, if hedge accounting is not applied. The fair value of interest rate swaps is shown in current or non-current receivables or current and non-current liabilities in the statement of financial position. As of 31 December 2019, all Citycon's interest rate swaps were under hedge accounting.

The company uses foreign exchange derivatives like forwards and cross-currency swaps to hedge against exchange rate risk relating to financial assets and liabilities denominated in foreign currency. Fair value changes related to foreign exchange derivatives are recognised in the statement of consolidated comprehensive income, since fair value changes related to financial assets and liabilities denominated in foreign currencies are also recognised therein. The interest payments of cross-currency swaps and forward points of currency forwards are included in interest expenses.

As at 31 December 2019 Citycon does not apply hedge accounting to any of its cross-currency swaps, but during 2018 Citycon had one cross-currency swap under hedge accounting with a nominal of NOK 1,000 million. The swap contract was closed in July 2018.

A) Nominal amounts and fair values of derivative financial instruments

MEUR	Nominal amount 2019	Fair value 2019	Nominal amount 2018	Fair value 2018
Interest rate swaps				
Maturity:				
less than 1 year	-	-	-	-
1–5 years	136.9	1.4	226.2	1.4
over 5 years	-	-	-	-
Subtotal	**136.9**	**1.4**	**226.2**	**1.4**
Cross-currency swaps				
Maturity:				
less than 1 years	-	-	-	-
1–5 years	-	-	-	-
over 5 years	316.8	15.7	316.8	8.0
Subtotal	**316.8**	**15.7**	**316.8**	**8.0**
Foreign exchange forward agreements				
Maturity:				
less than 1 year	239.4	-4.5	269.6	0.5
Total	**693.0**	**12.6**	**812.6**	**9.9**

The fair value of a derivative financial instrument represents the market value of the instrument at the prices prevailing on the balance sheet date. See also note 3.3. Classification of financial instruments part B) for principles on determining fair values of derivatives.

The fair values include a foreign exchange loss of EUR -5.9 million (-6.7) from foreign exchange rate derivatives and cross-currency swaps, which is recognised in the consolidated income statement.

The average fixed interest rate of the interest rate swaps and cross-currency swaps as at 31 December 2019 was 1.20% (1.19%).

B) Derivatives under hedge accounting

Interest rate swaps MEUR	Assets 2019	Liabilities 2019	Assets 2018	Liabilities 2018
Interest rate swaps, fair value	1.4	-	1.4	-

The Group applies hedge accounting in accordance with IFRS 9 to all of its interest rate swaps valid as at 31 December 2019, according to which the amount of financial instruments' fair value change from effective hedging is recognised under other consolidated comprehensive income. Fair value gains and losses are transferred to the statement of consolidated income when the forecasted cash flows realize and affect the statement of consolidated income. Citycon also has cross-currency swaps to effectively convert EUR debt into SEK debt, for these, hedge accounting is currently not applied as of 31 December 2019.

Hedge accounting is applied to interest derivatives which have a nominal amount of EUR 136.9 million (226.2). The paid fixed interest rate in these derivatives is 1.1–1.2%.

Beginning 1 January 2018 hedge effectiveness requirements are assessed and documented in accordance with IFRS 9. There is an economic relationship between the hedged item and the hedging instrument since the critical terms of the interest rate derivatives have been negotiated to match the respective terms of the variable rate loans. Furthermore, credit risk does not dominate the value changes in the hedge according to Citycon's credit risk assessment and the hedge ratio is 1:1, meaning that the nominal of the hedge and the underlying are closely aligned. A possible source of ineffectiveness would be if interest rates (NIBOR) is negative, whereas there could be a gap between fair value changes in the hedging instrument, which has no interest flooring, and the hedged item which has 0% interest floor.

The cash flow from all hedged liabilities over time is the basis for determining the gain and loss on the effective portions of derivatives designated as cash flow hedges.

At 31 December 2019 and at 31 December 2018, derivatives under hedge accounting were assessed as highly effective. The fair values of these derivatives were EUR 1.4 million (1.4) and the change of these fair values (net of taxes) EUR 0.0 million (1.6 million) is recognised under other consolidated comprehensive income.

C) Impact of hedging instruments on the financial statements

Impact of hedging instruments under hedge accounting on the statement of financial position

MEUR	Nominal amount	Carrying amount	Line item in statement of financial position	Change in fair value used for measuring effectiveness for the period
As at 31 December 2019				
Interest rate swaps	136.9	1.4	Non-current assets, Derivative financial instruments	0.0
As at 31 December 2018				
Interest rate swaps	226.2	1.4	Non-current assets, Derivative financial instruments	1.2

Effect of cash flow hedges on the statement of profit or loss and other comprehensive income

MEUR	Total hedging gain/loss recognised in OCI	Ineffectiveness recognised in profit or loss	Line item in statement of profit and loss	Amount recycled from OCI to profit or loss	Line item in statement of profit and loss
Year ended 31 December 2019					
Interest rate swaps	1.4	-	-	0.8	Financial income
Year ended 31 December 2018					
Interest rate swaps	1.1	-	-	-	-

3.7. COMMITMENTS AND CONTINGENT LIABILITIES

Pledges and other contingent liabilities

MEUR	2019	2018
Loans, for which mortgages are given in security and shares pledged		
Loans from financial institutions	101.4	100.5
Contingent liabilities for loans		
Mortgages on land and buildings	131.8	130.7
Bank guarantees and parent company guarantees	49.6	33.2

Mortgages on land and buildings

Mortgages related to certain bank loans of the subsidiaries where the subsidiary had given security on the loan via mortgages.

Bank guarantees and parent company guarantees

Guarantees related to parent company guarantees on behalf of subsidiaries for third parties, or alternatively third-party bank guarantees.

Capital commitments related to (re)development projects are presented in note 2.1.

3.8. CASH AND CASH EQUIVALENTS

MEUR	2019	2018
Cash in hand and at bank	7.1	4.2
Restricted cash	7.1	7.2
Total	**14.2**	**11.4**

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash, bank deposits withdrawable on call, and other short-term, highly liquid investments. A maximum maturity of three months from the date of acquisition applies to cash and cash equivalents.

4. OTHER NOTES TO THE ACCOUNTS

4.1. INCOME TAXES

MEUR	2019	2018
Current taxes	-2.1	-0.2
Taxes for prior periods	0.1	0.0
Deferred taxes	8.6	-4.8
Income tax	**6.7**	**-5.0**

Citycon did not recognise any current taxes directly in the equity during 2019 and 2018.

Reconciliation between tax charge and Group tax at the Finnish tax rate (20.0%):

MEUR	2019	2018
Profit before taxes	2.2	21.7
Taxes at Finnish tax rate	-0.4	-4.3
Change in subsidiaries' tax rate	0.0	8.3
Fair value of investment properties	-4.6	-11.3
Difference in foreign subsidiaries' tax rate	1.1	2.6
Unrecognised tax receivables from losses	0.0	-1.5
Utilisation of tax losses	9.0	4.9
Tax free income deducted by non-deductible expenses	1.3	-1.8
Other	0.4	-1.9
Income taxes	**6.7**	**-5.0**

Income taxes include taxes based on the taxable income of Group companies for the financial period, adjustments for previous periods' taxes and changes in deferred taxes. Tax based on taxable income for the period is calculated in accordance with the tax legislation enacted in each country. If the recognition of deferred taxes is attributable to an item recognised in shareholders' equity, such as a change in the fair value of a derivative instrument used for hedging purposes, deferred taxes will also be recognised in shareholders' equity.

Citycon is subject to income taxation in several countries. The complexity of tax legislation, as well as constant changes in it and in the operating environment, require Citycon to use estimates and assumptions when preparing its tax calculations. Tax legislation specifically related to tax deductibility of interest expenses has changed and is changing in the countries Citycon operates in. Citycon monitors and analyses the impact of these changes as part of its normal operations.

Future taxable income is uncertain, and the final amount of taxes may deviate from the originally recorded amount. If final tax deviates from originally recorded amounts, such differences may affect the period's taxable profit, tax receivables or liabilities as well as deferred tax assets or liabilities.

4.2. DEFERRED TAX ASSETS AND LIABILITIES

Changes in deferred tax assets and liabilities in 2019:

MEUR	1 January 2019	Recognised in income statement	Recognised in other comprehensive income	Items not recognised on the balance sheet	Items recognised in equity	Exchange rate differences	31 December 2019
Deferred tax assets							
Tax losses	8.4	0.8	-	-	-	-	9.2
Measurement of interest-rate swaps at fair value	0.3	-0.3	-	-	-	-	0.0
Other items	0.4	-0.2	-	-	-	-	0.2
Deferred tax assets, total	**9.0**	**0.4**	**-**	**-**	-	**-**	**9.4**
Deferred tax liabilities							
Measurement of investment property at fair value [1]	302.6	-8.0	-	-	-	-0.1	294.6
Contract values of managed and rented centre	1.4	-0.2	-	-	-	-	1.3
Temporary difference in financial expenses	0.4	-0.1	-0.3	-	0,6	-	0.6
Deferred tax discounts due to sales of assets	0.0	-	-	-	-	-	0.0
Deferred tax liabilities, total	**304.4**	**-8.3**	**-0.3**	**-**	0,6	**-0.1**	**296.4**

[1] *Deferred tax liabilities are net of EUR 4.6 million of deferred tax assets arising from confirmed tax losses.*

Changes in deferred tax assets and liabilities in 2018:

MEUR	1 January 2018	Recognised in income statement	Recognised in other comprehensive income	Items not recognised on the balance sheet	Items recognised in equity	Exchange rate differences	31 December 2018
Deferred tax assets							
Tax losses	4.8	3.5	-	-	-	-	8.4
Measurement of interest-rate swaps at fair value	-0.6	1.2	-0.4	-	-	-	0.3
Other items	-	0.4	-	-	-	-	0.4
Deferred tax assets, total	**4.3**	**5.1**	**-0.4**	**-**	-	**-**	**9.0**
Deferred tax liabilities							
Measurement of investment property at fair value [1]	299.0	7.8	-	-	-	-4.2	302.6
Contract values of managed and rented centres	1.9	-0.4	-	-	-	-	1.4
Temporary difference in financial expenses	0.4	0.0	-	-	-	-	0.4
Deferred tax discounts due to sales of assets	-	2.5	-	-2,5	-	-	0.0
Deferred tax liabilities, total	**301.1**	**9.9**	**-**	**-2,5**	-	**-4.2**	**304.4**

[1] *Deferred tax liabilities are net of EUR 9.7 million of deferred tax assets arising from confirmed tax losses.*

Deferred tax assets and liabilities are calculated on temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts. A major temporary difference arises between the fair value and taxable value of investment properties. In such a case, taxes are calculated on the difference between the property's fair value and residual tax value of the underlying asset. This rule applies even if the property is disposed by selling the shares of the property company and includes no assessment of likelihood of such tax consequences.

Other main temporary differences relate to among other things unused tax losses and financial instruments. Deferred tax assets are recognised to the extent that it appears probable that future taxable profit will be available, against which the temporary differences can be utilised.

On 31 December 2019, Group companies had confirmed losses for which deferred tax assets of EUR 0.6 million (8.6) were not recognised, since these Group companies are unlikely to record a taxable profit, before the expiration of carry forwards of these losses, against which loss carry forwards can be utilised.

When tax receivables are recognised for tax losses that have been confirmed in taxation, the company must evaluate whether it is probable that such tax losses can be used against a taxable profit arising in the future.

4.3. INTANGIBLE ASSETS

MEUR	2019	2018
Acquisition cost January 1.	**33.2**	**31.4**
Additions during the period	3.1	2.3
Disposals during the period	-0.1	-0.2
Exchange rate differences	0.2	-0.3
Accumulated acquisition cost December 31.	**36.4**	**33.2**
Accumulated depreciation and impairment losses, January 1.	**-15.1**	**-12.6**
Amortization during the period	-2.0	-2.5
Exchange rate differences	0.0	0.1
Accumulated depreciation and impairment losses, Dec 31.	**17.1**	**-15.1**
Net carrying amount January 1.	**18.1**	**18.8**
Net carrying amount December 31.	**19.3**	**18.1**

Intangible assets consisted of contract values of managed and rented centres arising from business combination and computer software and licenses. The contract values of managed and rented centres were EUR 14.0 million on 31 December 2019 (14.3).

INTANGIBLE ASSETS

An intangible asset is recognised in the statement of financial position, provided its historical cost can be measured reliably and it is probable that expected economic benefits will flow to the company.

Intangible assets are measured at cost less amortisation and any impairment losses.

The following depreciation periods apply:

Contract value of rented centres is amortized on a straight-line basis over the contract period.

Contract value of managed centres is amortized on a straight-line basis over the contract period.

Software is amortised over their useful life on a straight-line basis over three to seven years.

IMPAIRMENT OF INTANGIBLE ASSETS

On each balance-sheet date, property, plant and equipment and intangible assets are assessed to determine whether there is any indication of impairment. If any indication of an impaired asset exists, the asset's recoverable amount must be estimated. Should the asset's carrying amount exceed its recoverable amount, it is impaired, and the resulting impairment loss is recognised in the consolidated income statement.

4.4. TRADE AND OTHER RECEIVABLES

MEUR	2019	2018
Rent and trade receivables	14.7	14.5
Expected credit losses	-4.9	-3.6
Rent and trade receivables (net)	9.8	10.8
Interest receivables	4.9	2.4
Financial assets total	**14.7**	**13.2**
Accrued income and prepaid expenses	12.2	12.5
VAT-receivables	6.7	1.7
Other receivables	26.3	15.8
Total	**59.9**	**43.2**

Ageing structure of rent and trade receivables:

MEUR	2019	Expected credit loss rate	Expected credit loss
NOT past due	2.5	0.7%	0.0
Past due, less than 1 month	1.8	17.7%	0.3
Past due, 1–3 months	2.2	16.8%	0.4
Past due, 3–6 months	1.6	14.9%	0.2
Past due, 6–12 months	3.1	41.9%	1.3
Past due, 1–5 years	3.5	76.8%	2.7
Total	**14.7**		**4.9**

Ageing structure of rent and trade receivables:

MEUR	2018	Expected credit loss rate	Expected credit loss
NOT past due	4.1	1.4%	0.1
Past due, less than 1 month	2.5	8.1%	0.2
Past due, 1–3 months	1.0	24.2%	0.2
Past due, 3–6 months	2.5	28.1%	0.7
Past due, 6–12 months	2.9	45.4%	1.3
Past due, 1–5 years	1.5	74.0%	1.1
Total	**14.5**		**3.6**

Movement in expected credit loss:

MEUR	2019	2018
At the beginning of the year	-3.6	-2.9
Charge for the year	-0.8	-1.4
Utilised	-0.4	0.2
Unused amounts reversed	-0.1	0.5
Expected credit loss at the end of the year	**-4.9**	**-3.6**

Rent and Trade receivables are non-interest-bearing and their payment terms vary between 2–20 days. The rent guarantee is equal to between 2–6 months of rent and other payments.

EXPEXTED CREDIT LOSSES

Implemented in 2018, the IFRS 9 Financial Instruments standard includes new guidelines pertaining to impairment losses recognised in financial assets. From Citycon Group's point of view, the key change in the standard is that the credit risk applicable to rent and sales receivables should be taken into account in the valuation of receivables at the time of reporting for the full lifetime of the receivables.

In Citycon's view, the credit risk pertaining to the Group's receivables is for the material part already included in the carrying amount of the Group's rent and sales receivables as a result of the receivable-specific review of the rent and sales receivables carried out by the Group. However, as a result of the implementation of the IFRS 9 standard, Citycon Group also takes into account in its reporting the expected credit losses in its receivables base for the full lifetime, which does affect especially the valuation of receivables that are still unmatured.

Citycon will estimate the amount of expected credit losses in its receivables base on the basis of the available historic data pertaining to the Group's accrued credit losses and expectations regarding the development of the economic situation. The expectations regarding the development of the economic situation are primarily based on statistics that provide references to the development of Citycon Group's operations and customers' financial situation.

When it comes to the estimation of expected credit losses, Citycon has applied the simplified method allowed by the standard. Due to the nature of the Group's business, the rent and sales receivables of Citycon Group do not include the significant financial component referred to in the IFRS 15 standard.

4.5. TRADE AND OTHER PAYABLES

MEUR	2019	2018
Trade payables	13.3	10.7
Interest liabilities	16.3	15.1
Financial liabilities total	**29.7**	**25.8**
Short-term advances received	14.8	18.9
Accrued expenses	21.4	28.1
VAT-liabilities	8.0	3.9
Other short-term payables	1.4	0.8
Total	**75.3**	**77.5**

Due dates of future payments of trade and other payables:

MEUR	2019	2018
Due in less than 1 month	55.6	60.5
Due in 1–3 months	5.9	6.8
Due in 3–6 months	5.8	4.0
Due in 6–12 months	7.8	5.5
Due in 1–2 years	0.1	0.8
Due in 2–5 years	-	-
Due in over 5 years	-	-
Total	**75.3**	**77.5**

FINANCIAL LIABILITIES

Financial liabilities include trade and interest liabilities, which are initially recognised at fair value. Afterwards, financial liabilities are recognised at amortised cost using the effective interest method.

5. CONSOLIDATION

GROUP ACCOUNTING POLICIES

The consolidated financial statements include Citycon Oyj and its subsidiaries, holdings in its associated, joint venture and joint operations companies.

SUBSIDIARIES

Subsidiaries refer to companies in which the Group has control. The Group controls an investee if the Group has: power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee), exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including contractual agreements with the other vote holders of the investee. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group, until the date on which said control ceases.

Intra-Group transactions and profit allocation are eliminated in the consolidated financial statements.

JOINT OPERATIONS

Mutual real estate companies in Finland, in which the ownership of Citycon is less than 100%, are treated as joint operations in accordance with IFRS 11 Joint Arrangements. The Group recognizes its assets and liabilities in relation to its joint operations, including its share of any assets held and liabilities incurred jointly. In addition, the Group recognizes its revenue and expenses in relation to its joint operations, including its share of revenue of the joint operation and expenses incurred jointly. The consolidation method described above applies to all joint operations of this kind.

Mutual real estate companies, in which the ownership is less than 50%, are treated as joint operations, as described above.

FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currencies are measured at the exchange rate quoted on the transaction date. Any exchange rate differences resulting from currency translation are entered under financial expenses and income in the statement of comprehensive income.

Monetary assets and liabilities denominated in foreign currencies on the statement of financial position date are measured at the exchange rate quoted on the statement of financial position date. Non-monetary items denominated in foreign currencies and measured at fair value are translated into euros using the exchange rates quoted on the valuation date, while other non-monetary items are measured at the exchange rate quoted on the transaction date.

Foreign subsidiaries' statement of comprehensive income have been translated into euros using average exchange rates quoted for the financial period and statement of financial positions using the exchange rate quoted on the statement of financial position date. Any resulting exchange rate difference is recognised as a translation difference under other comprehensive income. Translation differences resulting from the elimination of the historical cost of foreign subsidiaries and from items included in shareholders' equity following their acquisition, are recognised under shareholders' equity.

5.1. BUSINESS COMBINATIONS AND GOODWILL

BUSINESS ACQUISITIONS

If business acquisition is made, IFRS 3 Business Combinations will apply, whereby the acquisition cost is allocated to the acquired assets, liabilities and contingent liabilities at their fair value. Goodwill arises when the given consideration exceeds the fair value of the acquired net assets.

GOODWILL

Goodwill arises when the given consideration exceeds the fair value of the acquired net assets. Goodwill has been allocated to cash generating units (CGUs). Goodwill is recognised at cost less any accumulated impairment losses.

Deferred tax liabilities are valued at nominal value (not fair value). On the acquisition of business deferred tax liabilities generate goodwill, if the nominal value of deferred tax liabilities is higher than their fair value at the time of acquisition.

To the extent that the deferred tax liabilities' difference between nominal value and fair value reduces later, for example, through a change in the tax circumstances, such as decrease in tax rate of the Group, the goodwill arising from the initial recognition of the deferred tax provision may become reduced.

If part of the CGU, to which goodwill has been allocated, is disposed, goodwill that has been allocated to that disposed part is booked in other operating expenses . Goodwill is allocated to the disposed part based on the relative values of the disposed operations and the portion of the retained part.

BUSINESS ACQUISITIONS AND ASSET ACQUISITIONS

Citycon purchases investment properties through business acquisitions and asset acquisitions.

Citycon applies IFRS 3 Business Combinations to the accounting treatment of business acquisitions and IAS 40 Investment Property to the asset acquisitions. Citycon exercises judgement in assessing whether the purchase of an investment property portfolio or an investment property is classified as a business combination or an asset acquisition. Acquisitions are treated as business combinations when significant set of activities is acquired in addition to the property. The significance of activities is assessed in accordance with the definition of business (e.g. maintenance, cleaning, security, book-keeping, etc.) of IFRS 3.

A) Business combinations and goodwill

MEUR	2019	2018
Acquisition cost January 1.	**145.7**	**153.3**
Change from exchange rate	0.8	-1.1
Reduction in goodwill resulting from corporate income tax rate change in Norway	0.0	-3.5
Reduction in goodwill resulting from sales of assets in Norway	0.0	-3.0
Accumulated acquisition cost December 31.12.	**146.5**	**145.7**

Goodwill at the end of 2019 results fully from the acquisition of Norwegian business unit on 14.7.2015. The goodwill is allocated to the Norway business unit as a whole. During financial year 2019 0 (2) shopping centres were sold from the business unit.

Corporate tax rate decreased in Norway in financial year 2019 by one per cent, from 23% to 22%. Due to the change in the tax rate, goodwill was reduced in the last quarter of the financial year 2018 by EUR 3.5 million, respectively. Whereas, the reduction in the tax rate had a positive impact on the deferred tax change.

Citycon did not acquire any businesses during financial years 2019 and 2018.

B) Impairment testing of Goodwill

IMPAIRMENT TESTING OF GOODWILL

Goodwill is tested for impairment at least annually and when circumstances indicate that the carrying value may be impaired. Goodwill is not amortized. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Citycon determines recoverable amounts using value in use cash flows based on cash flows used in investment property fair value evaluation over 10 year period prepared by external appraiser as presented in notes 2.1 and administrative expenses as well as other operating income and expenses according to budget approved by Board of Directors. Cash flows do not include restructuring activities that Citycon is not yet committed to or significant future uncommitted investments that will enhance the assets' performance of the cash generating unit being tested. The recoverable amount is sensitive especially to assumption of discount rate and net rental income.

Impairment testing is performed to the net amount of goodwill, the difference between nominal and fair value of deferred tax liabilities determined at the time of acquisition is reduced from goodwill.

MEUR	2019	2018
Total goodwill	**146.5**	**145.7**
Residual balance of deferred tax liability, in excess of the fair value, initially provided on acquisition	-85.8	-85.1
Goodwill tested for impairment	**60.7**	**60.6**

Testing of goodwill for impairment involves the management's judgement and assumptions especially in determing the recoverable amount, which is sensitive for instance to assumption of discount rate and net rental income.

Total carrying value including goodwill to be tested was approximately EUR 1,427.0 million (1,378.4). The pre-tax discount rate applied to the cash flow projections was 4.17% (4.27). The recoverable amount of Norway amounted to EUR 1,541.4 million (1,533.9) with an impairment cushion of EUR 114.4 million (155.5) to balance value, hence there is no need for goodwill impairment.

KEY ASSUMPTIONS USED IN VALUE IN USE CALCULATIONS

The calculation of value in use is most sensitive to discount rate and assumptions used in net rental income projections. Net rental income is based on external appraiser's 10-year cash flow analysis to determine fair value of investment properties. The assumption related to aforementioned cash flows are presented in Note 2.1. Discount rate represents the current market assessment of the risks specific to Norway, taking into consideration the time value of money and individual risks of Norway. The discount rate calculation is based on weighted average cost of capital (WACC). Terminal value is capitalized with external appraiser's yield assumption 5.47% (5.36) which reflects property specific risks and market risks.

SENSITIVITY TO CHANGES IN ASSUMPTIONS

The implications of the key assumptions for the recoverable amount are net rental income and yield requirement as presented in Note 2.1. Sensitivity has been analysed regarding net rental income and yield assumptions separately. Asset's total recoverable amount would fall below total carrying value if net rental income decreased more than 6.38% (8.79) from current level. If both WACC determined by the company 4.17% (4.27) and yield assumption determined by external appraiser 5.47% (5.36) would increase more than 0.42% points (0.58), then total recoverable amount of asset would fall below total carrying value.

5.2. ACQUISITION OF NON-CONTROLLING INTERESTS

Citycon did not acquire any non-controlling interests during the financial period 2019.

Citycon acquired a 25.0% minority share of Red City Ab during 2018. Citycon previously owned a 75.0% majority share from the company. Citycon did not acquire minority shares during 2019.

5.3. RELATED PARTY TRANSACTIONS AND CHANGES IN GROUP STRUCTURE

A) Related parties

Citycon Group's related parties comprise the parent company Citycon Oyj and its subsidiaries, associated companies and joint ventures; Board members; CEO and other Corporate Management Committee members; and the company's largest shareholder Gazit-Globe Ltd. , whose shareholding in Citycon Oyj accounted for 48.6% on 31 December 2019 (31 December 2018: 48.5%).

Group companies and changes in group structure

Group companies on 31 December 2019	Country	Group holding, %	Parent company holding, %
Parent company: Citycon Oyj	Finland		
Albertslund Centrum ApS	Denmark	100	
Asematie 3 Koy	Finland	100	
Asunto Oy Espoon Huukkari [1]	Finland	100	
Asunto Oy Espoon Jolla [1]	Finland	100	
Big Apple Top Oy	Finland	100	
Citycon AB	Sweden	100	100
Citycon Buskerud Drift AS	Norway	100	
Citycon Buskerud Eiendom AS	Norway	100	
Citycon Buskerud Invest AS	Norway	100	
Citycon Buskerud Invest KS	Norway	100	
Citycon Denmark ApS	Denmark	100	100
Citycon Development AB	Sweden	100	
Citycon Down Town Drift AS	Norway	100	
Citycon Down Town Eiendom AS	Norway	100	
Citycon Eiendomsmegling AS	Norway	100	
Citycon Finland Oy	Finland	100	100
Citycon Herkules Drift AS	Norway	100	
Citycon Herkules Eiendom AS	Norway	100	
Citycon Holding AS	Norway	100	100
Citycon Högdalen Centrum AB	Sweden	100	
Citycon Jakobsbergs Centrum AB	Sweden	100	
Citycon Kilden Drift AS	Norway	100	
Citycon Kilden Eiendom AS	Norway	100	
Citycon Kolbotn Torg Eiendom AS	Norway	100	
Citycon Kolbotn Torg Drift AS	Norway	100	
Citycon Kolbotn Torg Næring AS	Norway	100	
Citycon Kongssenteret Drift AS	Norway	100	
Citycon Kongssenteret Eiendom AS	Norway	100	
Citycon Kremmertorget Drift AS	Norway	100	

[1] *Company acquired in 2018*

Group companies on 31 December 2019	Country	Group holding, %	Parent company holding, %
Citycon Kremmertorget Eiendom AS	Norway	100	
Citycon Liertoppen Drift AS	Norway	100	
Citycon Liertoppen Eiendom AS	Norway	100	
Citycon Liljeholmstorget Galleria AB	Sweden	100	
Citycon Linderud Drift AS	Norway	100	
Citycon Linderud Eiendom AS	Norway	100	
Citycon Magasinet Drammen Eiendom AS	Norway	100	
Citycon Magasinet Drammen Invest AS	Norway	100	
Citycon Magasinet Drammen Invest I ANS	Norway	100	
Citycon Magasinet Drammen Invest II ANS	Norway	100	
Citycon Norway AS	Norway	100	
Citycon Oasen Drift AS	Norway	100	
Citycon Oasen Eiendom AS	Norway	100	
Citycon Oasen Kontoreiendom AS	Norway	100	
Citycon Senterdrift AS	Norway	100	
Citycon Services AB	Sweden	100	
Citycon Shopping Centers AB	Sweden	100	
Citycon Sjøsiden Drift AS	Norway	100	
Citycon Sjøsiden Eiendom AS	Norway	100	
Citycon Solsiden Drift AS	Norway	100	
Citycon Solsiden Eiendom AS	Norway	100	
Citycon Stopp Drift AS	Norway	100	
Citycon Stopp Eiendom AS	Norway	100	
Citycon Storbyen Drift AS	Norway	100	
Citycon Storbyen Eiendom AS	Norway	100	
Citycon Strædet Cinema ApS	Denmark	100	
Citycon Strædet Pedestrian Street ApS	Denmark	100	
Citycon Innovation Sweden Ab	Sweden	100	
Citycon Treasury B.V.	The Netherlands	100	100
Citycon Trekanten Drift AS	Norway	100	

Group companies on 31 December 2019	Country	Group holding, %	Parent company holding, %
Citycon Trekanten Eiendom AS	Norway	100	
Citycon Tumba Centrumfastigheter AB	Sweden	100	
Espoonlahden Bussiterminaali Koy	Finland	100	
Espoonlahden Metroasema Koy	Finland	100	
Kauppakeskus Columbus Koy	Finland	100	
Kauppakeskus Isokarhu Oy	Finland	100	
Kristiina Management Oy	Finland	100	
Kristiine Keskus Oü	Estonia	100	
Lahden Hansa Koy	Finland	100	
Lippulaiva Koy	Finland	100	
Lippulaivan Palvelutilat Koy	Finland	100	
Manhattan Acquisition Oy	Finland	100	
Montalbas B.V.	The Netherlands	100	
Myyrmanni Koy	Finland	100	
Mölndals Galleria AB	Sweden	100	
Mölndals Galleria Fastighets AB	Sweden	100	
RED City AB	Sweden	100	
Riddarplatsen Fastigheter HB	Sweden	100	
Rocca al Mare Kaubanduskeskuse AS	Estonia	100	
Stenungs Torg Fastighets AB	Sweden	100	
Tampereen Koskikeskus Koy	Finland	100	
Åkersberga Centrum AB	Sweden	100	
Lahden Trio Koy	Finland	89.5	
Myyrmäen Kauppakeskus Koy	Finland	78.6	
Heikintori Oy	Finland	68.7	
Myyrmäen Autopaikoitus Oy	Finland	62.7	
Centerteam AS	Norway	50	
Dr Juells Park AS	Norway	50	
Holding Big Apple Housing Oy	Finland	50	
Lappeenrannan Villimiehen Vitonen Oy	Finland	50	
Kista Galleria JV AB	Sweden	50	
Kista Galleria Kommanditbolag	Sweden	50	
Kista Galleria Holding AB	Sweden	50	
Kista Galleria LP AB	Sweden	50	
Klosterfoss Utvikling AS	Norway	50	
Magasinet Drammen AS	Norway	50	

Group companies on 31 December 2019	Country	Group holding, %	Parent company holding, %
Retail Park Oy	Finland	50	
Sandstranda Bolig AS	Norway	50	
Tikkurilan Kassatalo As Oy	Finland	39	
Hansaparkki Koy	Finland	36	
Liesikujan Autopaikat Oy	Finland	35.7	
Centro Henrique Oy	Finland	34.4	
Sektor Markedet Drift AS	Norway	20	
Sektor Markedet Eiendom AS	Norway	20	
Sektor Portefølje II AS	Norway	20	
Sektor Stovner Drift AS	Norway	20	
Sektor Stovner Eiendom AS	Norway	20	
Sektor Torvbyen Eiendom AS	Norway	20	
Torvbyen Utvikling AS	Norway	20	
Torvbyen Drift AS	Norway	7.6	
Partnerships for taxation purposes:			
Parkeringshuset Väpnaren	Sweden	64	

Companies sold (Group holding, % on the time of sale)	
Helsingin Hämeentie 109-111 Koy (100%)	Finland
Tampereen Hermanni Koy (100%)	Finland
Hervannan Liikekeskus Oy (83.2%)	Finland
Tupakkikiven Parkki Koy (13.7%)	Finland

Acquired companies	
Citycon Innovation Sweden Ab	Sweden

Managed centres (agreement ended)	
Citycon NAF-Huset Drift AS	Norway
Citycon NAF-Huset Eiendom AS	Norway

B) Related party transactions

GROUP COMPANIES

Group companies have paid each other fees such as maintenance and financial charges, interest expenses, loan repayments and other administrative service charges. Additionally sale of business selling executed between Citycon Oyj and operative business unit in 2019.

Such income and expenses have been eliminated from the consolidated financial statements. There have been no other related party transactions between Group companies.

MANAGEMENT REMUNERATION

Information on management remuneration is presented in notes 1.6. employee benefits and personnel expenses.

TRANSACTIONS WITH GAZIT-GLOBE LTD.

Purchases of services and expenses charged forward

Over the period, Citycon paid expenses to Gazit-Globe Ltd and its subsidiaries 0.0 EUR (-) and invoiced EUR 0.0 (0.0) million expenses forward to Gazit-Globe Ltd and its subsidiaries.

TRANSACTIONS WITH BOARD MEMBERS

Purchases of services

Citycon has made a consultant agreement with the company owned by Board member Ofer Stark and paid consulting fees of EUR 0.1 million (-) during the reporting period.

REPORTING TO GAZIT-GLOBE LTD.

The company's main shareholder, Gazit-Globe Ltd., holding 48.6% of the shares in the company, has announced that it has been applying IFRS in its financial reporting starting from 2007. According to IFRS, one company may exercise a controlling interest in another company even if its shareholding in that company does not exceed 50%. Gazit-Globe Ltd. holds the view that it exercises a controlling interest, as defined in IFRS, in Citycon Oyj based on the fact that it has been able to exercise controlling interest in Citycon's shareholders' meetings pursuant to its shareholding. In accordance with an agreement concluded between the companies, Citycon will provide Gazit-Globe Ltd. with a more detailed breakdown of the accounting information it discloses in its interim and full-year reports, so that Gazit-Globe Ltd. can consolidate Citycon Group figures into its own IFRS financial statements.

5.4. CHANGES IN IFRS AND ACCOUNTING POLICIES

New standards as well as interpretations and amendments applied in 2019

IFRS 16 LEASES STANDARD (APPLIED SINCE 1 JANUARY 2019)
The IFRS 16 Leases standard has replaced the IAS 17 standard at the beginning of the 2019 financial period. First and foremost, the standard has provided reporting entities with instructions on the accounting treatment of leases in the lessee's financial statements, changed the definition of leasing and set the principles regarding the recognition of leases in the balance sheet both as a right-of-use asset and a lease liability. The application of the standard did not result in any changes to the accounting treatment of leases where Citycon Group acts as the lessor. Nonetheless, with regard to the majority of the Group's leases where Citycon acts as the lessee, in the 2019 financial period Citycon has recognized assets and liabilities to the Group's balance sheet pertaining to these leases.

Citycon Group has recognized right-of-use assets from the leases subject to the scope of the standard as part of the 'Investment properties' and 'Tangible assets' balance sheet items. The right-of-use assets recognized as part of investment properties consist of leases subject to Citycon Group's core business, such as the leases of shopping centres, shopping centre land areas and shopping centre machinery. The right-of-use assets recognized as tangible assets, on the other hand, have primarily been recognized for leases included in administrative expenses, such as office leases, IT assets and leased cars. The lease liability of Citycon Group has been valued by discounting the lease payment liabilities of the leases subject to the scope of the IFRS 16 standard to their present value using as the discounting factor the view of the company's management on the incremental borrowing rate at the starting time of the lease.

The majority of the leased right-of-use assets of Citycon Group are fixedly linked to Citycon's investment properties. As a result, Citycon has disclosed its lease expenses primarily as part of the fair value changes of its investment properties (comparable to straight-line depreciations) and as interest expenses determined by the interest rate factor of the lease liability. The impacts on profit pertaining to the right-of-use assets classified as 'Tangible assets' are disclosed in the profit and loss account as interest expenses and as depreciations included in the line item 'Administrative expenses'.

With regard to the implementation of the IFRS 16 Leases standard, Citycon has applied a simplified approach and, hence, has not adjusted the comparative information from corresponding reporting period. In addition, Citycon has applied the recognition exemptions permitted by the standard and, hence, has not applied the standard to short-term leases with a duration of less than a year or leases of a low value, such as leases applicable to specific office equipment.

The effect of implementation of the standard to Citycon's opening balance sheet on 1.1.2019 was as follows:

MEUR	Investment properties	Tangible assets	Total Right-of-use assets	Lease liabilities
1 January 2019	57.4	4.4	61.9	61.9

A reconciliation of IAS 17 operating lease commitments in 31.12.2018 and recognized IFRS 16 lease liabilities in the opening balance sheet 1.1.2019 is presented below:

MEUR	
Non-cancellable operating lease commitments according to IAS 17 on 31.12.2018	58.8
Discounted at 1.1.2019	53.7
Low value assets	-0.1
Short-term leases	-0.2
Extension options that are likely to be used	8.5
Lease liabilities recognized on 1.1.2019 according to IFRS 16	61.9

The impacts of IFRS 16 to financial year 2019 reporting is presented in note 2.3.

Other new standards as well as interpretations and amendments applied in 2019

The new standards and interpretations presented below did not have significant impact to Group's consolidated financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments
Guidance to the determination of taxable profit (tax loss), tax bases, unused tax losses and tax rates, when there is uncertainty over income tax treatments under IAS 12.

IFRS 9 Prepayment Features with negative compensations - Amendment to IFRS 9
Clarification of accounting treatment regarding debt instruments, which's terms include a compensation related to early repayment.

IAS 19 Plan amendment, curtailment or settlement - Amendment to IAS 19
Clarification to calculation of current service cost and net interest for the remainder of an annual period when a plan amendment of curtailment occurs.

IAS 28 Long-Term interest in associates and joint ventures - Amendment to IAS 28
Clarification to accounting treatment regarding loans, which have been given to joint ventures or associated companies and have not been treated in accordance with the equity-method.

Other new standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The amended standards that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations when they become effective.

Amendments to IFRS 3: Definition of a Business

The amendments clarify whether an acquired set of activities and assets is a business or not. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments align the definition of 'material' across the standards and to clarify certain aspects of the definition. The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

5.5. POST BALANCE SHEET DATE EVENTS

On 5 February 2020 was disclosed that Citycon has agreed to acquire a portfolio of three shopping centres in Norway. The transaction value amounts approximately to EUR 145 million.

PARENT COMPANY FINANCIAL STATEMENTS, FAS

PARENT COMPANY INCOME STATEMENT, FAS

MEUR	Note	1 January– 31 December 2019	1 January– 31 December 2018
Service charge income		1.9	2.7
Turnover	2	**1.9**	**2.7**
Administrative expenses	3.4	-17.3	-16.7
Other operating income and expenses	5	35.3	3.6
Operating profit		**19.8**	**-10.4**
Financial income		148.2	119.4
Financial expenses		-112.2	-149.2
Net financial income and expenses	6	36.0	-29.9
Profit/loss before appropriations and taxes		**55.8**	**-40.3**
Group contributions		34.0	13.2
Profit for the period		**89.8**	**-27.0**

PARENT COMPANY BALANCE SHEET, FAS

MEUR	Note	31 December 2019	31 December 2018
ASSETS			
Non-current assets			
Intangible assets	7	5.0	3.7
Tangible assets	8	0.6	0.8
Investments			
Shares in subsidiaries	9	1,350.4	1,300.4
Loan receivables and derivative contracts	10	1,683.8	1,363.0
Total investments		3,034.2	2,663.4
Total non-current assets		**3,039.8**	**2,667.9**
Current assets			
Short-term receivables	12	302.2	556.3
Cash and cash equivalents		0.0	0.0
Total current assets		**302.2**	**556.3**
Total assets		**3,342.0**	**3,224.2**

MEUR	Note	31 December 2019	31 December 2018
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity	13		
Share capital		259.6	259.6
Share premium fund		133.1	133.1
Invested unrestricted equity fund		925.7	1,032.5
Retained earnings		11.2	47.1
Profit for the period		89.8	-27.0
Total shareholders' equity		**1,419.3**	**1,445.2**
Liabilities	14		
Long-term liabilities			
Bond 1/2013		-	218.1
Hybrid bond		347.2	-
Other long-term liabilities [1]		1,173.6	1,222.8
Total long-term liabilities		**1,520.8**	**1,440.9**
Short-term liabilities			
Bond 1/2013		75.5	-
Short-term liabilities [1]		326.4	338.2
Total short-term liabilities		**401.9**	**338.2**
Total liabilities		**1,922.7**	**1,779.0**
Total liabilities and shareholders' equity		**3,342.0**	**3,224.2**

[1] *The comparative balance sheet has been adjusted due to the incorrect presentation of liabilities as short-term liabilities in 2018.*

PARENT COMPANY CASH FLOW STATEMENT, FAS

MEUR	1 January–31 December 2019	1 January–31 December 2018
Cash flow from operating activities		
Profit before taxes	55.8	-40.3
Adjustments:		
Depreciation and impairment loss	1.2	1.3
Net financial income and expenses	-36.0	29.9
Cash flow before change in working capital	21.1	-9.1
Change in working capital	-61.4	13.3
Cash generated from operations	**-40.3**	**4.2**
Interest expense and other financial expenses paid	-51.1	-67.0
Interest income and other financial income received	84.7	47.0
Realised exchange rate gains and losses	-39.6	39.1
Net cash flow from operating activities	**-46.4**	**23.3**
Cash flow used in investing activities		
Investment in tangible and intangible assets	-2.3	-1.0
Loans granted	-737.1	-928.1
Repayments of loans receivable	713.0	1,040.4
Decrease/increase in subsidiary shares	0.0	125.2
Net cash from investing activities	**-26.4**	**236.5**
Cash flow from financing activities		
Proceeds from short-term loans	1,173.5	1,014.9
Repayments of short-term loans	-1,220.7	-932.6
Proceeds from long-term loans	350.0	0.0
Repayments of long-term loans	-146.4	-281.3
Received group contributions	13.2	6.2
Dividends paid and return from the invested unrestricted equity fund	-115.5	-117.1
Net cash used in financing activities	**54.2**	**-309.9**
Net change in cash and cash equivalents	**-18.5**	**-50.1**
Cash and cash equivalents at period-start	-135.3	-85.1
Cash and cash equivalents at period-end [1]	**-153.8**	**-135.3**

[1] *Cash and cash equivalents of Citycon Oyj included the Group cash pool, in which the parent company's bank account can have a negative balance. Cash pool balance of EUR -153,8 million (31.12.2018: EUR -135.3 million) has been recognised in the parent company's balance sheet under short-term liabilities.*

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS, FAS

1. ACCOUNTING POLICIES

The parent company's financial statements are prepared in accordance with the Finnish law.

Income statement format

The income statement is presented in accordance with the function-based format.

Non-current assets

Non-current assets are recognised in the balance sheet at acquisition cost less impairment losses and depreciation/amortisation.

Intangible assets

Intangible assets include IT software and other non-current assets, including office improvement expenses. IT software is depreciated over 3–7 years as straight-line basis and office improvement expenses are depreciated over the term of the lease agreement.

Tangible assets

Tangible assets include machinery and equipment and construction in progress. Machinery and equipment is depreciated at 25 per cent annually, using the reducing balance method of depreciation.

Pension schemes

The company's employee pension cover is based on statutory pension insurance.

Foreign currency receivables and payables

Receivables and payables denominated in foreign currencies as well as forward rate agreements are measured at the exchange rate quoted on the balance sheet date. Any exchange rate differences resulting from currency translations are recognised as exchange rate differences in the income statement.

Income taxes

Current taxes are recognised on an accrual basis.

Deferred taxes arising from temporary differences between the book and fiscal values have been recognised separately in the income statement and the balance sheet.

Derivatives

All derivatives are valued according to the Finnish bookkeeping act KPL 5.2a at fair value.

Important note

Individual figures and sum totals presented in the financial statements have been rounded to the nearest hundreds thousands of euros; this may cause minor discrepancies between the sum totals and the sums of individual figures as given.

2. TURNOVER

MEUR	2019	2018
Turnover by country:		
Finland	1.1	1.2
Other countries	0.7	1.6
Total	**1.9**	**2.7**

Parent company turnover includes the following administrative fees received from Group companies:

MEUR	2019	2018
Administrative fees from Group companies	1.9	2.7

3. PERSONNEL EXPENSES

MEUR	2019	2018
Average number of employees during period	36	34
Personnel expenses		
Wages and salaries	-6.6	-6.0
Pension charges	-0.9	-1.1
Other social charges	-0.6	-0.3
Total	**-8.0**	**-7.4**

The items presented above include CEO's statutory pension payments, EUR 0.0 million in 2019 (0.2).

Personnel expenses include the following management wages and salaries

MEUR	2019	2018
CEO's wages and salaries	-0.6	-0.6
Board remuneration	-0.7	-0.6
Total	**-1.3**	**-1.3**

4. DEPRECIATION AND AMORTISATION AND IMPAIRMENTS

The following depreciation and amortisation as well as impairments are included in the administrative expenses:

MEUR	2019	2018
Amortisation on intangible assets	-1.1	-1.1
Depreciation on machinery and equipment	-0.2	-0.2
Total	**-1.2**	**-1.3**

5. OTHER OPERATING INCOME AND EXPENSES

MEUR	2019	2018
Other operating income	35.3	3.6
Total	**35.3**	**3.6**

Other operating income includes profit from sales EUR 33.4 million from Citycon group internal sale of intangible asset in 2019.

6. NET FINANCIAL INCOME AND EXPENSES

MEUR	2019	2018
Dividend income		
From Group companies	50.0	-
Total	**50.0**	**0.0**
Interest and other financial income		
From Group companies	43.4	49.7
Foreign exchange gains	51.9	65.8
Other interest and financial income	2.9	3.8
Total	**98.2**	**119.4**
Total financial income	**148.2**	**119.4**
Interest and other financial expenses		
To Group companies	40.6	39.9
Foreign exchange losses	56.6	69.6
Interest and other financial expenses	15.0	39.8
Total financial expenses	**112.2**	**149.2**
Net financial income and expenses	**36.0**	**-29.9**

7. INTANGIBLE ASSETS

MEUR	2019	2018
Intangible rights		
Acquisition cost 1 January	8.5	7.4
Additions during the period	2.4	1.1
Accumulated acquisition costs 31 December	11.0	8.5
Accumulated depreciation 1 January	-4.9	-3.9
Depreciation for the period	-1.1	-1.1
Accumulated depreciation 31 December	-6.0	-4.9
Net carrying amount 31 December	**5.0**	**3.6**
Tenant improvements and other non-current assets		
Acquisition cost 1 January	1.7	1.7
Additions during the period	0.0	0.0
Accumulated acquisition costs 31 December	1.7	1.7
Accumulated depreciation 1 January	-1.6	-1.6
Depreciation for the period	0.0	0.0
Accumulated depreciation 31 December	-1.6	-1.6
Net carrying amount 31 December	**0.1**	**0.1**
Total intangible assets 31 December	**5.0**	**3.7**

8. TANGIBLE ASSETS

MEUR	2019	2018
Machinery and equipment		
Acquisition cost 1 January	1.8	1.6
Additions during the period	0.1	0.2
Accumulated acquisition costs 31 December	1.9	1.8
Accumulated depreciation 1 January	-1.2	-1.0
Depreciation for the period	-0.2	-0.3
Accumulated depreciation 31 December	-1.4	-1.2
Net carrying amount 31 December	**0.6**	**0.6**
Construction in progress		
Acquisition cost 1 January	0.2	0.5
Decreases	-0.2	-0.3
Net carrying amount 31 December	**0.0**	**0.2**
Total tangible assets 31 December	**0.6**	**0.8**

9. SHARES IN SUBSIDIARIES

MEUR	2019	2018
Acquisition cost 1 January	1,300.4	1,425.7
Additions during the period	50.0	0.0
Decreases	0.0	-125.3
Net carrying amount 31 December	**1,350.4**	**1,300.4**

10. LONG-TERM LOAN RECEIVABLES AND DERIVATIVE CONTRACTS

MEUR	2019	2018
Loan receivables from Group companies	1,663.7	1,344.7
Derivative financial instruments, from outside the Group	20.1	18.3
Total other investments 31 December	**1,683.8**	**1,363.0**
Total investments 31 December	**3,034.2**	**2,663.4**

11. SUBSIDIARIES AND ASSOCIATED COMPANIES

Parent company's subsidiaries and associated companies are presented in the Note 5.3. Related Party Transactions in the Notes to the Consolidated Financial Statements.

12. SHORT-TERM RECEIVABLES

MEUR	2019	2018
Receivables from outside the Group		
Trade receivables	0.1	0.2
Derivative financial instruments	0.0	1.5
Other receivables	0.5	0.4
Accrued income and prepaid expenses	0.2	0.2
Total	**0.9**	**2.2**
Receivables from Group companies		
Trade receivables	37.8	2.3
Loan receivables	217.2	530.7
Other receivables	1.7	1.3
Total other receivables	219.0	532.0
Interest receivables	10.7	6.5
Group contributions receivables	34.0	13.2
Total	**301.4**	**554.1**
Total short-term receivables	**302.2**	**556.3**

13. SHAREHOLDERS' EQUITY

MEUR	2019	2018
Share capital at 1 January	**259.6**	**259.6**
Share capital at 31 December	**259.6**	**259.6**
Share premium fund at 1 January	**133.1**	**133.1**
Share premium fund at 31 December	**133.1**	**133.1**
Invested unrestricted equity fund at 1 January	**1,032.5**	**1,139.3**
Equity return from the invested unrestricted equity fund	-106.8	-106.8
Invested unrestricted equity fund at 31 December	**925.7**	**1,032.5**
Retained earnings at 1 January	**20.1**	**56.0**
Dividends	-8.9	-8.9
Profit for the period	89.8	-27.0
Retained earnings at 31 December	**101.0**	**20.1**
Total shareholders' equity at 31 December	**1,419.3**	**1,445.2**

14. LIABILITIES

A) Long-term liabilities

MEUR	2019	2018
Long-term interest-bearing liabilities		
Bond 1/2013	-	218.1
Hybrid bond	347.2	-
Loans from Group companies [1]	1,169.2	1,212.4
Total	**1,516.4**	**1,430.5**
Derivative financial instruments	3.0	8.9
Derivative financial instruments, from Group companies	1.4	1.4
Total long-term liabilities	**1,520.8**	**1,440.9**
Loans maturing later than 5 years [1]	**1,098.6**	**750.5**

[1] *The comparative balance sheet has been adjusted due to the incorrect presentation of liabilities as short-term liabilities in 2018.*

B) Short-term liabilities

MEUR	2019	2018
Short-term interest-bearing liabilities		
Bond 1/2013	75.5	-
Commercial paper	129.7	175.5
Cash pool overdrafts	0.5	2.1
Loans from Group companies [1]	156.1	136.2
Total	**361.8**	**313.8**
Short-term non-interest-bearing liabilities		
Payables to outside the Group		
Accounts payable	1.3	1.0
Derivative financial instruments	4.4	0.9
Other payables	0.0	0.0
Total other payables	4.4	0.9
Interest liability	3.2	4.3
Other accrued expenses and deferred income	12.4	6.4
Total accrued expenses and deferred income	15.6	10.8
Total	**21.3**	**12.6**
Payables to Group companies		
Accounts payable	2.6	0.1
Other payables	1.2	1.6
Accrued expenses and deferred income	15.0	10.1
Total	**18.8**	**11.7**
Total short-term liabilities	**401.9**	**338.2**
Total liabilities	**1,922.7**	**1,779.0**

[1] *The comparative balance sheet has been adjusted due to the incorrect presentation of liabilities as short-term liabilities in 2018.*

The company has a bond, issued in 2013, which falls due in June 2020 and is reported in short-term liabilities. In addition, the company has a hybrid bond issued in November 2019, which is reported under long-term liabilities. The hybrid bond is unsecured, subordinated to all debt and senior only to ordinary share capital. A holder of hybrid bond notes has no shareholder rights. The hybrid bond coupon is fixed at 4.5 per cent per year up until 22 February 2025, and thereafter it is reset every five years with applicable 5-year swap rate plus margin. Citycon has the right to postpone interest payment if it does not distribute dividend or any other equity to its shareholders. The bond has no set maturity date, but the company has the right to redeem it after five years from the issue date and thereafter on every yearly interest payment date.

Derivative financial instruments are used in Citycon group in accordance with the Treasury Policy to hedge the interest rate risk of interest-bearing liabilities and foreign currency risk. All Group external derivative financial instruments in Citycon are executed by the parent company Citycon Oyj. Citycon Oyj values derivatives according to the Finnish bookkeeping act KPL 5.2a fair value model and fair value changes are booked through profit and loss. The fair value defination of derivatives are presented in note 3.6 of the consolidated Financial Statements. In addition, Citycon Oyj had group internal derivatives as of 31 December 2019 with a fair value of EUR -1.4 million (-1.4) and a nominal amount of EUR 136.9 million (226.2).

15. CONTINGENT LIABILITIES

The parent company does not have any mortgages nor given securities.

A) Lease liabilities

MEUR	2019	2018
Payables on lease commitments		
Maturing next financial year	0.3	0.4
Maturing later	2.4	1.3
Total	**2.7**	**1.7**

Citycon's finance leases mainly apply to computer hardware, machinery and equipment and cars.

B) Guarantees given

MEUR	2019	2018
Guarantees	1,580.8	1,695.8
Of which on behalf of Group companies	1,580.8	1,695.8

Guarantees in 2019 and in 2018 mainly relate to issued bonds of subsidiaries which Citycon Oyj has guaranteed via parent guarantee or alternatively third-party bank guarantees.

SIGNATURES TO THE FINANCIAL STATEMENTS

Signatures to the Financial Statements 1 January - 31 December 2019

Helsinki, 5 February 2020

Chaim Katzman	Bernd Knobloch
Arnold de Haan	Alexandre Koifman
David Lukes	Andrea Orlandi
Ofer Stark	Per-Anders Ovin
Ariella Zochovitzky	

F. Scott Ball
CEO

We have today submitted the report on the conducted audit.

Helsinki, 5 February 2020

Ernst & Young Oy
Authorized Public Accountant Firm

Mikko Rytilahti
Authorized Public Accountant

AUDITOR'S REPORT (Translation of the Finnish original)

TO THE ANNUAL GENERAL MEETING OF CITYCON OYJ

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Citycon Oyj (business identity code 0699505-3) for the year ended 31 December, 2019. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position as well as its financial performance and its cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit and Governance Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in EU Regulation No 537/2014, point (c) of Article 10(2). The non-audit services that we have provided have been disclosed in note 1.5 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of Investment Properties *We refer to the note 2.1* At the balance sheet date, the fair value of investment properties amounted to 4160.2 M€ representing 90.8% of the total assets and 178.9% of the total equity (2018 4131.3M€, 89.4% of the total assets and 197.8% of the total equity). Fair value measurement of the investment properties is a key audit matter, because the fair value measurement involves judgment and assumptions. Market rents, yield requirement, vacancy rate and operating expenses form the key variables used in investment property's fair-value measurement. The evaluation of these variables involves judgment and assumptions of Citycon management. This matter is a significant risk of material misstatement referred to in EU Regulation No 537/241, point (c) of Article 10(2).	Our audit procedures to address the risk of material misstatement in respect of valuation of Investment Properties included among others: • Our valuation specialists assist us in evaluating the assumptions and methodologies used. • We focused on the market rents, yield requirement, vacancy rate and operating expenses. • We assessed the competence and objectivity of the external appraiser and historical accuracy of management's judgment and assumptions. The methodologies and key inputs used in the valuation and sensitivity analysis are presented in note 2.1. We assessed the adequacy of these disclosures.
Valuation of Goodwill *We refer to the note 5.1* At the balance sheet date, the carrying amount of goodwill amounted to 146.5M€ representing 3.2% of the total assets and 6.3% of the total equity (2018: 145.7M€, 3.2% of the total assets and 7.9% of the total equity). Valuation of goodwill was a key audit matter because the assessment process is complex and is based on numerous judgmental estimates and because the amount of goodwill is significant to the financial statements. Citycon's management uses assumptions in respect of discount rate, net rental income projections and other operating income and expenses. This matter is a significant risk of material misstatement referred to in EU Regulation No 537/241, point (c) of Article 10(2).	Our audit procedures to address the risk of material misstatement in respect of valuation of Investment Properties included among others: • Our valuation specialists assisted us in evaluating the methodologies and assumptions used, in particular those relating to net rental income and the weighted average cost of capital. • We assessed the competence and objectivity of the external appraiser and historical accuracy of management's judgment and assumptions. • We focused on, how much the recoverable amount exceeds the carrying amount of goodwill, and whether any reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount. The key assumptions used in the impairment test of goodwill are presented in note 5.1. We assessed the adequacy of these disclosures.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 5 April 2005, and our appointment represents a total period of uninterrupted engagement of 15 years.

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 5.2.2020

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