CITYCON

FINANCIAL REVIEW 2020

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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 on 22 March 2021 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 10 March 2021.

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, stock exchange releases 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 VP, Strategy and Investor Relations Laura Jauhiainen (ir@citycon.com).

PAYMENT OF DIVIDENDS

The Board of Directors proposes to the Annual General Meeting that the Board of Directors will be authorized to decide on the distribution of dividend for the financial year 2020, and assets from the invested unrestricted equity fund.

Based on the proposed authorization, the maximum total amount of profit distribution, consisting of dividend and equity repayment, shall not exceed 0.50 per share. Based on the current total number of issued shares in the company, the authorization would equal to a maximum of EUR 8,899,926.25 in dividend and a maximum of EUR 80,099,336.25 in equity repayment. The dividend/equity repayment would be paid to shareholders in four installments.

FINANCIAL CALENDAR 2021

Financial Statements Bulletin and Financial Statements 2020	**18 February**
Interim Report January–March 2021	**6 May**
Half-yearly Report January–June 2021	**5 August**
Interim Report January–September 2021	**28 October**
AGM record date	**10 March**
Last day for AGM registration	**16 March**
AGM	**22 March**

PRELIMINARY PAYMENT DATE OF DIVIDEND AND/OR EQUITY REPAYMENT

31 March 2021
30 June 2021
30 September 2021
30 December 2021

More information: Shares and shareholders, pages 39-40

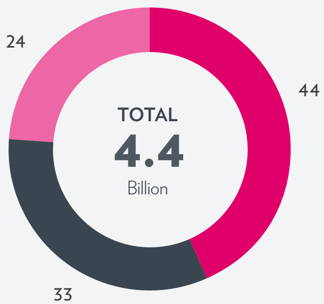
[1] *Citycon's Board of Directors will make separate resolutions and announcements on each distribution of the dividend/equity repayment subject to been authorized for asset distribution by the Annual General Meeting.*

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.

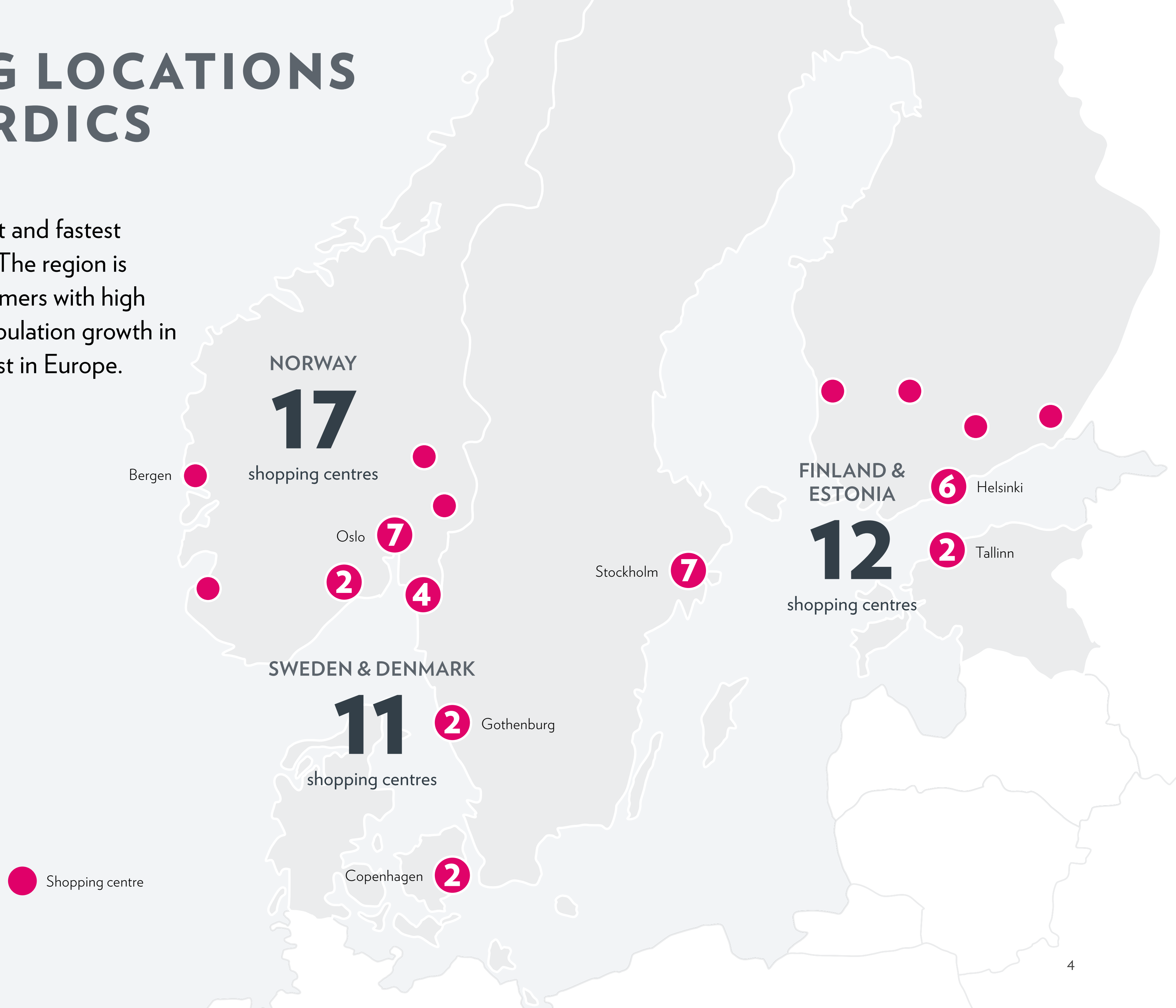
BALANCED NORDIC PORTFOLIO

%



- Finland & Estonia
- Norway
- Sweden & Denmark[1]

[1] Including Kista Galleria 50%



CEO'S INTERVIEW

What were the highlights of the year for you?
The outbreak of COVID-19 pandemic in February 2020 was the ultimate stress test for everyone and every organisation. In this regard, it has provided a validation of Citycon's strategy and highlighted the strength of the Nordics. Our necessity-based, urban hub strategy demonstrated its resilience and I am extremely proud of the team that helped to navigate the company thus far through the uncertainty of the worst global crisis in the company's history. The company was quick to adapt to constant changes in the operating environment caused by the legitimate government restrictions in the operating countries. Simultaneously, we worked closely with our tenants and other stakeholders to minimize the losses. Our urban hubs were a lifeline for our customers by providing services, groceries and necessity goods during the crisis. Despite COVID-19, our team continued to make progress in Citycon's strategic transformation and capitalizing on the densification opportunities in connection to our assets. We further strengthened our development and strategy resourcing and continued to co-operate with municipalities in several area development projects. Citycon's urban hub strategy was also supported by several municipal deals that increased the share of municipal services to 8% in the tenant mix. On the funding side, 2020 was a successful year. We tapped our existing bonds by 200 MEUR and issued green bonds of 800 million NOK under our EMTN framework. We also renewed and extended our 500 MEUR revolving credit facility in November 2020.

How would you describe Citycon's operational performance in 2020?
Despite the outbreak of COVID-19, operational performance was best in class throughout the year. Rent collection rate for the year was strong at 96% and we signed 199.000 sq.m of leases, which was +12% more than in 2019. Also tenant sales were slightly ahead of last year being +2.5% year-on-year. Strong operational performance translated into solid financial results on a relative basis. Our net rental income (NRI) adjusted for exchange rates declined by −3.0% and total net rental income by -5.5%. EPRA earnings per share in 2020 was 0.77 (0.82). These results partially lend themselves to the fact that Citycon operates in the Nordics where most governments took a holistic approach in response to the crisis. More importantly, this demonstrates the resilience of Citycon's strategy which is focused on larger, grocery-anchored urban hubs with a direct connection to public transportation and diversified tenant mix with a lower exposure to fashion. In fact, over 35% of our tenants are necessity-based including a growing share of municipal services. We also saw customer behavior adjust to the government restrictions imposed to control the spread of the virus. The average purchase was higher in 2020 which compensated for a drop in footfall, which resulted in higher tenant sales. This is an indication of the strong and stable demand for the goods and services provided in our centers even during unusual times. Our mixed-use strategy and direct connections to public transportation form an attractive value proposition for our tenants which was reflected in strong leasing activity in 2020.

How is the increasing focus on sustainability impacting Citycon?
We have been focusing on this for the last 10+ years so we have had a head start. Sustainability continues to be an integral part of our operating platform as well as our new developments. We have been publicly committed to becoming carbon neutral by 2030. This will be done by continuing to reduce our energy consumption and produce more energy ourselves. We also select new, modern forms of energy production, such as geothermal heating and cooling, which will be used in our Lippulaiva center scheduled to be open in May 2022. Additionally, we have increased the share of green financing, which also reduces our cost of borrowing. In 2020, we issued a green bond of 800 MNOK under our EMTN framework and renewed and extended our revolving credit facility with a pricing linked to green metrics.

What are Citycon's focus areas for 2021?

For Citycon, the primary target for 2021 is to continue our progress on our strategic development projects which are in different phases of the development life-cycle. This entails increasing the share of residential, office and municipal services in our portfolio. Our plan is to ultimately have retail represent approximately 60% of our GLA while it currently accounts for ca. 80%. We have thoroughly examined our portfolio and the development potential around the existing assets which has generated several exciting projects in our pipeline. The beauty of these projects is that value creation begins during the planning and zoning phase with essentially no capital tied to the projects. The identified additional value of building rights in our current portfolio stands around 200 MEUR.

The length and timing of the individual processes give the organization the opportunity to review each case separately and consider the best way forward, whether it is developing the assets by our-selves, as a part of JV, or simply selling the building rights. Any investment decisions will be made considering our financing and balance sheet allowing. Currently, we are progressing full speed with construction of Lippulaiva in Espoo, where a new mixed-use hub combining modern retail including necessity goods and services with a new residential area, will open in spring 2022. We have chosen to sell building rights of two residential towers and develop four towers ourselves and will hold the remaining two towers where we have the development rights. In Liljeholmen, which is a vibrant area in the center of Stockholm, we have recently announced our large-scale area development plan in co-operation with City of Stockholm. These are good examples of the concrete cases behind our strategy.

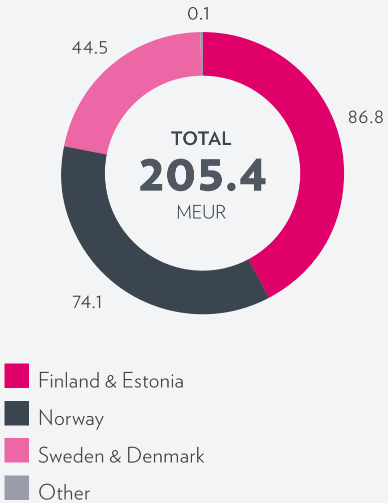
Citycon recently signed a deal to sell three of our assets in Stockholm area for 147MEUR with a gross valuation exceeds the assets appraised value, and we intend to continue our capital recycling initiatives. This deal demonstrates that our values are appropriate, if not understated, against the actual market. Of course, the core of our business is our operating portfolio, where our team is focused on continuing to deliver above average results. We are fortunate to have very supportive shareholders, and an amazing team that will continue to lead the company to exceptional results.

F. Scott Ball
CEO

KEY FIGURES

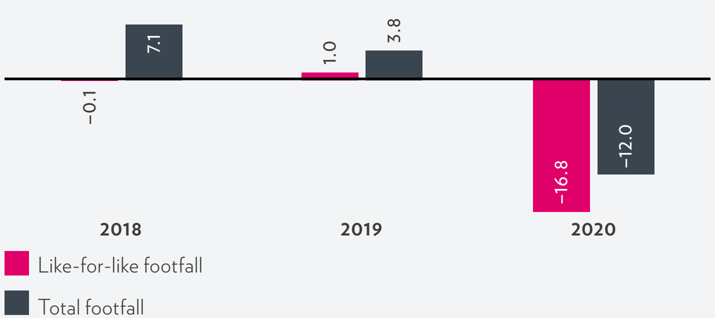
NET RENTAL INCOME BY SEGMENT

MEUR



FOOTFALL DEVELOPMENT [1]

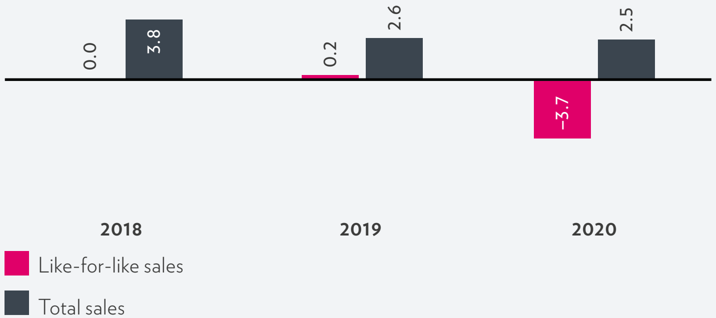
%



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

TENANT SALES DEVELOPMENT [1]

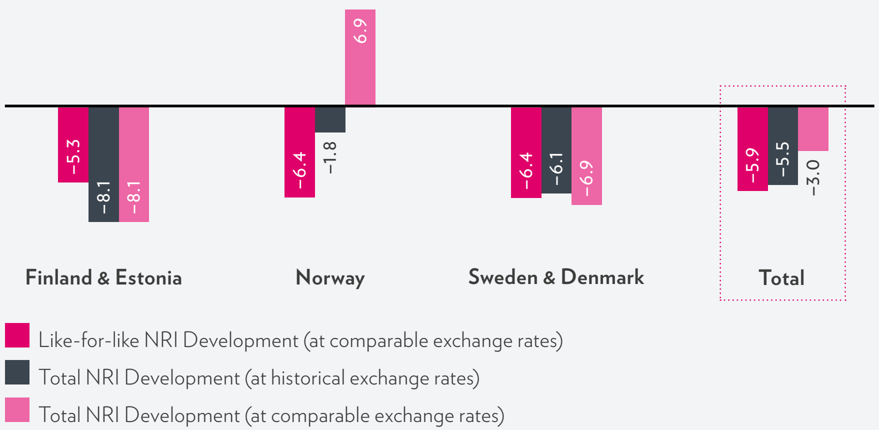
%



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

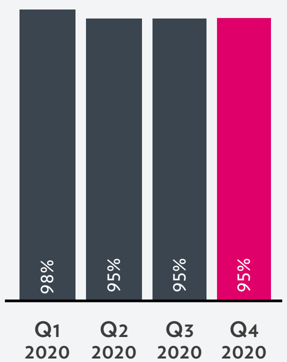
LIKE-FOR-LIKE AND TOTAL NET RENTAL INCOME DEVELOPMENT, 2020 VS. 2019

%



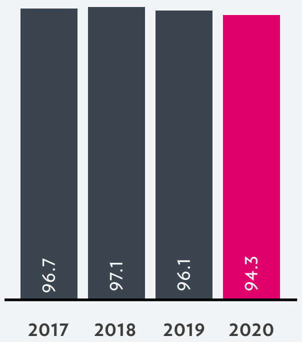
RENT COLLECTION RATE

%



RETAIL OCCUPANCY RATE [1]

%



[1] Including Kista Galleria 50%.

CITYCON – URBAN CONVENIENCE IN THE HEART OF COMMUNITIES

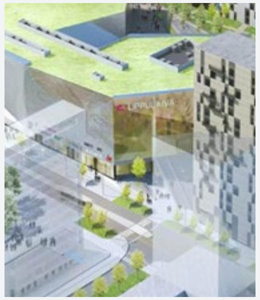
FOCUSING ON BEST QUALITY ASSETS THAT WE...

...OWN,

- Strong portfolio of 40 convenience based centres
- Located in growing urban areas in Nordic and Baltic cities
- Long-term investor

...MANAGE,

- Inhouse real estate expertise throughout the shopping centre value chain
- Retail experts in 5 countries
- Pan-Nordic approach with synergies and a cross-border leasing team



...DEVELOP.

- Area development – creating attractive places for living, working and socializing
- Improved commercial attractiveness and competitiveness and better places for our tenants to run their businesses

HOW WE CREATE VALUE?

ASSETS IN PRIME LOCATIONS

– Top 2 cities in each country with strong urbanisation
– Connection to public transportation

\+

NECESSITY BASED TENANT MIX

– Grocery anchored centres with large share of necessity tenants
– Mixed-use hubs with growing share of municipalities

\+

DENSIFICATION POTENTIAL

– Identified residential potential in connection existing assets
– Developing new residential, office, municipality services space

\+

STRONG SOCIAL AND COMMUNITY RELATIONSHIPS

– Long lasting relationship with municipalities
– Continued dialogue with surrounding communities
– Sustainability embedded in operating model

=

STABLE CORE BUSINESS WITH ATTRACTIVE GROWTH OPPORTUNITIES WITH CLEAR SYNERGIES AND EXISTING BUSINESS

REPORT BY THE BOARD OF DIRECTORS

Citycon continued to demonstrate the strength and stability of its portfolio in the COVID-19 environment. Citycon's tenant mix, heavily reliant on municipality and grocery anchor tenants, brought resilience which was reflected in Citycon results in 2020. This was reflected for example in Citycon's rent collection rate which remained strong throughout the year being 96% for 2020. Furthermore, tenant sales slightly increased and were 2.5% above 2019.

Citycon's net rental income in 2020 excluding Kista Galleria was EUR 205.4 million (2019: 217.4). The acquisition of three shopping centres in Norway in the beginning of 2020 increased net rental income, while previous year's divestments and weaker NOK and SEK decreased net rental income. The like-for-like net rental decrease remained relatively modest, -5.9 %, and was mainly due to discounts granted to tenants in Q2 and volume driven income items that were affected by the COVID-19 pandemic. Total net rental income adjusted for FX rates was 3.0% compared to the previous year.

Administrative expenses continued to decline during the year. In 2020, administrative expenses decreased 3.2% to EUR 25.9 million (26.8). Overall financial performance remained solid in 2020 and reported EPRA Earnings per share was EUR 0.767 (2019: EUR 0.818) as result of lower net rental income and currency changes.

During 2020, Citycon continued to take concrete actions to strengthen its balance sheet and as a result adjusted the dividend level. With this decision the Board of Directors wanted to signal its commitment to gradual deleveraging and protecting Citycon's investment grade credit ratings. Citycon also further improved its maturity profile and issued EUR 200 million tap bond in June and NOK 800 million green bond in November. The company also renewed and extended its revolving credit facilities by signing in total EUR 500 million committed syndicated revolving credit facilities in November 2020. All transactions were important milestones completing Citycon's near-term refinancing and securing sufficient liquidity buffer for several years ahead. The transactions also demonstrate Citycon's access to the capital markets even in a challenging market environment. Both signed RCF and NOK bond were green facilities which will further support Citycon's profile as a green investment.

Citycon also continued its (re)development project in Lippulaiva, which is progressing as planned. Lippulaiva is an excellent example of Citycon's strategy to create mixed-use urban hubs in which residentials and offices are built in the immediate vicinity of a community hub combining modern retail with necessity goods and services. Going forward, Citycon will continue to focus on developing mixed-use projects and densifying the urban environment around Citycon's existing centres.

MAIN EVENTS IN 2020

- Citycon acquired a portfolio of three shopping centres in Norway in February 2020.
- Kirsi Simola-Laaksonen (Chief Information Officer) was appointed a member of Citycon's Corporate Management Committee as of 1 April 2020.
- In May, Citycon announced that it will adjust the dividend level.
- In May, Fitch assigned a BBB- credit rating with a stable outlook on Citycon. Consequently, Citycon has now an investment grade credit rating from all three major credit rating agencies.
- Citycon successfully placed EUR 200 million denominated notes in a tap issue in June. The notes were issued under the same terms and conditions as the existing 10-year notes maturing on 1 October 2024.
- In November, Citycon issued a NOK 800 million green bond and signed total EUR 500 million sustainability linked committed syndicated revolving credit facilities.
- According to its strategy to focus on locally optimized urban hubs and a tenant mix, which is heavily based on municipality and grocery anchor tenants, Citycon announced several new municipality and healthcare tenancies in 2020. During the year, Citycon signed or agreed long-term leases with municipality and health care tenants across the Nordics for a total of 10,900 square meters.
- During 2020, Citycon took concrete actions on its densification strategy in which residentials and offices as well as diverse service offering are built in the immediate vicinity of the shopping centre. As an example, mixed-use urban development project in Lippulaiva progressed as planned. Lippulaiva will have a total of 30,000 square metres of residential building space in addition to 44,000 square metres of commercial space housing approximately 100 different units including grocery stores, cafés, restaurants, services and office spaces. Additionally, area planning and zoning in Liljehomen was progressed resulting in launching the area development project in co-operation with the City of Stockholm in January 2021.

BUSINESS ENVIRONMENT

The world economy has been at a state of great uncertainty due to the COVID-19 outbreak that the World Health Organisation (WHO) classified as a pandemic on March 11th, 2020. The measures taken to prevent the spread of the disease cause the global economy to slow down and therefore COVID-19 has substantially affected our business environment from March2020 onwards. Despite the virus is still present and spreading, in Q3 and Q4 advanced economies have recovered faster than expected and GDP in the Nordics fell less than anticipated in 2020.

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

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

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

In Estonia, shopping centres re-opened as of May 11th with social distance limitations. The state of emergency is over but some rules and restrictions for nightclubs will still apply. During 2020 household consumption held up relatively well despite the COVID-19 crisis.

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

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

BUSINESS ENVIRONMENT KEY FIGURES

%	Finland	Norway	Sweden	Denmark	Estonia	Euro area
GDP growth forecast. 2020	-4.3%	-2.8%	-3.4%	-3.9%	-4.6%	-7.8%
Unemployment. 2020	7.9%	4.7%	8.8%	6.1%	7.5%	8.3%
Inflation. 2020	0.4%	1.4%	0.6%	0.3%	-0.5%	-0.3%
Retail sales growth. 2020	3.8%	8.0%	3.1%	3.5%	4.0%	-2.9%

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

FINANCIAL PERFORMANCE 2020

- Net rental income was EUR 205.4 million (Q1-Q4/2019: 217.4). Acquisitions increased net rental income by EUR 8.7 million, while previous year's divestments and weaker currencies decreased it by EUR 2.4 million and by EUR 5.7 million respectively. Like-for-like net rental income decreased by EUR 10.0 million mainly due to discounts granted to tenants, increased credit losses and volume driven income items, such as parking fees and specialty leasing, that were affected by Covid-19 pandemic. The estimated total impact of COVID-19 was 13.5 million euros.
- EPRA Earnings decreased to EUR 136.6 million (145.6) as result of lower net rental income, currency changes and lower share of profit of joint ventures and associated companies. EPRA Earnings per share (basic) was EUR 0.767 (0.818), impact from weaker currencies being EUR 0.026 per share.
- Adjusted EPRA earnings decreased to EUR 120.3 million (143.9) due to lower net rental income and hybrid bond coupons for the bond issued in late 2019.
- IFRS earnings per share was EUR -0.25 (0.04) as a result of higher fair value losses, lower net rental income and hybrid bond coupons.
- Net cash from operations per share decreased to EUR 0.71 (0.76) resulting from lower earnings.
- The Board of Directors proposes to the Annual General Meeting that the Board be authorised to decide on the profit sharing for the financial year 2020. Based on the proposed authorization the maximum amount of profit sharing, to be paid as dividends and/or equity repayment, would be EUR 0.50 per share.

OUTLOOK

Citycon forecasts the 2021 direct operating profit to be in range EUR 170–188 million, EPRA EPS EUR 0.651–0.751 and adjusted EPRA EPS EUR 0.558–0.658.

Direct operating profit	MEUR	170–188
EPRA Earnings per share (basic)	EUR	0.651–0.751
Adjusted EPRA Earnings per share (basic)	EUR	0.558–0.658

The outlook assumes that there are no major changes in macroeconomic factors and that there will not be a second wave of COVID-19 with restrictions resulting in significant store closures. These estimates are based on the existing property portfolio and announced disposals as well as on the prevailing level of inflation, the EUR–SEK and EUR–NOK exchange rates, and current interest rates.

KEY FIGURES

		2020	2019	%	Comparable change % [1]
Net rental income	MEUR	205.4	217.4	-5.5%	-3.0%
Direct Operating profit [2]	MEUR	180.4	193.5	-6.8%	-4.0%
IFRS Earnings per share (basic) [3]	EUR	-0.25	0.04	-	-
Fair value of investment properties	MEUR	4 152.2	4 160.2	-0.2%	-
Loan to Value (LTV) [2]	%	46.9	42.4	10.6%	-
EPRA based key figures [2]					
EPRA Earnings	MEUR	136.6	145.6	-6.2%	-3.1%
Adjusted EPRA Earnings [3]	MEUR	120.3	143.9	-16.4%	-14.6%
EPRA Earnings per share (basic)	EUR	0.767	0.818	-6.2%	-3.1%
Adjusted EPRA Earnings per share (basic) [3]	EUR	0.676	0.809	-16.4%	-14.6%
EPRA NRV per share	EUR	11.48	12.45	-7.8%	-

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

NET RENTAL INCOME

The net rental income decreased to EUR 205.4 million (217.4). The decrease was mainly due to weaker currencies, short-term discounts given to tenants during COVID-19 and higher credit loss provisions. The total amount of rental reliefs granted due to pandemic was EUR 4.4 million. All these reliefs were granted during the second quarter. Under IFRS, the total amount of rental reliefs is accrued over the remaining contract period. Also, specialty leasing and parking income declined as a result of lower footfall. Divestments conducted during 2019 decreased net rental income while acquisitions closed in the beginning of 2020 partially offset the decrease.

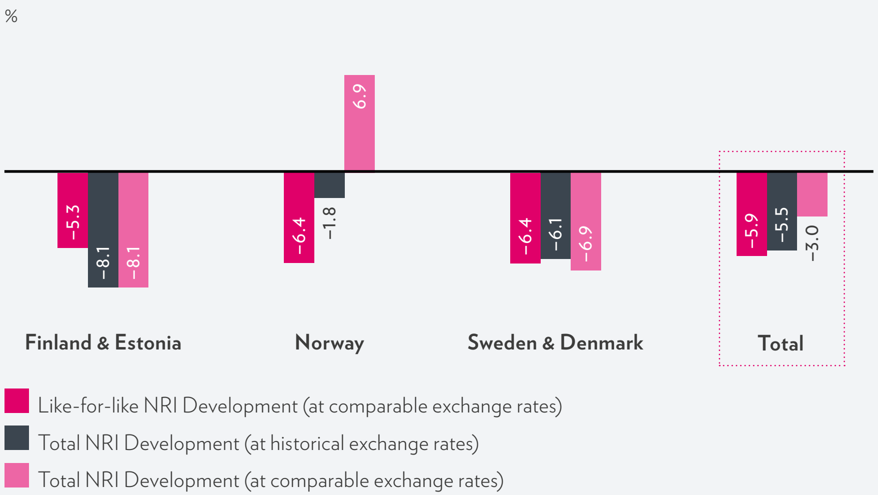
Total net rental income at comparable exchange rates decreased by 3.0%. Like-for-like net rental income decreased by 5.9% compared to Q1-Q4/2019.

Net rental income from the Finnish & Estonian operations decreased by 8.1% compared to Q1-Q4/2019 mainly due to rental discounts given during pandemic as well as increased credit loss provisions and divestments of non-core assets in 2019. Net rental income from the like-for-like portfolio decreased by 5.3%.

Net rental income from the Norwegian operations decreased by 1.8% compared to Q1-Q4/2019 mainly due to weakening of NOK during the reporting period, lower footfall and higher credit loss provisions. Acquisitions in Q1 positively affected net rental income and partially offset the negative effects. Like-for-like net rental income decreased by 6.4%.

Net rental income from Swedish & Danish operations decreased by 6.1% due to given discounts, lower footfall and higher credit loss provisions. Like-for-like net rental income decreased by 6.4%.

LIKE-FOR-LIKE AND TOTAL NET RENTAL INCOME DEVELOPMENT, 2020 VS. 2019



NET RENTAL INCOME AND GROSS RENTAL INCOME BREAKDOWN

MEUR	Net rental income: Finland & Estonia	Norway	Sweden & Denmark	Other	Total	Gross rental income: Total
2019	**94.4**	**75.4**	**47.4**	**0.3**	**217.4**	**232.1**
Acquisitions	-	8.7	-	-	8.7	9.6
(Re)development projects	-1.2	-0.6	-0.6	-	-2.4	-1.9
Divestments	-2.4	0.0	-	-	-2.4	-2.7
Like-for-like properties [1]	-4.0	-3.3	-2.8	-	-10.0	-6.6
Other (incl. IFRS 16 and exchange rate differences)	0.0	-6.2	0.5	-0.1	-5.9	-6.1
2020	**86.8**	**74.1**	**44.5**	**0.1**	**205.4**	**224.3**

[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, SALES AND FOOTFALL

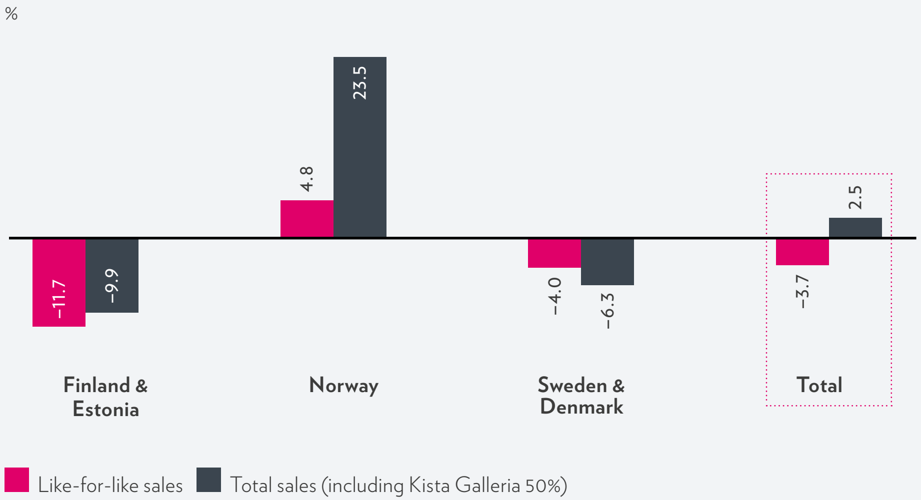
The economic occupancy was 93.6%. Economic occupancy rate slightly improved compared to the previous quarter (Q3/2020: 93.5%). Furthermore, the retail occupancy rate improved to 94.3% from 94.1% in Q3/2020. The average rent per sq.m. decreased to 22.1 EUR (23.3) mainly due to weaker currencies. With comparable rates, the average rent per sq.m. was 22.7 EUR. The year-to-date leasing spread of renewals and re-lettings was -3.1%.

During the period, total sales in Citycon's shopping centres increased by 2.5% mainly due to acquisitions and positive development in Norway. Like-for like sales remained close to previous year's level and like-for-like grocery sales increased in all countries compared to previous year.

Footfall decreased by 12% compared to the previous year. Both sales and footfall developed favourably in the beginning of the year, but COVID-19 related restrictions started in March 2020 burdened the figures. However, the average consumer spending in our centres grew significantly compared to previous year offsetting the decline in footfall.

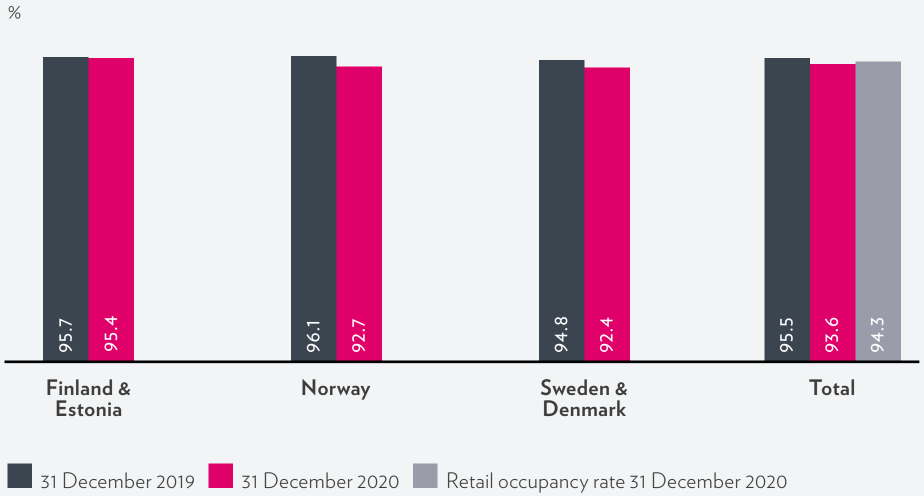
At period-end, Citycon had a total of 4,564 (4,404) leases, of which the average remaining length was 2.9 years (3.2).

TENANT SALES DEVELOPMENT, 2020 VS. 2019 [1]



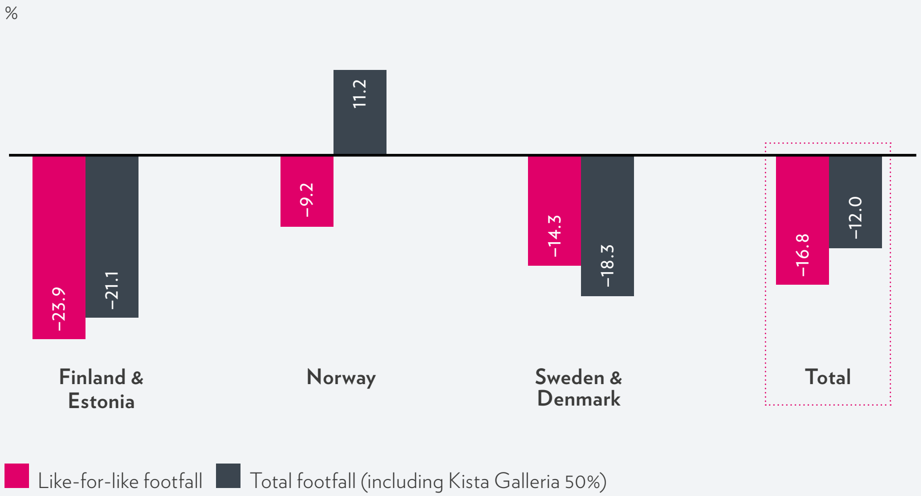
[1] Sales figures include estimates. Sales figures exclude VAT and the change has been calculated using comparable exchange rates.

ECONOMIC OCCUPANCY RATE [1]



[1] Including Kista Galleria 50%.

FOOTFALL DEVELOPMENT, 2020 VS. 2019 [1]



[1] Footfall figures include estimates.

LEASE PORTFOLIO SUMMARY [1]

		31 December 2020	31 December 2019
Number of leases	pcs	4,564	4,404
Average rent	EUR/sq.m.	22.1	23.3
Finland & Estonia	EUR/sq.m.	25.1	25.8
Norway	EUR/sq.m.	19.8	21.7
Sweden & Denmark	EUR/sq.m.	21.6	22.1
Average remaining length of lease portfolio	years	2.9	3.2
Occupancy cost ratio [2]	%	8.9	9.4
Leasing spread, renewals and re-lettings [3]	%	-3.1	1.4

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

LEASING ACTIVITY [1]

		2020	2019
Total area of leases started	sq.m.	239,609	145,859
Average rent of leases started	EUR/sq.m.	19.7	26.0
Total area of leases ended	sq.m.	261,711	194,152
Average rent of leases ended	EUR/sq.m.	22.0	25.5

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

FINANCIAL RESULT

Administrative expenses decreased 3.2% to EUR 25.9 million (26.8), which was mainly due to lower travel and other personnel related expenses. At the end of the reporting period, Citycon Group employed a total of 246 (234) full-time employees (FTEs), of whom 49 worked in Finland & Estonia, 97 in Norway, 61 in Sweden & Denmark, and 39 in Group functions.

Operating profit declined to EUR 34.1 million (73.1) following lower net rental income and higher fair value losses of EUR -146.9 million (-121.9).

Net financial expenses (IFRS) decreased to EUR 51.8 million (54.2) as the lower average amount of debt following the issuance of the hybrid bond, slightly lower average cost of debt and weaker average NOK currency rates had a positive impact on net financial expenses. EUR 5.8 million of indirect losses (5.3 loss) related mainly to fair value changes of cross-currency swaps not under hedge accounting and non-cash write-downs of unamortized fees on prepaid loans.

Share of loss of joint ventures and associated companies totalled EUR -28.0 million (-16.6). The decrease was mainly due to the weaker result and fair value losses in Kista Galleria.

Profit for the period decreased to EUR -27.9 million (8.9).

PERSONNEL KEY FIGURES

	2020	2019	2018
Average number of personnel (FTE)	239	240	254
Wages and salaries, EUR million	18.2	17.5	19.4

PROPERTY PORTFOLIO VALUE DEVELOPMENT

The asset value of investment properties decreased by EUR 8.0 million from year-end to EUR 4,152.2 million (31 December 2019: 4,160.2). Net investments, including both acquisitions and disposals and development projects increased the value by EUR 328.5 million and transfer between categories by EUR 3.9 million. Fair value losses decreased the assets value by EUR 146.9 million and changes in exchange rates decreased value by EUR 43.4 million. Transfer to the assets held for sale decreased the asset value of investment properties by EUR 149.7 million and changes in right-of-use –assets by EUR 0.4 million.

The fair value change of investment properties amounted to EUR -146.9 million (-121.9). The company recorded a total value increase of EUR 39.8 million (2.4) and a total value decrease of EUR 181.1 million (-118.4). In addition, the application of IFRS 16 standard had an impact of EUR -5.7 million (-6.0) to the fair value change of investment properties during the January-December reporting period.

The fair value of Citycon's investment properties has been measured by CBRE (Norway, Denmark, Estonia) and JLL (Finland, Sweden) for the the Financial statement 2020. The fair value of Citycon's properties was measured by CBRE (Sweden, Norway, Denmark, Estonia) and JLL (Finland) for the financial statement for 2019.

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

PROPERTY PORTFOLIO SUMMARY [1]

31 December 2020	No. of properties	Gross leasable area	Fair value, MEUR	Properties held for sale, MEUR	Portfolio, %
Shopping centres, Finland & Estonia	12	462,920	1,907.4	-	44%
Other properties, Finland & Estonia	1	2,240	3.0	-	0%
Finland & Estonia, total	**13**	**465,160**	**1,910.5**	**-**	**44%**
Shopping centres, Norway	17	444,200	1,426.8	-	33%
Rented shopping centres, Norway [2]	1	14,500	-	-	-
Norway, total	**18**	**458,700**	**1,426.8**	**-**	**33%**
Shopping centres, Sweden & Denmark	10	269,600	769.9	149.7	21%
Sweden & Denmark, total	**10**	**269,600**	**769.9**	**149.7**	**21%**
Shopping centres, total	40	1,191,220	4,104.2	149.7	99%
Other properties, total	1	2,240	3.0	-	0%
Investment properties, total	**41**	**1,193,460**	**4,107.2**	**149.7**	**99%**
Right-of-use assets classified as investment properties (IFRS 16)	-	-	45.0	-	1%
Investment properties in the statement of financial position, total	**41**	**1,193,460**	**4,152.2**	**149.7**	**100%**
Kista Galleria (50%)	1	46,050	255.6	-	-
Investment properties and Kista Galleria (50%), total	**42**	**1,239,510**	**4,407.8**	**149.7**	**-**

[1] Includes Lippulaiva development project.
[2] Value of rented properties is recognised within intangible rights based on IFRS rules.

FAIR VALUE CHANGES

MEUR	2020	2019
Finland & Estonia	-86.8	-55.5
Norway	-1.3	-29.2
Sweden & Denmark	-53.1	-31.4
Investment properties, total	**-141.2**	**-116.0**
Right-of-use assets classified as investment properties (IFRS 16)	-5.7	-6.0
Investment properties in the statement of financial position, total	**-146.9**	**-121.9**
Kista Galleria (50%)	-32.3	-17.7
Investment properties and Kista Galleria (50%), total	**-179.2**	**-139.6**

RECYCLING OF CAPITAL CONTINUED

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

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

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

(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. In addition, Citycon has one smaller development project ongoing in Oasen Kjøpesenter in Norway, in which over 6,000 square meters of office space will be converted into premises for a new health center, F&B and daily shopping.

Further information on the company's completed, ongoing and planned (re)developments can be found on pages 35-36 in the Financial Review 2020.

ACQUISITIONS AND DIVESTMENTS 2020

		Location	Date	Gross leasable area, sq.m.	Price, MEUR [3]
Acquisitions					
Sektor Portefølje II AS (80%) [1]			5 February 2020		145.0
Stovner Senter	Shopping centre	Oslo, Norway		44,800	
Torvbyen	Shopping centre	Fredrikstad, Norway		14,100	
Markedet	Shopping centre	Haugesund, Norway		10,700	
Heikintori (24%) [2]	Shopping centre	Espoo, Finland	31 March 2020	6,200	2.6
Land plots next to Kristiine shopping centre		Tallin, Estonia	20 November 2020	-	1.6
Acquisitions, total				**75,800**	**149.2**
Divestments					
Markedet	Shopping centre	Haugesund, Norway	2 March 2020	10,700	12.0
Divestments, total				**10,700**	**12.0**

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

(RE)DEVELOPMENT PROJECTS PROGRESSED

	Location	Area before/ after, sq.m.	Expected gross investment, MEUR	Actual gross investment by 31 December 2020, MEUR	Completion
Lippulaiva	Helsinki metropolitan area, Finland	19,200/44,300	TBC [1]	246.6	2022
Oasen Kjøpesenter (phase I)	Bergen, Norway	-	11.6	5.4	2021

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

CAPITAL EXPENDITURE

MEUR	2020	2019
Acquisitions of properties [1]	156.0	0.3
Acquisitions of and investments in joint ventures	5.1	2.2
Property development [2]	182.5	100.1
Goodwill and other investments	2.0	3.3
Total capital expenditure incl. acquisitions	**345.6**	**106.0**
Capital expenditure by segment		
Finland & Estonia	150.5	66.9
Norway	178.3	22.3
Sweden & Denmark	14.9	14.1
Group administration	1.9	2.6
Total capital expenditure incl. acquisitions	**345.6**	**106.0**
Divestments [3]	**10.0**	**80.6**

[1] *Capital expenditure takes into account deduction in the purchase price calculations and FX rate changes.*
[2] *Comprises mainly of investments in Lippulaiva in 2020.*
[3] *Excluding transfers into 'Investment properties held for sale'-category.*

KEY FINANCING FIGURES

		31 December 2020	31 December 2019
Fair value of debt	MEUR	2,098.0	1,830.7
Interest-bearing liabilities, carrying value [1]	MEUR	2,121.2	1,874.4
Available liquidity	MEUR	447.0	562.1
Average loan maturity	years	3.8	4.6
Loan to Value (LTV) [2] [3]	%	46.9	42.4
Interest cover ratio (financial covenant > 1.8)	x	4.1	4.2
Net debt to total assets (financial covenant < 0.60) [4]	x	0.45	-
Solvency ratio (financial covenant < 0.65)	x	0.46	0.42
Secured solvency ratio (financial covenant < 0.25)	x	0.02	0.02

[1] *Including EUR 48.8 million (55.2) IFRS 16 lease liabilities.*
[2] *Excluding both right-of-use assets recognized as part of investment properties, as well as lease liabilities pertaining to these right-of-use assets, which are based on IFRS 16 requirements.*
[3] *Hybrid bond treated as equity as according to IFRS.*
[4] *Net debt to total assets is a new covenant and replaces equity ratio covenant in the Revolving Credit Facility.*

SHAREHOLDERS' EQUITY

Equity per share was EUR 12.17 (31 December 2019: 13.06). Result for the period, dividends and equity return and translation losses decreased the equity per share.

At period-end, shareholders' equity attributable to parent company's shareholders was EUR 1,818.6 million (1,978.4).

FINANCING

In November Citycon successfully placed a NOK 800 million green bond. The issuer of the bond is Citycon Treasury B.V. and the guarantor is Citycon Oyj. The 3-year senior unsecured bond matures on 24 November 2023 and pays a floating coupon of 3-month NIBOR + 2.8% margin. The bond is issued under the issuer's EMTN programme and is listed on the Oslo Stock Exchange. The net proceeds from the offering were used to finance and re-finance Eligible Green Assets and Projects in accordance with the Green Finance Framework including refinancing of existing NOK debt. The bond offering was over two times oversubscribed.

In November Citycon signed a total of EUR 500 million new committed syndicated multicurrency sustainability-linked revolving credit facilities ('RCF'), to replace and extend its existing EUR 500 million facility maturing in December 2021. The new facilities consist of an EUR 250 million unsecured facility and an EUR 250 million secured facility. The credit facilities can be used for general corporate purposes. The maturity of both new facilities is 3.5 years. The margin of the facilities is determined based on Citycon's credit rating. Additionally, the margin is linked to achieving Citycon's 2030 key sustainability targets. Refinancing of Citycon's revolving credit facility was an important milestone completing our near-term refinancing and securing a sufficient liquidity buffer for several years ahead. The transaction also demonstrates Citycon's access to debt financing and the strength of our core bank relationships.

Two secured bank term loans of each NOK 1,000 million were prepaid in November with proceeds from the NOK 800 million bond and NOK 1,000 million drawn under the new secured RCF, and excess cash. One of the loans was relating to the acquired Sektor Portefølje II AS and was maturing in December 2021 and the other loan would have matured in June 2022.

As a result of the Covid-19 outbreak, debt capital markets have been less liquid, and in March-April the commercial paper markets in the Nordics were practically closed. Therefore, Citycon temporarily drew EUR 200 million from the committed syndicated revolving credit facility (RCF) to finance maturing commercial papers and to secure sufficient liquidity for its operations.

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

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

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

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

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

INTEREST-BEARING DEBT

Despite weaker NOK currency rate, the fair value of interest-bearing debt increased during the year by EUR 267.3 million to EUR 2,098.0 million, mainly due to the acquisition of Sektor Portefølje II AS and capital investments. The carrying amount of interest-bearing liabilities in the balance sheet was EUR 2,121.2 million including IFRS liabilities. At year-end cash stood at EUR 25.9 million.

The weighted average loan maturity was 3.8 years.

The LTV (IFRS) increased during the year to 46.9% as a result of higher net debt and despite higher property values.

FINANCIAL EXPENSES

Direct net financial expenses (EPRA) decreased compared to last year as the lower average amount of debt, slightly lower average cost of debt and weaker average NOK currency rates had a positive impact on net financial expenses. Due to Covid-19 the company has held higher cash buffers to ensure liquidity, which has increased average debt levels and financial expenses.

Net financial expenses (IFRS) decreased to EUR 51.8 million (54.2). The EUR 5.8 million of indirect losses (5.3 loss) related mainly to fair value changes of cross-currency swaps not under hedge accounting and non-cash write-downs of unamortized fees on prepaid loans.

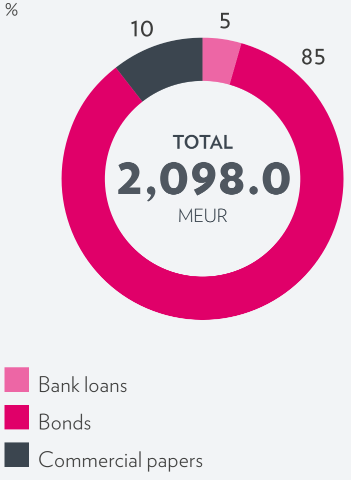
The financial income mainly consisted of interest income on a loan to Kista Galleria.

The period-end average cost of debt was 2.4%.

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.

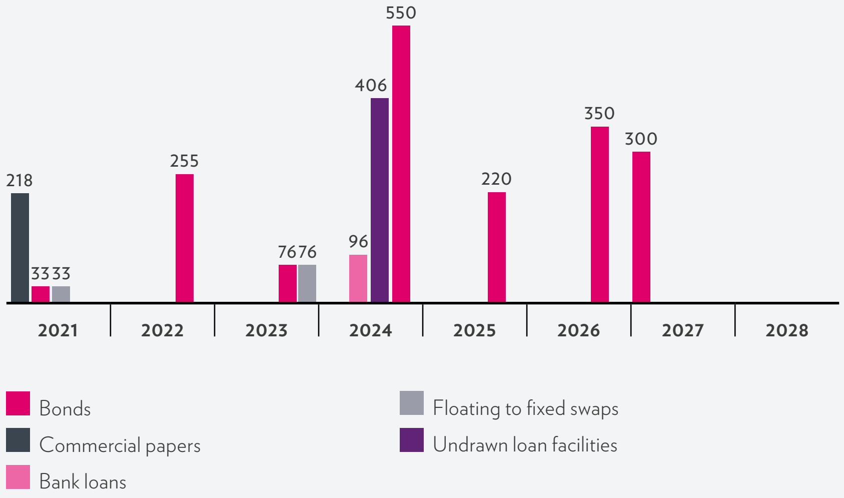
BREAKDOWN OF LOANS

%



DEBT MATURITIES

MEUR



FINANCIAL EXPENSES KEY FIGURES

		2020	2019
Financial expenses [1]	MEUR	-57.5	-62.4
Financial income [1]	MEUR	5.8	8.2
Net financial expenses (IFRS)	**MEUR**	**-51.8**	**-54.2**
Direct net financial expenses (EPRA)	MEUR	-46.0	-48.9
Weighted average interest rate [2]	%	2.39	2.29
Weighted average interest rate excluding derivatives	%	2.37	2.34
Year-to-date weighted average interest rate [2]	%	2.34	2.41

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

CHANGES IN CORPORATE MANAGEMENT

Kirsi Simola-Laaksonen was appointed to Citycon´s Corporate Management Committee as of 1 April 2020.

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. 77% 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 2020.

Citycon's Annual and Sustainability Report 2019 was awarded as one of the best within the industry. Citycon received the EPRA Gold Award in the Sustainability Best Practices series for the ninth 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 2020:

- Citycon's total energy consumption (incl. electricity consumption in common areas, heating and cooling) amounted to 195 gigawatt hours (208 GWh). Shopping centre energy intensity (kWh/sq.m) decreased by 10.6% compared to previous year.
- The carbon footprint totalled 21,000 thousand carbon equivalent tonnes (33,000 tCO_2e). The carbon intensity ($kgCO_2e$/sq.m) of shopping centres decreased by 38% compared to previous year.
- The recycling rate in shopping centres remained at the same level as the previous year and was 99%.

RISKS AND UNCERTAINTIES

The outbreak of the COVID-19 pandemic also in the Nordics and in Estonia has had a negative effects on our business. Both changed consumer behaviour and authority restrictions in our operating countries haves substantially changed our business environment. This might affect our ability to collect rents on time or in full.

Other 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 of 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 37-38 in the Financial Statements 2020, in Note 3.5 A) as well as on Citycon's website in the Corporate Governance section.

LEGAL PROCEEDINGS

Certain 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 2020

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

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

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

EXTRAORDINARY GENERAL MEETING 2020

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

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.

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

The EGM held on 11 June 2020 resolved the number of members of the Board of Directors to be ten and decided to elect Yehuda (Judah) Angster and Zvi Gordon as new Board members of the company.

Chaim Katzman was the Chairman of the Board of Directors in 2020, and Ariella Zochovitzky 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 2020.

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/management. Information on the CEO's executive contract and its terms and conditions are available on page 57 of the Financial Statements.

CORPORATE GOVERNANCE STATEMENT

Citycon has published Citycon Group's Corporate Governance Statement 2020 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.

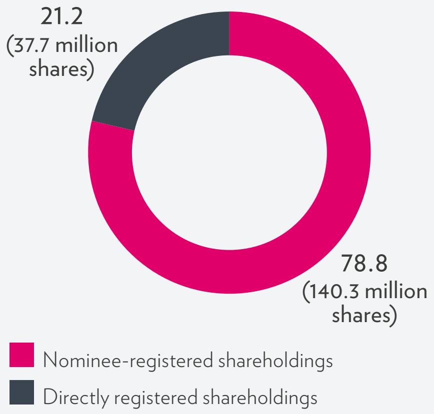
SHARES, SHARE CAPITAL AND SHAREHOLDERS

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 2020, the total number of shares outstanding in the company was 177,998,525. The shares have no nominal value. During 2020, there were no changes in the company's share capital.

At the end of December 2020, Citycon had a total of 22,499 (17,396) registered shareholders, of which 11 were account managers of nominee-registered shares. Holders of the nominee-registered shares held approximately 140.3 million (141.5) shares, or 78.8% (79.5%) of shares and voting rights in the company.

SHAREHOLDERS 31 DECEMBER 2020

% of shares and voting rights



SHARES AND SHARE CAPITAL

		2020
Share capital at period-start	MEUR	259.6
Share capital at period-end	MEUR	259.6
Number of shares at period-start		177,998,525
Number of shares at period-end		177,998,525

DIVIDEND AND EQUITY REPAYMENT

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

The Board of Directors also decided that the Board's proposal regarding the company 's dividend and/or equity repayment, which will be made later to the AGM 2021, would be set to maximum total EUR 0.50 per share for the year 2021. This is approximately 23% less than the original authorization of EUR 0.65 per share for 2020. With this decision the Board of Directors wants to signal its commitment to gradual deleveraging and protecting Citycon's investment grade credit ratings.

BOARD AUTHORISATIONS

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

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

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

Matching Share Plan 2018–2020

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

Restricted Share Plan 2018-2020

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

Restricted Share Plan 2015

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

Performance Share Plan 2015

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

OWN SHARES

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

FLAGGING NOTICES

The company did not receive any notifications of changes in shareholding during the year 2020.

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.

DIVIDENDS AND EQUITY REPAYMENTS PAID ON 31 DECEMBER 2020 [1]

	Record date	Payment date	EUR / share
Dividend for 2019	19 March 2020	31 March 2020	0.05
Equity repayment Q1	19 March 2020	31 March 2020	0.1125
Equity repayment Q2	22 June 2020	30 June 2020	0.1250
Equity repayment Q3	23 September 2020	30 September 2020	0.1250
Equity repayment Q4	18 December 2020	30 December 2020	0.1250
Total			**0.5375**

[1] *Board decision based on the authorisation issued by the AGM 2020*

Based on the information received by Citycon, Gazit-Globe Ltd. and CPPIBEH have undertaken to vote in Citycon's general meetings in favor 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:

- CEO Restricted Share Plan 2018–2021
- Performance Share Plan 2020–2022 (Corporate Management Committee excl. the CEO)
- Matching Share Plan 2018–2020 (Corporate Management Committee)
- Restricted Share Plan 2020–2022 (Key employees, excl. Corporate Management Committee)
- Restricted Share Plan 2018–2020 and
- Restricted Share Plan 2015.

The main terms of the long-term share-based incentive plans are explained in the Note 1.6 on pages 57-58 of the Financial Statements.

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

The 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 198,055 company shares on 31 December 2020. These shareholdings represented 0,11% 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 12 February was disclosed that Citycon has agreed to divest a portfolio of three shopping centres in Sweden.

OUTLOOK

Citycon forecasts the 2021 direct operating profit to be in range EUR 170–188 million, EPRA EPS EUR 0.651–0.751 and adjusted EPRA EPS EUR 0.558–0.658 .

Direct operating profit	MEUR 170–188
EPRA Earnings per share (basic)	EUR 0.651–0.751
Adjusted EPRA Earnings per share (basic)	EUR 0.558–0.658

The outlook assumes that there are no major changes in macroeconomic factors and that there will not be a second wave of COVID-19 with restrictions resulting in significant store closures. These estimates are based on the existing property portfolio as well as on the prevailing level of inflation, the EUR–SEK and EUR–NOK exchange rates, and current interest rates.

Helsinki, 17 February 2021
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.

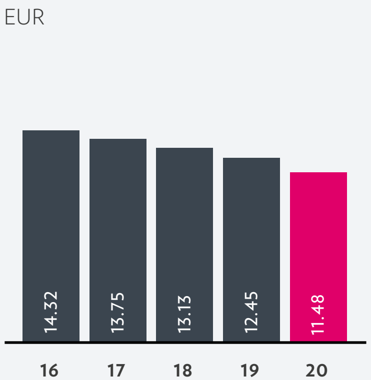
Citycon applies the best practices policy recommendations of EPRA for financial reporting and also for sustainability reporting. This section in Citycon's financial statements presents the EPRA performance measures and their calculations. For more information about EPRA and EPRA's best practice policies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

EPRA PERFORMANCE MEASURES

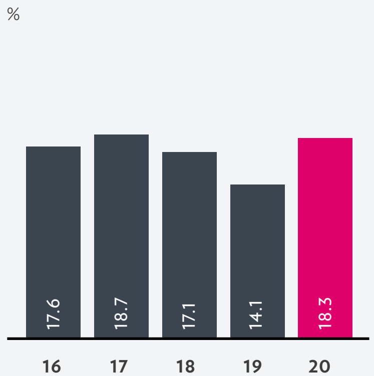
	Note	2020	2019	2018	2017	2016
EPRA Earnings, MEUR	1	136.6	145.6	143.5	152.3	151.1
Adjusted EPRA Earnings, MEUR [2]	1	120.3	143.9	143.5	152.3	151.1
EPRA Earnings per share (basic), EUR [1]	1	0.767	0.818	0.806	0.856	0.849
Adjusted EPRA Earnings per share (basic), EUR [1] [2]	1	0.676	0.809	0.806	0.856	0.849
EPRA NRV per share, EUR [1]	2	11.48	12.45	13.13	13.75	14.32
EPRA NAV per share, EUR [1]	2	11.30	12.28	12.95	13.57	14.11
EPRA Cost Ratio (including direct vacancy costs), %	3	18.3	14.1	17.1	18.7	17.6
EPRA Cost Ratio (excluding direct vacancy costs), %	3	15.6	11.7	15.1	16.5	15.5
EPRA Net Initial Yield (NIY), %	4	5.4	5.3	5.2	5.2	5.5
EPRA 'topped-up' NIY, %	4	5.4	5.4	5.2	5.3	5.6
EPRA vacancy rate, %	5	6.4	4.5	3.6	4.0	3.7

[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 and amortized fees.

EPRA NRV PER SHARE



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.

	2020			2019		
	MEUR	Average number of shares (1,000)	per share, EUR	MEUR	Average number of shares (1,000)	per share, EUR
Earnings in IFRS Consolidated Income Statement	**-28.0**	**177,998**	**-0.157**	**8.9**	**177,997**	**0.050**
+/- Net fair value losses/gains on investment property	146.9	177,998	0.826	121.9	177,997	0.685
-/+ Net gains/losses on disposal of investment property	-0.7	177,998	-0.004	-1.5	177,997	-0.009
+/- Indirect other operating expenses	-	177,998	-	-	177,997	-
+ Early close-out costs of debt and financial instruments	0.8	177,998	0.004	7.9	177,997	0.044
-/+ Fair value gains/losses of financial instruments	5.0	177,998	0.028	-2.6	177,997	-0.015
+/- Indirect losses/gains of joint ventures and associated companies	27.2	177,998	0.153	19.5	177,997	0.109
-/+ Change in deferred taxes arising from the items above	-14.7	177,998	-0.083	-8.5	177,997	-0.048
EPRA Earnings (basic)	**136.6**	**177,998**	**0.767**	**145.6**	**177,997**	**0.818**
-/+ Hybrid bond coupons and amortized fees	-16.2	177,998	-0.091	-1.7	177,997	-0.010
Adjusted EPRA Earnings (basic)	**120.3**	**177,998**	**0.676**	**143.9**	**177,997**	**0.809**

	2020			2019		
	MEUR	Average number of shares (1,000)	per share, EUR	MEUR	Average number of shares (1,000)	per share, EUR
Net rental income (NRI)	**205.4**	**177,998**	**1.154**	**217.4**	**177,997**	**1.222**
Direct administrative expenses	-25.9	177,998	-0.146	-26.8	177,997	-0.150
Direct other operating income and expenses	0.9	177,998	0.005	2.8	177,997	0.016
Direct Operating profit	**180.4**	**177,998**	**1.013**	**193.5**	**177,997**	**1.087**
Direct net financial income and expenses	-46.0	177,998	-0.258	-48.9	177,997	-0.275
Direct share of profit/loss of joint ventures and associated companies	-0.8	177,998	-0.004	2.8	177,997	0.016
Direct current taxes	-1.8	177,998	-0.010	-2.0	177,997	-0.011
Change in direct deferred taxes	4.8	177,998	0.027	0.1	177,997	0.001
Direct non-controlling interest	-0.1	177,998	-0.001	0.0	177,997	0.000
EPRA Earnings (basic)	**136.6**	**177,998**	**0.767**	**145.6**	**177,997**	**0.818**
Hybrid bond coupons and amortized fees	-16.2	177,998	-0.091	-1.7	177,997	-0.010
Adjusted EPRA Earnings (basic)	**120.3**	**177,998**	**0.676**	**143.9**	**177,997**	**0.809**

EPRA Earnings decreased by EUR 9.0 million and EPRA EPS was EUR 0.767.
EPRA earnings was lower mainly due to the reasons related to Covid-19 pandemic, i.e slightly lower net rental income and result of joint ventures, as well as the impact of weaker NOK-currency rate. Decrease was partly offset by lower direct financial expenses.

CHANGE IN EPRA EARNINGS

MEUR

1 Net rental income
2 Direct net financial income and expenses
3 Direct administrative expenses
4 Direct other operating income and expenses
5 Direct current and deferred taxes
6 Other direct items

2. EPRA NET ASSET VALUE METRICS

EPRA NAV metrics present the fair value of net assets of a real estate company. In October 2019, the European Public Real Estate Association ('EPRA') published new Best Practice Recommendations ('BPR') for financial disclosures by listed real estate companies. The BPR introduced three new measures of net asset value: EPRA Net Reinstatement Value (NRV), Net Tangible Assets (NTA), and Net Disposal Value (NDV), which replace previously reported measures EPRA NAV and NNNAV. The metrics have been updated to better reflect the development of real estate companies from passive asset owners to active asset managers and capital allocators and hence presents three different scenarios from which the company can choose one as the most representative.

The EPRA NRV scenario, aims to represent the value required to rebuild the entity and assumes that no selling of assets takes place. EPRA NRV 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), the fair value of financial instruments are excluded from EPRA NRV. The transfer tax cost to rebuild the portfolio increases EPRA NRV.

The EPRA NTA is focused on reflecting a company's tangible assets and assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax liability.

EPRA NDV aims to represent the shareholders' value under an orderly sale of business, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax. EPRA NDV is a measure of the real estate company's "spot" fair value at the balance sheet date. Spot fair value means that EPRA NDV reflects the fair value of net assets of the company at a particular day as opposed to EPRA NRV, which reflects the fair value of net assets on a going-concern basis. However, EPRA NDV is not a liquidation NAV as the fair values of assets and liabilities are not based on a liquidation scenario.

Citycon has adopted these guidelines in the year ended 31 December 2020 and considers EPRA NRV to be the most relevant measure for its business. EPRA NRV is closest to previously reported EPRA NAV. EPRA NRV will now be Citycon's primary measure of net asset value, replacing the previously reported EPRA NAV and EPRA NAV per share measures.

Closing share price of Citycon was 7.930 EUR per share on 31 December 2020.

The tables below present calculation of the three new EPRA net asset value measures NRV, NTA and NDV and also a bridge calculation to the previously reported NAV and NNNAV measures.

EPRA NRV per share decreased by EUR 0.97 to EUR 11.48 (12.45) mainly due to fair value losses, distribution of funds to shareholders and foreign exchange movements.

	New EPRA Net Asset Value measures			Previously reported EPRA NAV measures	
31 December 2020	**EPRA NRV**	**EPRA NTA**	**EPRA NDV**	**EPRA NAV**	**EPRA NNNAV**
Equity attributable to parent company shareholders	1,818.6	1,818.6	1,818.6	1,818.6	1,818.6
Deferred taxes from the difference of fair value and fiscal value of investment properties [3]	274.2	137.1	-	274.2	-
Fair value of financial instruments	-0.2	-0.2	-	-0.2	-
Goodwill as a result of deferred taxes	-80.9	-	-	-80.9	-
Goodwill as per the consolidated balance sheet	-	-141.1	-141.1	-	-
Intangible assets as per the consolidated balance sheet	-	-17.6	-	-	-
The difference between the secondary market price and carrying value of bonds [1]	-	-	47.4	-	47.4
Real estate transfer taxes [2]	31.8	-	-	-	
	-	-	-	-	-
TOTAL	**2,043.6**	**1,796.9**	**1,724.9**	**2,011.8**	**1,866.0**
Weighted average number of ordinary shares, million	178.0	178.0	178.0	178.0	178.0
Net Asset Value per share	**11.48**	**10.09**	**9.69**	**11.30**	**10.48**
31 December 2019					
Equity attributable to parent company shareholders	1,978.4	1,978.4	1,978.4	1,978.4	1,978.4
Deferred taxes from the difference of fair value and fiscal value of investment properties [3]	294.5	147.2	-	294.5	-
Fair value of financial instruments	-1.4	-1.4	-	-1.4	-
Goodwill as a result of deferred taxes	-85.8	-	-	-85.8	-
Goodwill as per the consolidated balance sheet	-	-146.5	-146.5	-	-
Intangible assets as per the consolidated balance sheet	-	-19.3	-	-	-
The difference between the secondary market price and carrying value of bonds [1]	-	-	-26.4	-	-26.4
Real estate transfer taxes [2]	30.6	-	-	-	-
TOTAL	**2,216.2**	**1,958.4**	**1,805.5**	**2,185.7**	**1,952.1**
Weighted average number of ordinary shares, million	178.0	178.0	178.0	178.0	178.0
Net Asset Value per share	**12.45**	**11.00**	**10.14**	**12.28**	**10.97**

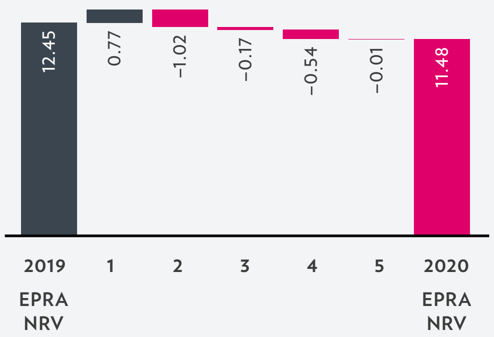
1) When calculating the EPRA NDV and previously disclosed EPRA NNNAV in accordance with EPRA's recommendations, the shareholders' equity is adjusted using EPRA's guidelines so that bonds are valued based on secondary market prices. The difference between the secondary market price and the carrying value of the bonds was EUR 47.4 million (-26,4) as of 31 December 2020.

2) The real estate transfer tax adjustment in EPRA NRV calculation is based on the transfer tax cost for the buyer for share deal in Finland. Share deals are not subject to transfer tax in other group operating countries.

3) In the EPRA NTA formula, 50% of the deferred tax liability related to investment property fair value is added back, according to EPRA guidelines.

CHANGE OF NET REINSTATEMENT VALUE (EPRA NRV)

EUR



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

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	2020	2019
Include:		
Administrative expenses [1) 2)]	25.9	24.2
Property operating expenses and other expenses from leasing operations less service charge costs	70.4	69.9
Net service charge costs/fees	12.4	13.7
Management fees less actual/estimated profit element	-1.0	-2.4
Other operating income/recharges intended to cover costs less any related profit	-8.5	-9.6
Share of joint venture expenses	5.1	5.0
Exclude:		
Ground rent costs	-5.1	-5.4
Service charge costs recovered through rents but not separately invoiced	-55.3	-59.3
Share of joint venture investment property depreciation, ground rent costs and service charge costs recovered through rents but not separately invoiced	-1.7	-1.8
EPRA Costs (including direct vacancy costs) (A)	**42.2**	**34.2**
Direct vacancy costs	-6.4	-5.9
EPRA Costs (excluding direct vacancy costs) (B)	**35.8**	**28.3**
Gross rental income less ground rent costs	219.3	226.7
Add: share of joint ventures (Gross rental income less ground rent costs less service fees in GRI)	10.9	15.3
Gross Rental Income (C)	**230.2**	**242.0**
EPRA Cost Ratio (including direct vacancy costs) (A/C, %)	**18.3**	**14.1**
EPRA Cost Ratio (excluding direct vacancy costs) (B/C, %)	**15.6**	**11.7**

1) Administrative expenses are net of costs capitalised of EUR 4.0 million in 2020 and EUR 3.8 million in 2019. 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 EUR 0.1 million in 2020 are excluded from the administrative expenses. In 2019 the expenses related to management change were EUR 2.6 million.

EPRA Cost Ratio increased to 18.3% (14.1%)

EPRA Cost Ratio (including direct vacancy costs) increased to 18.3% (14.1%) and EPRA Cost Ratio (excluding direct vacancy costs) increased to 15.6% (11.7%) from previous year. The increase was mainly due to lower gross rental income and maintenance rents due to COVID-19.

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 2020	31 December 2019
Fair value of investment properties determined by the external appraiser	4,231.1	4,091.9
Less (re)development properties, unused building rights and properties which valuation is based on the value of the building right	-303.1	-196.4
Completed property portfolio	**3,928.0**	**3,895.6**
Plus the estimated purchasers' transaction costs	68.7	66.9
Gross value of completed property portfolio (A)	**3,996.7**	**3,962.5**
Annualised gross rents for completed property portfolio	287.9	279.8
Property portfolio's operating expenses	-72.2	-68.9
Annualised net rents (B)	**215.8**	**210.9**
Plus the notional rent expiration of rent free periods or other lease incentives	1.3	1.9
Topped-up annualised net rents (C)	**217.1**	**212.9**
EPRA Net Initial Yield (NIY), % (B/A)	**5.4**	**5.3**
EPRA 'topped-up' NIY, % (C/A)	**5.4**	**5.4**

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 2020	31 December 2019
Annualised potential rental value of vacant premises	19.1	13.3
÷ Annualised potential rental value for the whole property portfolio	300.1	293.4
EPRA vacancy rate, %	**6.4**	**4.5**

EPRA vacancy rate increased from last years' level

The EPRA vacancy rate at the end of 2020 for the entire property portfolio was 6.4%. Vacancy was higher in all operating countries.

6. PROPERTY RELATED CAPEX

	2020			2019		
MEUR	Group (excl. Joint ventures)	Joint ventures (proportionate share)	Total	Group (excl. Joint ventures)	Joint ventures (proportionate share)	Total
Acquisitions	156.0	-	156.0	1.2	-	1.2
(Re)development	156.6	2.6	159.2	70.2	7.2	77.5
Investment properties						
No incremental lettable space	9.5	-	9.5	12.8	-	12.8
Tenant incentives	11.4	-	11.4	12.9	-	12.9
Capitalised interest	4.9	0.2	5.2	3.3	0.1	3.4
Total capital expenditure	**338.5**	**2.8**	**341.3**	**100.5**	**7.3**	**107.8**
Conversion from accrual to cash basis	-174.9	-0.2	-175.1	-4.5	-0.2	-4.7
Total capital expenditure on cash basis	**163.6**	**2.5**	**166.2**	**96.0**	**7.1**	**103.2**

Capex disclosed in the table are categorised according to the new EPRA recommendations issued in October 2019. The comparison period figures have also been presented accordingly. Investments include both income-producing and maintenance capex.

7. EPRA EARNINGS FOR FIVE YEARS

MEUR	2020	2019	2018	2017	2016
Earnings in IFRS Consolidated Income Statement	**-28.0**	**8.9**	**16.6**	**87.4**	**160.4**
+/- Net fair value losses/gains on investment property	146.9	121.9	72.5	42.9	-25.9
-/+ Net gains/losses on disposal of investment property	-0.7	-1.5	0.2	-6.0	-4.3
-/+ Indirect other operating expenses	-	-	10.3	12.8	4.4
-/+ Fair value gains/losses of financial instruments and early close-out costs of debt and financial instruments	5.8	5.3	20.3	2.0	5.9
+/- Indirect losses/gains of joint ventures and associated companies	27.2	19.5	17.9	6.9	-10.4
-/+ Change in deferred taxes arising from the items above	-14.7	-8.5	5.7	5.8	20.2
+/- Non-controlling interest arising from the items above	-	-	0.0	0.5	0.7
EPRA Earnings (basic)	**136.6**	**145.6**	**143.5**	**152.3**	**151.1**
-/+ Hybrid bond coupons and amortized fees	-16.2	-1.7	-	-	-
Adjusted EPRA Earnings (basic)	**120.3**	**143.9**	**143.5**	**152.3**	**151.1**
Issue-adjusted average number of shares, million [1)]	177,998	177,997	177,997	177,998	177,999
EPRA Earnings per share (basic), EUR [1)]	**0.767**	**0.818**	**0.806**	**0.856**	**0.849**
Adjusted EPRA Earnings per share (basic), EUR [1)]	**0.676**	**0.809**	**0.806**	**0.856**	**0.849**

[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	2020	2019	2018	2017	2016
Net rental income	**205.4**	**217.4**	**214.9**	**228.5**	**224.9**
Direct administrative expenses	-25.9	-26.8	-28.0	-29.1	-28.2
Direct other operating income and expenses	0.9	2.8	0.8	1.1	1.8
Direct operating profit	**180.4**	**193.5**	**187.6**	**200.5**	**198.5**
Direct net financial income and expenses	-46.0	-48.9	-50.1	-54.4	-51.7
Direct share of profit/loss of joint ventures and associated companies	-0.8	2.8	5.3	6.2	4.4
Direct current taxes	-1.8	-2.0	-0.2	-0.8	-0.7
Change in direct deferred taxes	4.8	0.1	0.9	0.7	0.7
Direct non-controlling interest	-0.1	0.0	0.0	0.0	-0.1
EPRA Earnings	**136.6**	**145.6**	**143.5**	**152.3**	**151.1**
Hybrid bond coupons and amortized fees	-16.2	-1.7	-	-	-
Adjusted EPRA Earnings	**120.3**	**143.9**	**143.5**	**152.3**	**151.1**
Issue-adjusted average number of shares, million [1)]	177,998	177,997	177,997	177,998	177,999
EPRA Earnings per share (basic), EUR [1)]	**0.767**	**0.818**	**0.806**	**0.856**	**0.849**
Adjusted EPRA Earnings per share (basic), EUR [1)]	**0.676**	**0.809**	**0.806**	**0.856**	**0.849**

[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 2020	31 December 2020	31 December 2019	2020	31 December 2020	31 December 2019	31 December 2020
Shopping centres, Finland & Estonia	12	1,907.4	1,843.9	-86.9	-	-	-
Other retail properties, Finland & Estonia	1	3.0	2.9	0.1	-	-	-
Finland & Estonia, total	**13**	**1,910.5**	**1,846.8**	**-86.8**	**5.5**	**5.3**	**29.4**
Shopping centres, Norway	17	1,426.8	1,332.9	-1.3	-	-	-
Rented shopping centres, Norway [1]	1	-	-	-	-	-	-
Norway, total	**18**	**1,426.8**	**1,332.9**	**-1.3**	**5.6**	**5.5**	**21.5**
Shopping centres, Sweden & Denmark	10	769.9	929.5	-53.1	-	-	-
Sweden & Denmark, total	**10**	**769.9**	**929.5**	**-53.1**	**5.7**	**5.4**	**26.8**
Shopping centres, total	40	4,104.2	4,106.2	-141.3	-	-	-
Other retail properties, total	1	3.0	2.9	0.1	-	-	-
Investment properties, total	**41**	**4,107.2**	**4,109.1**	**-141.2**	**5.6**	**5.4**	**26.2**
Right-of-use assets classified as investment properties (IFRS 16)	-	45.0	51.1	-5.7	-	-	-
Investment properties in the statement of financial position, total	**-**	**4,152.2**	**4,160.2**	**-146.9**	**5.6**	**5.4**	**26.2**
Kista Galleria, 50%	1	255.6	275.1	-32.3	-	-	-
Investment properties in the statement of financial position and Kista Galleria (50%), total	**42**	**4,407.8**	**4,435.3**	**-179.2**	**5.5**	**5.3**	**26.6**

[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 2020	31 December 2020	31 December 2019	2020	31 December 2020	31 December 2019	31 December 2020
Shopping centres, Finland & Estonia	6	1,371.5	1,418.9	-57.7	-	-	-
Other retail properties, Finland & Estonia	1	3.0	2.9	0.1	-	-	-
Finland & Estonia, total	**7**	**1,374.5**	**1,421.8**	**-57.6**	**5.4**	**5.2**	**31.1**
Shopping centres, Norway	12	934.4	1,008.2	-21.7	-	-	-
Rented shopping centres, Norway [1]	1	-	-	-	-	-	-
Norway, total	**13**	**934.4**	**1,008.2**	**-21.7**	**5.6**	**5.5**	**21.9**
Shopping centres, Sweden & Denmark	9	691.5	848.0	-49.4	-	-	-
Sweden & Denmark, total	**9**	**691.5**	**848.0**	**-49.4**	**5.7**	**5.4**	**27.3**
Like-for-like properties, total	**29**	**3,000.3**	**3,278.0**	**-128.7**	**5.5**	**5.3**	**27.3**
Right-of-use assets classified as like-for-like properties (IFRS 16)	-	44.2	50,5	-5.2	-	-	-
Like-for-like properties in the statement of financial position, total	**29**	**3,044.6**	**3,278.0**	**-133.9**	**5.5**	**5.3**	**27.3**

[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 2020	31 December 2020
Finland & Estonia	2.9	25.1
Norway	2.9	19.8
Sweden & Denmark	2.7	21.6
Total	**2.9**	**22.1**

[1)] *Including Kista Galleria 50%.*

RENTAL INCOME BY BUSINESS UNITS

	Gross rental income, MEUR		Net rental income, MEUR	
	2020	2019	2020	2019
Finland & Estonia	91.5	98.3	86.8	94.4
Norway	81.3	80.9	74.1	75.4
Sweden & Denmark	51.5	52.9	44.5	47.3
Other	-	-	0.1	0.3
Investment properties, total	**224.3**	**232.1**	**205.4**	**217.4**
Kista Galleria, 50%	10.9	12.5	7.6	9.9
Investment properties and Kista Galleria (50%), total	**235.2**	**244.6**	**213.0**	**227.3**

RENTAL INCOME BY CATEGORY, % [1)]

	Finland & Estonia	Norway	Sweden & Denmark	Total
Cafes and Restaurants	10.1	6.8	12.4	**9.6**
Cosmetics and Pharmacies	6.2	9.2	8.4	**7.8**
Fashion and Accessories	23.0	27.1	18.3	**23.2**
Groceries	23.9	11.5	19.6	**18.5**
Home and Sporting Goods	15.6	28.3	10.7	**18.7**
Leisure	2.1	0.2	1.2	**1.2**
Residentials and Hotels	1.1	0.0	3.5	**1.4**
Services and Offices	13.5	11.5	17.5	**13.9**
Specialty Stores	2.0	1.2	1.1	**1.5**
Wellness	2.5	4.2	7.3	**4.3**
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1)] *Including Kista Galleria 50%. Rental income based on valid rent roll at 31 December 2020.*

SHOPPING CENTRES [1)]

	Location	GLA, sq.m.	Retail GLA, sq.m.	Economic occupancy rate, % 31 December 2020	Year of acquisition	Year built/latest year of renovation
Finland & Estonia						
Shopping centres, Helsinki area Finland						
Columbus	Helsinki	22,200	20,400	99.3	2006	1997/2007
Heikintori	Espoo	8,200	6,200	100.0	1998	1968
Isomyyri	Vantaa	11,700	8,300	100.0	1999	1987
Iso Omena	Espoo	101,200	84,400	96.7	2007	2001/2016,2017
Pikkulaiva	Espoo	8,400	8,100	99.9	2017	2017
Myyrmanni	Vantaa	40,400	31,100	98.7	1999	1994/2016
Shopping centres, other areas in Finland						
IsoKarhu	Pori	14,600	12,700	78.2	1999	1972/2014
IsoKristiina	Lappeenranta	16,950	12,800	88.3	1999, 2005	1987,1993/2015
Koskikeskus	Tampere	33,400	28,800	93.0	1999, 2003	1988/2012
Trio	Lahti	46,000	27,100	85.7	1999, 2007	1977, 1992/2010
Shopping centres, Estonia						
Kristiine Keskus	Tallinn	45,100	44,600	97.6	2011	1999/2019
Rocca al Mare	Tallinn	57,700	56,700	97.1	2005	1998/2009
Shopping centres, total	-	**405,850**	**341,200**	**95.4**	-	-
Other retail properties, total	-	**2,240**	**700**	**77.7**	-	-
Finland & Estonia, total	-	**408,090**	**341,900**	**95.4**	-	-
Norway						
Shopping centres, Oslo area						
Buskerud Storsenter	Krokstadelva	32,100	28,800	94.0	2015	1984/2017
Kolbotn Torg	Kolbotn	18,600	16,500	99.2	2015	2008
Liertoppen Kjøpesenter	Lierskogen	26,900	24,800	97.0	2015	1987/1990
Linderud Senter	Oslo	21,600	16,800	97.5	2015	1967/2009
Magasinet Drammen	Drammen	14,500	9,300	74.4	2015	1992/2008
Stovner Senter	Oslo	42,900	32,100	89.5	2020	1975/2016
Trekanten	Asker	24,000	16,900	99.7	2015	1997/2008

	Location	GLA, sq.m.	Retail GLA, sq.m.	Economic occupancy rate, % 31 December 2020	Year of acquisition	Year built/latest year of renovation
Shopping centres, other areas in Norway						
Down Town	Porsgrunn	36,800	31,500	85.1	2015	1988/2019
Herkules	Skien	50,300	44,400	96.0	2015	1969/2013
Kilden Kjøpesenter	Stavanger	23,300	20,100	95.9	2015	1989/2015
Kongssenteret	Kongsvinger	18,000	15,800	80.4	2015	2001/2016
Kremmertorget	Elverum	20,500	17,600	75.6	2015	1979/2012
Oasen Kjøpesenter	Fyllingsdalen	50,400	25,400	95.6	2015	1971/2014
Sjøsiden	Horten	11,300	9,900	96.6	2015	2001
Solsiden[2)]	Trondheim	14,500	13,700	99.5	2015	2000
Stopp Tune	Sarpsborg	13,300	12,500	97.7	2015	1993
Storbyen	Sarpsborg	25,600	23,900	88.2	2015	1999/2015
Torvbyen	Fredrikstad	14,100	11,900	96.3	2020	1988/2012
Norway, total	-	**458,700**	**371,900**	**92.7**	-	-
Sweden & Denmark						
Shopping centres, Stockholm area						
Fruängen Centrum	Hägerstern	14,700	7,400	97.6	2005	1965/2013
Högdalen Centrum	Bandhagen	20,000	14,300	98.3	2011	1959/2015
Jakobsbergs Centrum	Järfalla	42,500	26,100	89.7	2006	1959/1993
Kista Galleria, 50%	Stockholm	46,050	28,900	87.9	2013	1977,2002/ 2014
Liljeholmstorget Galleria	Stockholm	41,200	27,300	98.2	2006	1973/2009
Tumba Centrum	Botkyrka	23,200	13,000	93.3	2007	1954/2016
Åkersberga Centrum	Åkersberga	27,900	22,900	90.1	2005, 2015	1985/2011
Shopping centres, Gothenburg area						
Stenungstorg Centrum	Stenungsund	35,500	22,000	88.1	2006	1967/2016
Mölndals Galleria	Mölndal	26,300	24,200	88.4	2014/2018	2018
Shopping centres, Denmark						
Albertslund Centrum	Copenhagen	18,800	14,200	95.7	2012	1965/2015
Strædet	Køge	19,500	18,000	94.2	2017, 2018	2017, 2018
Sweden & Denmark, total	-	**315,650**	**218,300**	**92.4**	-	-
Total	-	**1,182,440**	**932,100**	**93.6**	-	-

[1)] Including Kista Galleria 50%. Does not include properties under construction.
[2)] Rented property

MANAGED SHOPPING CENTRES, NORWAY

	Location	Ownership, %	GLA, sq.m. 31 December 2020
City Syd	Trondheim	-	16,800
Holmen Senter	Asker	-	24,400
Stadionparken	Stavanger	-	11,200
Strandtorget	Lillehammer	-	33,500
Tiller Torget	Trondheim	-	34,800
Torget Vest	Drammen	-	7,700
Managed shopping centres, total			**128,400**

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 2019	**4,404**	**1,018,686**	**23.3**
Leases started	1,354	239,609	19.7
Leases ended	1,394	261,711	22.0
Acquisitions	202	60,260	20.9
Other changes	-2	458	-
31 December 2020	**4,564**	**1,057,302**	**22.1**

CITYCON'S FIVE LARGEST PROPERTIES [1)]

	Average rent, EUR/sq.m./ month 31 December 2020	Gross rental income, EUR million 2020	Net rental income, EUR million 2020	Fair value, EUR million 31 December 2020	Fair value change, EUR million 2020
Iso Omena	34.7	33.5	31.6	742.1	-18.9
Liljeholmstorget Galleria	33.0	14.5	13.4	318.8	-11.6
Kista Galleria, 50%	26.4	10.9	7.6	255.6	-32.3
Oasen	22.7	9.4	8.1	193.3	-12.8
Rocca al Mare	22.8	12.7	12.1	182.3	-0,3
Five largest properties, total	**29.0**	**81.0**	**72.8**	**1 692.2**	**-75.8**

[1)] *Including Kista Galleria 50%. Does not include properties under construction.*

TOP TEN TENANTS [1)]

	Proportion of rental income based on valid rent roll at 31 December 2020, %
Kesko Group	4.8%
S Group	4.0%
Varner Group	3.9%
ICA Group	2.4%
Coop	2.3%
H&M	1.9%
NorgesGruppen	1.9%
Clas Ohlson	1.7%
Stockmann Group	1.7%
Gresvig	1.5%
Total	**26.2%**

[1)] *Including Kista Galleria 50%.*

(RE)DEVELOPMENT PROJECTS IN PROGRESS
ON 31 DECEMBER 2020

	Location	Area before/after, sq.m.	Expected gross investment, MEUR	Actual gross investment by 31 December 2020, MEUR	Completion
Lippulaiva	Helsinki metropolitan area, Finland	19,200/44,300	TBC[1)]	246.6	2022
Oasen Kjøpesenter (phase I)	Bergen, Norway[2)]	-	11.6	5.4	2021

[1)] *Expected investment to be confirmed after execution decision of Lippulaiva's residential buildings is done.*
[2)] *A development project in which over 6,000 square meters of office space will be converted into premises for a new health center, F&B and daily shopping.*

POTENTIAL (RE)DEVELOPMENT PROJECTS

Citycon is investigating the following development and/or extension opportunities

		Area before/after, sq.m.	
Liljeholmstorget Galleria	Stockholm, Sweden	40,500/90,000	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.
Stenungstorg	Stenungsund, Sweden	30,400/30,900	The plan is to tranform the current shopping centre area into a modern city center and to create a urban hub with a mix of residential areas, hotel, retail and services.
Trekanten	Oslo, Norway	23,800/45,000	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.
Oasen Kjøpesenter (phase II)	Bergen, Norway	56,800/68,800	A residential development project which includes opportunity to built several residential towers in connection with the existing shopping centre.
Isomyyri	Vantaa, Finland	11,650/27,800	Aim to development a retail centre to urban city block. The project includes new residential buildings and demolishing the present building. Retail, commercial premises and services are planned to be located on the street level of the new residentials. Includes also potential for offices.

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.

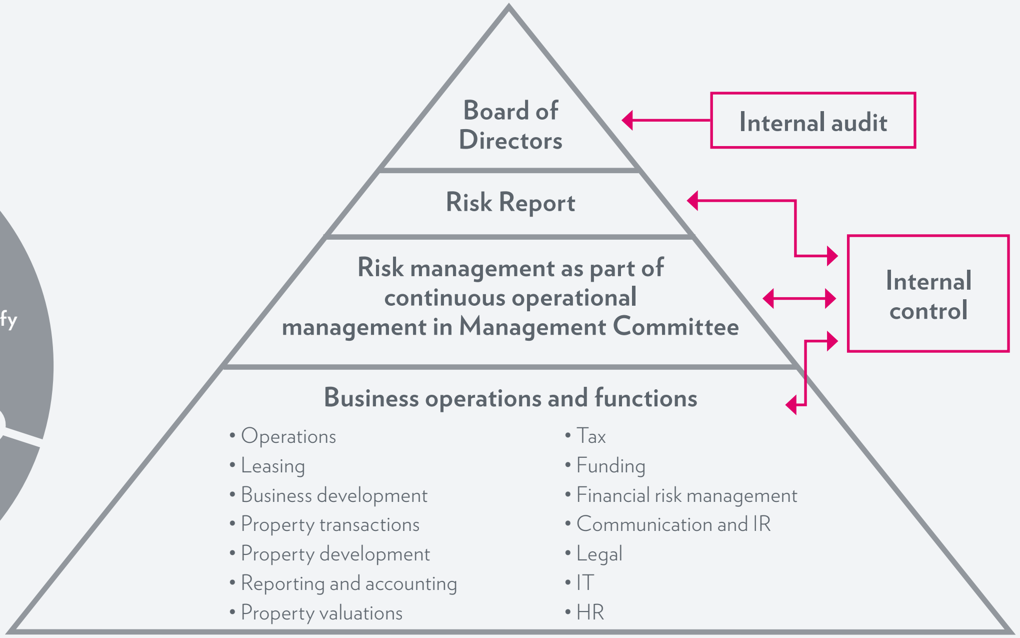
RISK REPORTING

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. A Risk steering committee is responsible for the risk reporting process and evaluates which risks to present 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.

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 reconstruction 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 outbreak of the COVID-19 pandemic has had negative effects on our business. Both changed consumer behaviour and authority restrictions in our operating countries has substantially changed our business environment. It has impacted our ability to collect rents on time or in full, and the effect going forward is difficult to predict as it will depend on how quickly vaccinations progress. A prolongation of Covid-19 pandemic would negatively impact sales and footfall, and increase the risk of tenant bankruptcies and weaken tenant's capability to pay rent which could increase Citycon's vacancy and weaken results. • 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 and the share of risk tenants has actively been decreased. * Citycon tries to mitigate the effects of Covid-19 by following strict cleaning and hygiene routines, and authority recommendations.
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. • Governmental restrictions due to pandemic could threaten footfall and tenants' ability to conduct business.	• 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, frame contracts with service providers and suppliers, 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 mixed-use 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 or impact Citycon's business, land use and construction. • Risks associated with e.g. 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. • Sustainability strategy with clear short- and long-term targets
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, but willingness to lend at competitive terms could decline due to credit rating downgrades, turmoil in financial markets, tightening regulation or other reasons, which could affect the availability or 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), Moody's (Baa3, negative outlook) and Fitch (BBB-, Stable outlook) supports the availability and cost of financing. Several long-term bond issues have reduced the refinancing risk and dependency on bank financing

SHARES AND SHAREHOLDERS

Listing	
Market place	Nasdaq Helsinki
Listed since	1988
Trading currency	euro
Segment	Suuret yhtiöt / 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 2020, Citycon's total number of shares was 177,998,525. The market capitalisation of Citycon at the end of 2020 was EUR 1,4 billion.

In 2020, approximately 68.0 million Citycon shares were traded on the Helsinki Stock Exchange. The daily average trading volume was 270,024 shares, representing a daily average turnover of approximately EUR 1.9 million.

SHAREHOLDERS

The number of registered shareholders at year-end 2020 was 22,499 (17,396). Shares owned by nominee-registered parties equaled 78.8% at year-end 2020 (79.5%). 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 above.

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 87,029,497 shares, i.e. 48.9% and CPP Investment Board European Holdings S.à.r.l. has informed that it holds 26,699,778 shares, i.e. 15.0% of the shares and voting rights in the company and at year-end 2020.

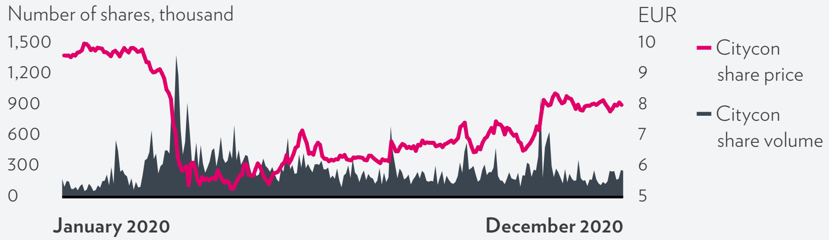
DIVIDEND PAYOUT

Cityon'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 2020, no dividend is distributed by a resolution of the Annual General Meeting.

Nonetheless, the Board of Directors proposes that the Board of Directors be

SHARE PRICE AND VOLUME



Share price and trading

		2020	2019	2018	2017	2016
Number of shares traded [1]	*1,000	68,046	28,320	49,253	35,457	29,537
Stock turnover	%	38.2	15.9	27.7	19.9	16.6
Share price, high [1]	EUR	9.99	10.08	11.24	12.51	11.95
Share price, low [1]	EUR	5.22	8.1	7.98	10.42	9.9
Share price, average [1]	EUR	7.19	9.18	9.3	11.15	10.9
Share price, closing [1]	EUR	7.93	9.37	8.08	10.79	11.7
Market capitalisation, period-end	MEUR	1,411.53	1,666.96	1,437.34	1,920.60	2,080.80
Number of shares, period-end	*1,000	177,999	177,999	889,993	889,993	889,993

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

Major shareholders 31 December 2020

Gazit-Globe Ltd. 87,029,497 shares, i.e. 48.89% of the total shares and votes in the company and CPP Investment Board European Holdings S.à.r.l. 26,699,778 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
The State Pension Fund	1,200,000	0.67
Elo Mutual Pension Insurance Company	624,515	0.35
Pakkanen Mikko Pertti Juhani	500,000	0.28
OP-Henkivakuutus Ltd.	491,876	0.28
Gazit Globe Ltd	382,174	0.21
Pakarinen Janne Heikki Petteri	330,000	0.19
Suomalaisen Kirjallisuuden Seura Ry	278,800	0.16
Emile Kapital Oy	246,611	0.14
Mandatum Life Insurance Company Ltd.	181,743	0.10
10 largest shareholders, total	**16,929,858**	**9.51**
Nominee-registered shares	140,329,847	78.84
Others	20,738,820	11.65
Total	**177,998,525**	**100**

Shareholders by owner groups 31 December 2020	**Number of shareholders**	**%**	**Number of shares**	**%**
Financial and insurance corporations	38	0.17	137,094,762	77.02
Corporations	931	4.14	3,234,203	1.82
Households	21,283	94.60	15,628,808	8.78
General government	8	0.04	14,601,765	8.20
Foreign	61	0.27	5,510,307	3.10
Non-profit institutions	178	0.79	1,928,680	1.08
Total	**22,499**	**100.00**	**177,998,525**	**100.00**

Shareholdings by number of shares 31 December 2020 Number of shares	**Number of shareholders**	**%**	**Number of shares**	**%**
1–100	7,682	34.14	356,187	0.20
101–500	8,387	37.28	2,200,517	1.24
501–1,000	2,936	13.05	2,229,374	1.25
1,001–5,000	2,890	12.85	6,192,322	3.48
5,001–10,000	342	1.52	2,457,701	1.38
10,001–50,000	209	0.93	4,259,369	2.39
50,001–100,000	24	0.11	1,742,923	0.98
100,001–500,000	21	0.09	4,710,219	2.65
500,001–	8	0.04	153,849,913	86.43
Total	**22,499**	**100.00**	**177,998,525**	**100.00**

authorized to decide in its discretion on the distribution of dividend and assets from the invested unrestricted equity fund in the manner set forth below.

Based on this authorization, the maximum total amount of dividend to be distributed shall not exceed EUR 0.05 per share and the maximum total amount of equity repayment distributed from the invested unrestricted equity fund shall not exceed EUR 0.45 per share. Based on the current total number of issued shares in the company, the authorization would equal to a maximum of EUR 8,899,926.25 in dividend and a maximum of EUR 80,099,336.25 in 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. 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 set out below. Citycon shall make separate announcements of each such Board resolution.

Citycon shall make separate announcements of each such Board resolution.

The dividend and/or equity repayment based on the 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 of the dividend and/or equity repayment.

Preliminary payment date	Preliminary record date
31 March 2021	24 March 2021
30 June 2021	21 June 2021
30 September 2021	22 September 2021
30 December 2021	16 December 2021

KEY FIGURES AND FINANCIAL DEVELOPMENT FOR FIVE YEARS

MEUR	2020	2019	2018	2017	2016
Income statement data					
Gross rental income	224.3	232.1	237.0	257.4	251.4
Net rental income					
Finland & Estonia	86.8	94.4	96.9	106.9	110.4
Norway	74.1	75.4	74.3	79.6	74.0
Sweden & Denmark	44.5	47.3	43.5	41.3	40.1
Other	0.1	0.3	0.2	0.7	0.5
Net rental income total	205.4	217.4	214.9	228.5	224.9
Other operating income and expense	0.9	2.8	-9.5	-11.6	-2.6
Operating profit/loss	34.1	73.1	104.7	150.9	224.4
Profit/loss before taxes	-45.7	2.2	21.7	93.8	181.5
Profit/loss attributable to parent company shareholders	-28.0	8.9	16.6	87.4	160.4
Statement of financial position data					
Investment properties	4,152.2	4,160.2	4,131.3	4,183.4	4,337.6
Current assets	77.8	74.2	56.2	43.7	56.2
Total equity	2,166.0	2,325.2	2,089.0	2,208.5	2,312.3
Equity attributable to parent company shareholders	1,818.6	1,978.4	2,088.9	2,208.1	2,311.4
Non-controlling interest	0.2	0.1	0.1	1.2	0.8
Interest-bearing liabilities	2,121.2	1,874.4	2,140.0	2,083.9	2,176.8
Total liabilities	2,514.0	2,257.1	2,533.7	2,468.6	2,588.7
Total liabilities and shareholders' equity	4,680.0	4,582.3	4,622.7	4,678.0	4,900.9

KEY FIGURES AND FINANCIAL DEVELOPMENT FOR FIVE YEARS

MEUR	Formula	2020	2019	2018	2017	2016
Key performance ratios						
Equity ratio, %	1	46.4	50.9	45.4	47.4	47.3
Loan to value (LTV), %	2	46.9	42.4	48.7	46.7	46.6
Return on equity, % (ROE)	3	0.0	0.4	0.8	3.8	7.0
Return on investment, % (ROI)	4	2.8	2.3	4.1	5.8	6.1
Quick ratio	5	0.7	0.3	0.6	0.4	0.4
Gross capital expenditure, MEUR		344.4	106.0	168.8	298.7	314.5
% of gross rental income		153.5	45.7	71.2	116.0	125.1
Per-share figures and ratios [1]						
Earnings per share, EUR	6	-0.25	0.04	0.09	0.49	0.90
Earnings per share, diluted, EUR	7	-0.25	0.04	0.09	0.49	0.89
Net cash from operating activities per share, EUR	8	0.71	0.76	0.54	0.83	0.77
Equity per share, EUR	9	12.17	13.06	11.74	12.41	12.99
P/E (price/earnings) ratio	10	-	187	87	22	13
Return from invested unrestricted equity fund per share, EUR [2]		0.49	0.60	0.60	0.60	0.60
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]		0.54	0.65	0.65	0.65	0.65
Dividend and return of equity per earnings, %	11	-	1,603.1	696.2	132.4	72.1
Effective dividend and return of equity yield, %	12	6.8	6.9	8.0	6.0	5.6
Issue-adjusted average number of shares (1,000)		177,998	177,997	889,987	889,992	889,993
Issue-adjusted number of shares at the end of financial year (1,000)		177,999	177,999	889,993	889,993	889,993
Operative key ratios						
Occupancy rate (economic), % [3]	13	93.6	95.5	96.4	96.0	96.3
Citycon's GLA, sq.m.[3]		1,182,440	1,121,740	1,152,790	1,184,140	1,271,940
Personnel (at the end of the period)		246	234	264	265	287

[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 2020 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 0.45 per share.
[3] Including Kista Galleria 50%.

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

FORMULAS FOR KEY FIGURES AND RATIOS

Key figure	Formula	
1) Equity ratio, %	Shareholders' equity / Balance sheet total - advances received	X 100
2) Loan to value (LTV), %	Interest bearing liabilities – lease liabilities (IFRS 16) – cash and cash equivalents / Fair value of investment properties + properties held for sale + investments in joint ventures - right-of-use assets classified as investment properties (IFRS 16)	X 100
3) Return on equity (ROE), %	Profit/loss for the period / Shareholders' equity (weighted average)	X 100
4) Return on investment (ROI), %	Profit/loss before taxes + interest and other financial expenses / Balance sheet total (average) - non-interest-bearing liabilities (average)	X 100
5) Quick ratio	Current assets / Short-term liabilities	
6) Earnings per share (EPS), EUR [1]	Profit/loss for the period / Average number of shares for the period	X 100
7) Earnings per share, diluted, EUR [1]	Profit/loss for the period / Diluted average number of shares for the period	X 100
8) Net cash from operating activities per share, EUR	Net cash from operating activities / Average number of shares for the period	X 100
9) Equity per share, EUR	Total equity / Number of shares on the balance sheet date	
10) P/E ratio (price/earnings)	Closing price at year-end / EPS	
11) Dividend and return of equity per earnings, %	Dividend and return of equity per share / EPS	X 100
12) Effective dividend and return of equity yield, %	Dividend and return of equity per share / Closing price at year-end	X 100
13) Occupancy rate (economic), %	Gross rental income as per leases / Estimated market rent of vacant premises + gross rental income as per leases	X 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 2020

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CITYCON OYJ'S CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT, IFRS

MEUR	Note	2020	2019
Gross rental income	1.2.	224.3	232.1
Service charge income	1.3.	71.2	77.1
Property operating expenses	1.4.	-84.9	-89.3
Other expenses from leasing operations		-5.3	-2.5
Net rental income	1.1.	**205.4**	**217.4**
Administrative expenses	1.5.	-25.9	-26.8
Other operating income and expenses	1.3, 1.7.	0.9	2.8
Net fair value losses/gains on investment property	2.1.	-146.9	-121.9
Net gains/losses on sale of investment property	2.1., 2.2.	0.7	1.5
Operating profit		**34.1**	**73.1**
Financial income		113.3	39.2
Financial expenses		-165.1	-93.4
Net financial income and expenses	3.2.	-51.8	-54.2
Share of profit of associated companies and joint ventures	2.4.	-28.0	-16.6
Profit before taxes		**-45.7**	**2.2**
Current taxes	4.1.	-1.8	-2.0
Change in deferred taxes	4.2.	19.6	8.6
Income taxes		17.8	6.7
Profit for the period		**-27.9**	**8.9**
Profit attributable to			
Parent company shareholders		-28.0	8.9
Non-controlling interest		0.1	0.0
Earnings per share attributable to parent company shareholders [1]:			
Earnings per share (basic), EUR	1.8.	-0.25	0.04
Earnings per share (diluted), EUR	1.8.	-0.25	0.04

[1] *The key figure includes hybrid bond coupons and amortized fees.*

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME, IFRS

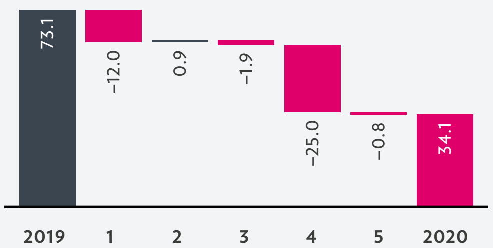
MEUR	Note	2020	2019
Profit for the period		**-27,9**	**8.9**
Other comprehensive expenses/income			
Items that may be reclassified to profit or loss in subsequent periods			
Net gains/losses on cash flow hedges	3.2.	-1,3	0.3
Share of other comprehensive income of associated companies and joint ventures		0,0	0.0
Exchange losses/gains on translating foreign operations		-30,5	-4.4
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**-31,8**	**-4.1**
Other comprehensive expenses for the period, net of tax		**-31,8**	**-4.1**
Total comprehensive loss/profit for the period		**-59,6**	**4.8**
Total comprehensive loss/profit attributable to			
Parent company shareholders		-59,8	4.8
Non-controlling interest		0,1	0.0

Operating profit was lower mainly due to fair value losses

Net rental income stayed close to previous year's levels despite the pandemic, profit for the period was lower due to higher fair value losses and lower share of profits from associated companies and joint ventures, partly offset by lower net financial expenses and changes in deferred taxes.

CHANGE IN OPERATING PROFIT

MEUR

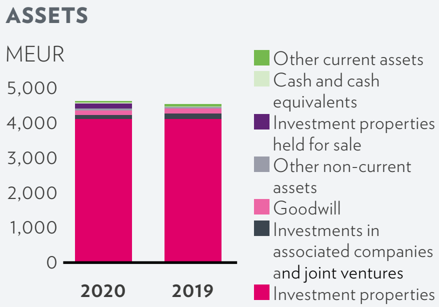


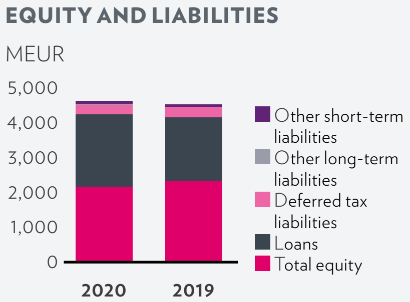
1 Change in net rental income
2 Change in administrative expenses
3 Change in other operating income and expenses
4 Change in fair value gains/losses
5 Change in gains/losses on sale

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

MEUR	Note	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Investment properties	2.1.	4,152.2	4,160.2
Goodwill	5.1.	141.1	146.5
Investments in associated companies and joint ventures	2.4.	108.6	147.6
Intangible assets	4.3.	17.6	19.3
Property, plant and equipment		3.5	4.3
Deferred tax assets	4.2.	14.2	9.4
Derivative financial instruments and other non-current assets	3.6.	15.4	20.7
Total non-current assets		**4,452.5**	**4,508.1**
Investment properties held for sale	2.2.	**149.7**	-
Current assets			
Derivative financial instruments	3.6.	0.2	0.0
Current tax receivables	4.1.	0.3	0.1
Trade and other receivables	3.3., 4.4.	51.5	59.9
Cash and cash equivalents	3.8.	25.9	14.2
Total current assets		**77.8**	**74.2**
Total assets		**4,680.0**	**4,582.3**

MEUR	Note	31 December 2020	31 December 2019
EQUITY AND LIABILITIES			
Equity	3.1.		
Share capital		259.6	259.6
Share premium fund		131.1	131.1
Fair value reserve		0.2	1.4
Invested unrestricted equity fund		823.2	909.9
Translation reserve		-150.9	-120.3
Retained earnings		755.4	796.7
Total equity attributable to parent company shareholders		**1,818.6**	**1,978.4**
Hybrid bond	3.1.	347.2	346.6
Non-controlling interest		0.2	0.1
Total equity		**2,166.0**	**2,325.2**
Long-term liabilities			
Loans	3.3., 3.4.	1,863.8	1,662.5
Derivative financial instruments	3.3., 3.6.	18.5	3.0
Deferred tax liabilities	4.2.	275.7	296.4
Other liabilities	3.3.	1.0	1.0
Total long-term liabilities		**2,159.0**	**1,962.9**
Short-term liabilities			
Loans	3.3., 3.4.	257.4	211.8
Derivative financial instruments	3.3., 3.6.	8.3	4.5
Current tax liabilities	4.1.	2.3	2.4
Trade and other payables	3.3., 4.5.	87.0	75.3
Total short-term liabilities		**355.0**	**294.1**
Total liabilities		**2,514.0**	**2,257.1**
Total liabilities and equity		**4,680.0**	**4,582.3**





The acquisitions of Stovner and Torvbyen shopping centres in Norway increased investment properties during the reporting period

The value of properties increased due to investments and acquisitions of EUR 338.5 million. On the contrary, divestments decreased the value of investment properties by EUR 10.0 million and transfers to held-for-sale by EUR 149.7 million. In addition, value decreased due to fair value losses of EUR 146.9 million and changes in exchange rates of EUR 43.4 million. Interest-bearing debt increased due to financing of investments.

CONSOLIDATED CASH FLOW STATEMENT, IFRS

MEUR	Note	2020	2019
Cash flow from operating activities			
Profit before taxes		**-45.7**	**2.2**
Adjustments		230.5	195.2
Cash flow before change in working capital		**184.8**	**197.4**
Change in trade and other receivables	4.4.	-6.0	4.6
Change in trade and other payables	4.5.	5.8	-6.7
Change in working capital		-0.3	-2.1
Cash generated from operations		**184.6**	**195.3**
Interest expenses and other financial expenses paid		-58.2	-60.3
Interest income and other financial income received		1.4	1.4
Taxes paid		-2.0	-1.1
Net cash from operating activities		**125.7**	**135.4**
Cash flow from investing activities			
Acquisition of subsidiaries, less cash acquired	2.1.	-7.9	-0.3
Capital expenditure on investment properties	2.1.	-155.8	-95.7
Capital expenditure on investments in joint ventures, intangible assets and PP&E	2.4., 4.3.	-2.5	-4.0
Sale of investment properties	2.1., 2.2.	10.8	65.8
Net cash used in investing activities		**-155.4**	**-34.3**
Cash flow from financing activities			
Proceeds from short-term loans	3.4.	831.4	1,204.8
Repayments of short-term loans	3.4.	-942.8	-1,266.9
Proceeds from long-term loans	3.4.	554.2	-
Repayments of long-term loans	3.4.	-306.3	-277.2
Proceeds from hybrid bond	3.1.	-	350.0
Hybrid bond interest and expenses	3.1.	-4.4	-2.5
Dividends and return from the invested unrestricted equity fund		-95.7	-114.9
Realised exchange rate gains and losses		3.8	8.6
Net cash from/used in financing activities		**40.3**	**-98.1**
Net change in cash and cash equivalents		**10.7**	**3.0**
Cash and cash equivalents at period-start	3.8.	14.2	11.4
Effects of exchange rate changes		1.0	-0.3
Cash and cash equivalents at period-end	3.8.	**25.9**	**14.2**

MEUR	Note	2020	2019
Adjustments:			
Depreciation and amortisation	1.5., 4.3.	2.6	2.5
Net fair value losses on investment property	2.1.	146.9	121.9
Losses/gains on disposal of investment property	2.2.	-0.7	-1.5
Financial income	3.2.	-113.3	-39.2
Financial expenses	3.2.	165.1	93.4
Share of profit of associated companies and joint ventures	2.4.	28.0	16.6
Share-based payments	1.6.	0.7	0.6
Other adjustments		1.2	0.9
Total		**230.5**	**195.2**

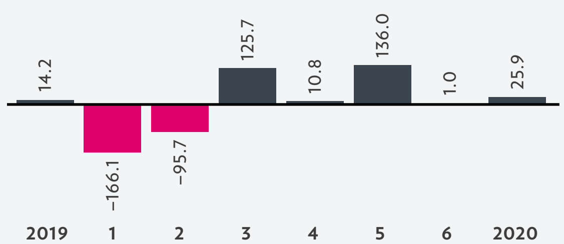
MEUR	2020	2019
Net cash from operating activities	125.7	135.4
Average number of shares (1,000)	177,998	177,997
Net cash from operating activities per share	**0.71**	**0.76**

Net cash from operating activities per share decreased slightly to EUR 0.71 from previous year's EUR 0.76.

Net cash from operations per share decreased slightly to EUR 0.71 (0.76) resulting mainly from lower net rental income. During 2020 Citycon invested EUR 166.1 million in aqcuisitions and development projects, which were financed mainly by EUR 200 million bond tap issue. The biggest development investment in 2020 was Lippulaiva.

CASH NEEDS AND CASH PROCEEDS

MEUR



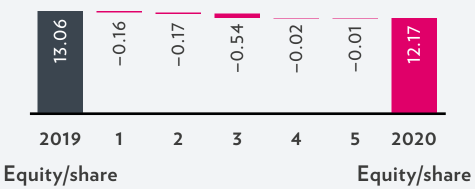
1 Acquisitions and investments
2 Dividends and equity returns
3 Cash from operations
4 Sale of properties
5 Cash from financing
6 Other

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 2018	**259.6**	**131.1**	**1.1**	**1,016.7**	**-115.9**	**796.3**	**2,088.9**		**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 expenses/income for the period, net of tax			**0.3**		**-4.4**		**-4.1**		**0.0**	**-4.1**
Total comprehensive loss/profit 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			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**
Profit for the period 2020						**-28.0**	**-28.0**		**0.1**	**-27.9**
Net gains on cash flow hedges (Note 3.2.)			-1.3				-1.3			-1.3
Share of other comprehensive income of joint ventures							0.0			0.0
Exchange gains/losses on translating foreign operations				0.0	-30.5		-30.5		0.0	-30.5
Total other comprehensive income/expenses for the period, net of tax			**-1.3**		**-30.5**		**-31.8**		**0.0**	**-31.8**
Total comprehensive profit/loss for the period			**-1.3**		**-30.5**	**-28.0**	**-59.8**		**0.1**	**-59.6**
Hybrid bond interest and expenses						-4,5	-4,5	0,6		-3,9
Dividends and return from the invested unrestricted equity fund (Note 3.1.)				-86,8		-8,9	-95,7			-95,7
Share-based payments (Note 1.6.)						0,0	0,0			0,0
Other changes						0,0	0,0			0,0
Balance at 31 December 2020	**259,6**	**131,1**	**0.2**	**823,2**	**-150,9**	**755,4**	**1 818,6**	**347,2**	**0,2**	**2 166,0**

DEVELOPMENT OF EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS PER SHARE

EUR



1 Profit for the period
2 Translation differences
3 Dividends and equity return
4 Hybrid bond interest and expenses
5 Other changes

Weakening of Norwegian crown resulted in a foreign exchange translation loss of EUR 30.5 million into the shareholders' equity.

During 2020, Citycon paid a dividend of EUR 0.05 per share and an equity return of EUR 0.4875 per share from the invested unrestricted equity fund. Distributed dividends were EUR 8.9 million and equity return EUR 86.8 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.	IFRS8
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.	IFRS16, IFRS15, IFRS9
Employee benefits and share-based payments	Employee benefits and personnel expenses	1.6.	IAS19, IFRS2
Earnings per share	Earnings per share	1.8.	IAS33
Investment property	Investment properties and related liabilities, Right-of-use assets	2.1., 2.3	IAS40, IFRS13, IFRS16
Assets held for sale	Investment properties held for sale	2.2.	IAS40, IFRS5
Investments in associates and joint ventures	Investments in joint ventures, Investments in associates	2.4.	IAS28, IFRS11, IFRS12
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.	IAS32, IFRS7, IFRS9, IFRS16
Provisions, Contingent Liabilities, Contingent Assets	Commitments and contingent liabilities	2.1., 3.7.	IAS37
Consolidated Financial Statements, Business Combination	Business Combinations, Goodwill, Acquisition of non-controlling interests	5.1., 5.2.	IFRS10, IFRS3
Related Party Disclosures	Related party transactions and changes in group structure	5.3.	IAS24
Impairment of Assets	Goodwill, Intangible assets, Trade and other receivables	4.3., 4.4., 5.1.	IAS36, IFRS9
Income taxes	Income taxes, Deferred tax assets and liabilities	4.1., 4.2	IAS12
Intangible assets	Intangible assets	4.3.	IAS38
Events after the Reporting Period	Post balance sheet date events	5.5.	IAS10
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 Piispansilta 9 A 1, 02230 Espoo.

The Board of Directors has approved the financial statements of the company on 17th February 2021. 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 Piispansilta 9 A 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 2020. 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 2020 and 2019, and the management does not manage operations according to customer segments.

1 JANUARY–31 DECEMBER 2020

MEUR	Finland & Estonia	Norway	Sweden & Denmark	Other	Total IFRS segments	Kista Galleria (50%)
Gross rental income	91.5	81.3	51.5	-	224.3	10.9
Service charge income	30.3	26.0	14.9	-	71.2	3.5
Property operating expenses	-32.7	-32.0	-20.6	0.3	-84.9	-5.8
Other expenses from leasing operations	-2.5	-1.3	-1.3	-0.2	-5.3	-1.0
Net rental income	**86.8**	**74.1**	**44.5**	**0.1**	**205.4**	**7.6**
Direct administrative expenses	-3.1	-3.6	-5.9	-13.3	-25.9	-0.1
Direct other operating income and expenses	0.1	-0.2	1.0	-	0.9	-0.4
Direct operating profit	**83.7**	**70.2**	**39.6**	**-13.2**	**180.4**	**7.0**
Indirect other operating income and expenses	-	-	-	-	-	-
Net fair value losses/gains on investment property	-87.5	-5.3	-54.2	-	-146.9	-32.3
Gains/losses on disposal of investment property	0.3	0.4	0.0	-	0.7	-
Operating profit/loss	**-3.5**	**65.4**	**-14.6**	**-13.2**	**34.1**	**-25.2**
Allocated assets						
Investment properties	1,913.0	1,459.9	779.3	-	4,152.2	255.6
Investment properties held for sale	0.0	0.0	149.7	-	149.7	-
Other allocated assets	9.9	164.9	134.2	39.9	348.9	9.8
Unallocated assets						
Deferred tax assets				14.2	14.2	
Derivative financial instruments				15.0	15.0	
Assets	**1,922.9**	**1,624.8**	**1,063.2**	**69.1**	**4,680.0**	**265.4**
Allocated liabilities						
Trade and other payables	21.3	60.9	33.5	-28.6	87.0	7.6
Unallocated liabilities						
Interest-bearing liabilities				2,121.2	2,121.2	235.5
Deferred tax liabilities				275.7	275.7	-
Derivative financial instruments				26.8	26.8	-
Other unallocated liabilities				3.3	3.3	9.9
Liabilities	**21.3**	**60.9**	**33.5**	**2,398.4**	**2,514.0**	**253.0**
Capital expenditure	**150.5**	**178.3**	**14.9**	**1.9**	**345.6**	**2.9**
Number of shopping centres	**12**	**18**	**10**	**-**	**40**	**1**
Number of other properties	**1**	**-**	**-**	**-**	**1**	**-**

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	-	0.0	0.0	-	0.0	-
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	-	-	-	-	-	-
Other allocated assets	29.0	192.2	147.1	24.3	392.5	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**	**4582.3**	**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**	**2154.8**	**2257.1**	**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**	**-**

1.2. GROSS RENTAL INCOME

Breakdown of gross rental income

MEUR	2020	2019
Straight-lining of lease incentives	2.4	0.9
Temporary and contractual rental discounts	-4.0	-3.9
Gross rental income (excl. items above)	226.0	235.1
Total	**224.3**	**232.1**

General description of Citycon's lease agreements
In the majority, i.e. in 89% (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 2020 approximately 66% (67%) 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 4,564 (4,404) lease agreements on 31 December 2020. The increase in the number of lease agreements was mainly due to property acquisitions in Norway.

Number of leases [1]

	31 December 2020	31 December 2019
Finland & Estonia	1,373	1,410
Norway	1,324	1,197
Sweden & Denmark	1,867	1,797
Total	**4,564**	**4,404**

[1] *Including Kista Galleria 100%.*

In accordance with the table presented below, the average remaining length of Citycon's lease portfolio was 2.9 (3.2) years on 31 December 2020. 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 2020	31 December 2019
Finland & Estonia	2.9	3.3
Norway	2.9	3.1
Sweden & Denmark	2.7	3.0
Average	**2.9**	**3.2**

[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 2020, fixed-term leases represented around 91% (92), initially fixed-term leases 4% (5) and leases in effect until further notice 4% (4) 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 2020 and 2019.

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

MEUR	31 December 2020	31 December 2019
Not later than 1 year	75.9	63.7
1–5 years	151.8	172.3
Over 5 years	40.0	33.8
Total	**267.7**	**269.9**

[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, that have been agreed at the start of the lease agreement are recognised on a straight-line basis over the lease term. The accounting treatment for lease incentives given during the lease agreement are recognized differently depending whether the lease incentive is based on the original lease agreement or not. If the discounts given during the lease term are not based on the original lease agreement but, the leaseholder has requested a rental discount due to the market situation or the property's (re) development project, the discounts will be, according to IFRS 16, considered to form a new lease agreement, which means that the discounts are to be recognized on a straight-line basis during the remaining lease term. However, if the discounts given during the lease term are based on original lease agreement, then the discount costs should be 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.

THE EFFECTS OF COVID-19 TO RENTAL INCOME

Citycon gave rent concessions to its tenants in various forms due to difficulties imposed by COVID-19 during Q2 2020. These rent concessions included rental discounts, payment schedule changes and rent-free periods during 1.4–30.6.2020. The rent discounts or rent-free periods were given to tenants in Finland & Estonia and Sweden & Denmark segments.The total amount of rent discounts given was EUR 4.4 million.

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

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

Citycon has not given new COVID-19 related rent concessions during Q3–Q4 2020.

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 2020

MEUR	Finland & Estonia	Norway	Sweden & Denmark	Other	Total
Service charges [1]	24.3	18.7	12.2	-	55.3
Utility charges [1]	3.8	2.8	1.0	-	7.6
Other service income [1]	2.2	4.5	1.7	-	8.3
Total	**30.3**	**26.0**	**14.9**	**-**	**71.2**
Management fees [2]	0.2	2.0	0.8	-	3.1
Total	**0.2**	**2.0**	**0.8**	**-**	**3.1**
Revenue from contracts with customers	**30.5**	**28.1**	**15.7**	**-**	**74.3**

[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

Breakdown of revenues 1 January–31 December 2019

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).

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.

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.

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

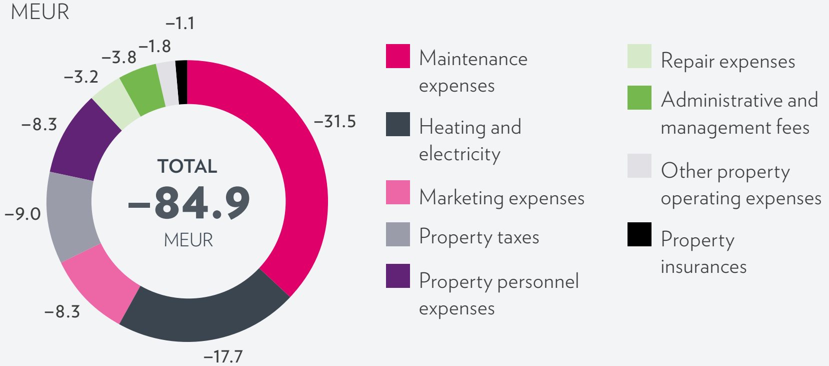
MEUR	2020	2019
Contract assets	6.2	3.0
Contract liabilities	3.6	3.1

CONTRACT BALANCES

The contract assets on customer contracts are open sales receivables related to service charges, and the contract iabilities 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 excpected to be recognised as income within the next twelve (12) months.

Operating expenses 2020

MEUR



1.4. PROPERTY OPERATING EXPENSES

MEUR	2020	2019
Heating and electricity	-17.7	-20.1
Maintenance expenses	-31.5	-32.1
Property personnel expenses	-8.3	-8.5
Administrative and management fees	-3.8	-3.6
Marketing expenses	-8.3	-9.4
Property insurances	-1.1	-1.0
Property taxes	-9.0	-8.8
Repair expenses	-3.2	-3.8
Other property operating expenses	-1.8	-2.1
Total	**-84.9**	**-89.3**

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.

1.5. ADMINISTRATIVE EXPENSES

MEUR	2020	2019
Personnel expenses	-12.6	-11.8
Expenses related to management and organizational changes	-0.2	-2.6
Consultancy and advisory fees as well as external services	-6.1	-4.6
Office and other administrative expenses	-4.4	-5.3
Depreciation and amortisation	-2.6	-2.5
Total	**-25.9**	**-26.8**

Expenses related to management and organizational changes EUR 2.6 million 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	2020 Group	2020 Parent company
Audit fees	**-1.0**	**-0.4**
Ernst & Young Oy	-0.5	-0.4
Other EY offices	-0.5	-
Other advisory services	**0.0**	**0.0**
Ernst & Young Oy	0.0	0.0
Other EY offices	0.0	-
Total	**-1.0**	**-0.4**

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	0.0
Total	**-0.9**	**-0.4**

1.6. EMPLOYEE BENEFITS AND PERSONNEL EXPENSES

MEUR	Note	2020	2019
Wages and salaries of management			
CEO	A	-1.2	-1.1
Management committee	B	-1.4	-1.5
Board	C	-0.6	-0.7
Other wages and salaries		-14.9	-14.7
Pension charges: defined contribution plans		-2.5	-2.1
Social charges		-3.1	-3.4
Expense of share based payments	D	-0.7	-0.6
Total		**-24.5**	**-23.6**

Personnel expenses of EUR 12.6 million (11.8) are included in administrative expenses, EUR 8.3 million (8.5) in property operating expenses and EUR 2.5 million (2.8) in other operating income and expenses. In addition, EUR 1.1 million (1.2) were charged from the managed centers 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	2020	2019
Finland & Estonia	49	50
Norway	97	95
Sweden & Denmark	61	52
Group functions	39	37
Total	**246**	**234**

A) CEO wages and salaries

	2020	2019
Base salary including benefits	702,380	691,852
Short-term incentives	507,600	423,842
Long-term incentives and other one-time payments	446,395	458,313
Total	**1,656,375**	**1,574,007**

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 2020 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 2020, 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.

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

MEUR	2020	2019
Wages and salaries	-1.4	-1.5
Pensions: defined contribution plans	-0.2	-0.2
Social charges	-0.3	-0.1
Total	**-1.9**	**-1.8**

C) Remuneration of the members of the Board of Directors

EUR	2020	2019
Chaim Katzman	165,000	165,000
Ariella Zochovitzky	88,000	74,000
Yehuda (Judah) Angster (as of 11 June 2020)	32,540	-
Arnold de Haan	64,400	70,400
Zvi Gordon (as of 11 June 2020)	31,940	
Bernd Knobloch (until 17 March 2020)	1,800	87,800
Alexandre (Sandy) Koifman (as of 13 March 2019)	62,000	59,600
David Lukes	65,400	67,400
Andrea Orlandi[1]	-	-
Per-Anders Ovin	60,200	66,200
Ofer Stark [2)]	59,600	62,600
Total	**630,880**	**653,000**

[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 0.1 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 currently five long-term incentive plans based on shares. Three of the long-term incentive plans are directed only to the members of the Corporate Management Committee: Matching Share Plan 2018–2020 decided on 23 February 2018, CEO Restricted Share Plan 2018-2021 decided on 12 December 2018 and Performance Share Plan 2020–2022 decided on 17 March 2020. Two of the long-term incentive plans are directed to the key employees of the group: Restricted Share Plan 2018–2020 decided on 23 February 2018 and Restricted Share Plan 2020–2022 decided on 11 December 2019. Further, Citycon had two long-term incentive plans, Performance Share Plan 2015 and Restricted Share Plan 2015 directed to the key employees of the group, which expired after their last vesting dates during the financial year 2020.

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 retain the key employees in the service of the company, and to offer them competitive reward plans based on earning and accumulating the company's shares.

In 2020, expenses from long-term share-based incentive plans recognised in consolidated financial statements amounted to EUR 0.7 million (1.5).

MATCHING SHARE PLAN 2018-2020

The Matching Share Plan 2018–2020 is directed to the 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 the member of the Corporate Management Committee invests in the company's shares a pre-determined percentage of the bonus earned from the company's short-term performance bonus scheme during the calendar year preceding a matching period. If 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 the invested shares subject to the share ownership prerequisite.

The rewards to be paid on the basis of the Matching Share Plan 2018–2020 in total correspond to the value of a maximum total of 40,000 shares. In addition, a cash proportion is included to cover taxes and tax-related costs arising from the reward to the participant in accordance with the terms and conditions of the Matching Share Plan.

The rewards paid on the basis of the matching period 2018–2019 corresponded to the total value of 21,006 shares, and in addition a cash proportion was included in the reward to cover taxes and tax-related costs arising from the reward in accordance with the terms and conditions of the plan. The rewards allocated and to be paid on the basis of the matching period 2019–2020 correspond to the value of an approximate maximum total of 5,493 shares and for the matching period 2020–2021 to the value of an approximate maximum total of 11,241 shares. In addition, a cash proportion is included in the rewards to cover taxes and tax-related costs arising from the rewards to the participants in accordance with the terms and conditions of the plan.

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. The rewards from the plan are paid in three equal instalments of 40,000 shares after the end of each vesting period. The rewards may be paid partly in company's shares or partly or fully in cash to cover taxes and tax related costs, in which case the CEO may be obliged to acquire shares with the net reward. All unvested shares under the CEO Restricted Share Plan are eligible for dividend equivalent at the beginning of the vesting periods. The value of dividend equivalent per reward share equals to the distributed dividends or other distributed assets per share. The payment of the rewards under the CEO Restricted Share Plan are due by the end of each respective calendar year on 2019, 2020 and 2021 provided that the CEO has not terminated his director contract.

PERFORMANCE SHARE PLAN 2020-2022

The Performance Share Plan 2020–2022 is directed to the members of the Corporate Management Committee, excluding the CEO.

The Performance Share Plan 2020–2022 includes three performance periods, each three years, spanning from March 2020, 2021 and 2022 until the end of February 2023, 2024 and 2025, respectively. The rewards payable are based on the participants achieving the strategic individual criteria set for each performance period and a valid employment or service contract. The rewards to be paid on the basis of the Performance Share Plan 2020–2022 correspond to the value of a maximum total of 150,000 shares including any cash proportion for taxes and tax-related costs.

The rewards allocated and to be paid based on the performance period 2020–2022 correspond to the value of an approximate maximum total of 30,000 shares, including the cash proportion to be used for taxes and tax-related costs.

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 were 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 shares and partly in cash, to be used for taxes and tax-related costs, after the end of a 12 to 36 months vesting period. The rewards to be paid on the basis of the Restricted Share Plan 2018–2020 correspond to the value of an approximate maximum total of 40,000 shares, including any cash proportion for taxes and tax-related costs.

The rewards paid in 2020 on the basis of the Restricted Share Plan 2018–2020 corresponded to the total value of 8,341 shares, including cash proportion to cover taxes and tax-related costs. The final rewards allocated based on the Restricted Share Plan 2018-2020, during the year 2020, correspond to the value of a total of 3,000 shares.

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, to be used for taxes and tax-related costs, after the end of a 24 to 36 months vesting period. The rewards to be paid on the basis of the Restricted Share Plan 2020–2022 in total correspond to the value of a maximum total of 60,000 Oyj shares including any cash proportion for taxes and tax-related costs.

The rewards allocated in 2020 and to be paid based on the Restricted Share Plan 2020–2022 correspond to the value of a total 21,000 shares.

LONG-TERM INCENTIVE PLANS EXPIRED DURING THE FINANCIAL YEAR 2020

Performance Share Plan 2015 and Restricted Share Plan 2015

The Performance Share Plan 2015 was directed to selected key employees, including members of the Corporate Management Committee. The plan included three performance periods, calendar years 2015–2017, 2016–2018 and 2017–2019. The performance criterion for all three performance periods was total shareholder return of Citycon's share (TSR). The rewards paid in 2020 based on the final performance period 2017–2019, corresponded to the total of 6,688 shares, including cash proportion to be used for taxes and related costs.

The Restricted Share Plan 2015 was 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 were based on a valid employment or service contract of a key employee upon the reward payment and paid after the end of a two-year or a three-year individual vesting period. In 2020 a total of 39,259 shares vested based on the Restricted Share Plan 2015, part of which vested in December 2020 and were paid in January 2021. The aforementioned reward included cash proportion to be used for tax 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

Cityon 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	2020	2019
Management fees	3.1	5.2
Management fee related expenses	-1.3	-2.8
Depreciation on contract values of managed and rented centres	-0.9	-0.9
Other operating income	0.0	1.3
Total	**0.9**	**2.8**

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	2020	2019
Profit/loss attributable to parent company shareholders (MEUR)	-28.0	8.9
Hybrid bond coupons and amortized fees [2]	-16.2	-1.7
Weighted average number of ordinary shares (1,000) [1]	177,998	177,997
Earnings per share (basic) (EUR)	**-0.25**	**0.04**

Earnings per share, diluted	2020	2019
Profit/loss attributable to parent company shareholders (MEUR)	-28.0	8.9
Hybrid bond coupons and amortized fees [2]	-16.2	-1.7
Adjustment for share-based incentive plans (1,000)	258	445
Weighted average number of ordinary shares, diluted (1,000)	178,256	178,556
Earnings per share (diluted) [1]	**-0.25**	**0.04**

[1] *The key figure includes hybrid bond coupons and amortized fees.*

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

	Days	No. of shares
Weighted average (daily) number of shares	365	178,256,407

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. In the fair value valuation on 31 December 2020, 1 property (1) was classified as (re) development project. Potential development projects are projects whose realization is uncertain. Therefore they have been left out of the valuation conducted by the external appraiser.

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 if not possible measure at fair value , in regard to timing and reliable information available.

The fair value of Citycon's properties was measured by CBRE (Norway, Denmark, Estonia) and JLL (Finland, Sweden) for the financial statements for 2020. The fair value of Citycon's properties was measured by CBRE (Sweden, Norway, Denmark, Estonia) and JLL (Finland) for the financial statement for 2019. The resulting fixed fees based on the 2020 valuations totaled EUR 0.3 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 2020	31 December 2019
Fair value of investment properties determined by the external appraiser per 31 December	4,231.1	4,091.9
Capital expenditure on development projects	25.8	17.2
Right-of-use assets classified as investment properties (IFRS 16)	45.0	51.1
Transfer into investment properties held for sale	-149.7	-
Acquisition cost of properties acquired during the last quarter of the year	-	-
Fair value of investment properties per 31 December	**4,152.2**	**4,160.2**

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 2020	31 December 2019
Quoted prices (Level 1)	-	-
Observable inputs (Level 2)	-	-
Unobservable inputs (Level 3)	4,231.1	4,091.9
Total	**4,231.1**	**4,091.9**

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.

THE EFFECTS OF COVID-19 TO FAIR VALUE OF INVESTMENT PROPERTIES

The outbreak of the Covid-19 pandemic in the spring caused temporary uncertainty in determining fair values. The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Neverthless, as at the valuation date, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value. Accordingly, Citycon's external valuations are not reported as being subject to 'material valuation uncertainty', as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

INPUTS

The segments' inputs used by the external appraisers in the cash flow analysis per 31 December 2020 and 31 December 2019 are presented in the following tables.

The weighted average yield requirement increased slightly in all segments compared to the comparison period.

The weighted average market rent for the whole property portfolio was 26.2 EUR/sq.m. (26.5). The weighted average vacancy assumption for the cash flow period was 4.4% (3.9).

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 4,231.1 million defined by the external appraiser at 31 December 2020 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.

INPUTS

31 December 2020

MEUR	Finland & Estonia	Norway	Sweden & Denmark	Average
Yield requirement (%)	5.5	5.6	5.7	5.6
Market rents (EUR/sq.m.)	29.4	21.5	26.8	26.2
Operating expenses (EUR/sq.m.)	6.0	4.9	6.7	5.7
Vacancy during the cash flow period (%)	5.2	3.6	4.1	4.4
Market rent growth assumption (%)	1.7	2.0	1.8	-
Operating expense growth assumption (%)	1.7	2.0	1.8	-

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	-

SENSITIVITY ANALYSIS

	Fair value (MEUR)				
Change %	**-10%**	**-5%**	**±0%**	**+5%**	**+10%**
Yield requirement	4,693.1	4,450.0	4,231.1	4,033.2	3,853.2
Market rents	3,697.9	3,964.5	4,231.1	4,497.8	4,764.4
Operating expenses	4,369.5	4,300.3	4,231.1	4,162.0	4,092.8
Change, percentage points	**-2**	**-1**	**±0**	**1**	**2**
Vacancy	4,355.2	4,293.2	4,231.1	4,169.1	4,107.1

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.

INVESTMENT PROPERTY CHANGES AND CLASSIFICATION

31 December 2020 MEUR	Investment properties under construction	Operative investment properties	Investment properties total
At period-start	**169.0**	**3 991.2**	**4 160.2**
Acquisitions	-	156.0	156.0
Investments	121.5	56.1	177.6
Disposals	-	-10.0	-10.0
Capitalised interest	4.6	0.3	4.9
Fair value gains on investment property	-	39.8	39.8
Fair value losses on investment property	-23.6	-157.5	-181.1
Valuation gains and losses from Right-of-Use-Assets		-5.7	-5.7
Exchange differences	-	-43.4	-43.4
Transfer between operative investment properties, joint ventures and transfer into investment properties held for sale		-145.8	-145.8
Changes in right-of-use assets classified as investment properties (IFRS 16)	-	-0.4	-0.4
At period-end	**271.5**	**3,880.7**	**4,152.2**

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	0.0	0.3	0.3
Investments	38.6	58.2	96.8
Disposals	0.0	-2.9	-2.9
Capitalised interest	2.6	0.6	3.3
Fair value gains on investment property	0.0	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	0.0	-6.0	-6.0
Exchange differences	0.0	-4.2	-4.2
Transfer between operative investment properties, joint ventures and transfer into investment properties held for sale	0.0	0.5	0.5
Changes in right-of-use assets classified as investment properties (IFRS 16)	0.0	57.0	57.0
At period-end	**169.0**	**3,991.2**	**4,160.2**

INVESTMENT PROPERTIES 2020
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 Changes in right-of-use assets classified as investment properties (IFRS 16)
9 Transfers between items

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 Changes in right-of-use assets classified as investment properties (IFRS 16)
9 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 2019, 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 implemenatation 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 2020	31 December 2019
Capital commitments	183.9	208.0
VAT refund liabilities	91.4	94.5

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 determing whether the sale of an investment property is to be classified as a real estate sale or sale of a business.

MEUR	2020	2019
Acquisition cost January 1	**0.0**	**78.1**
Disposals	0.0	-77.6
Transfers from investment properties	149.7	-0.5
Accumulated acquisition cost December 31	**149.7**	**0.0**

On 31 December 2020 Investment Properties Held for Sale comprised of three properties in Sweden & Denmark segment. On 31 December 2019 Citycon had no property held for sale properties. Transfer from investment properties includes also fair value changes of properties in Investment Properties Held for Sale.

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

The IFRS 16 Leases standard replaced the IAS 17 standard at the beginning of the 2019 financial period. First and foremost, the standard 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, Citycon has recognized assets and liabilities to the Group's balance sheet pertaining to these leases starting from Q1 2019.

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 propability of exercicing 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'.

Citycon applies the recognition exemptions permitted by the standard and, hence, does not apply 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 2020 is as follows:

Consolidated income statement

MEUR	2020	2019
Property operating expenses	6.6	7.0
Net rental income	6.6	7.0
Administrative expenses	0.0	0.0
Net fair value losses on investment property	-5.7	-6.0
Other operating income and expenses	0.0	0.0
Operating profit	1.0	1.0
Net financial income and expenses	-1.6	-1.9
Loss before taxes	-0.6	-0.8
Deferred taxes	0.1	0.2
Loss/profit for the period	-0.5	-0.7

Consolidated statement of financial position

MEUR	Investment properties	Tangible assets	Total Right-of-use assets	Lease liabilities
1 January 2020	51.1	3.3	54.4	55.2
31 December 2020	45.0	2.4	47.4	48.8
1 January 2019	57.4	4.4	61.9	61.9
31 December 2019	51.1	3.3	54.4	55.2

THE EFFECT OF IFRS 16 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 LTV formula is presented in section Formulas for key figures and ratios.

Consolidated cash flow statement

MEUR	2020	2019
Net cash flows from operating activities	5.0	6.1
Net cash flows from financing activities	-5.0	-6.1

Changes to calculation of key figures
Depreciations of right-of-use assets by asset class

MEUR	2020	2019
Valuation gains/losses	-5.7	-6.0
Depreciation of right-of use assets	-0.9	-1.0

Impact of recognition exemptions permitted by the standard

MEUR	2020	2019
Short-term leases	0.0	0.0
Low-value assets	0.1	0.1
Variable rents	0	0

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

MEUR	2020	2019
Less than 1 month	0.5	0.5
1 to 12 months	5.5	5.6
1–5 years	26.0	21.8
over 5 years	16.8	27.3
Total	48.8	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

	2020			2019		
MEUR	**Kista Galleria Group**	**Norwegian joint ventures**	**Joint ventures total**	**Kista Galleria Group**	**Norwegian joint ventures**	**Joint ventures total**
Investment property	511.2	2.9	514.1	545.3	3.1	548.4
Other non-current assets	0.0	0.1	0.1	0.0	0.0	0.1
Cash and cash equivalents	7.4	1.0	8.4	6.9	2.2	9.1
Other current assets	12.2	1.7	13.9	12.2	2.6	14.8
Long-term loans	471.0	0.2	471.2	441.2	-	441.2
Deferred tax liabilities	19.8	-	19.8	29.1	-	29.1
Short-term liabilities	15.2	0.4	15.6	21.0	1.6	22.6
Equity	**24.8**	**5.3**	**30.1**	**80.3**	**6.4**	**86.7**
Portion of the Group's ownership, %	50%	50%		50%	50%	
Share of joint venture's equity	12.4	2.6	15.0	40.1	3.2	43.3
Share of loans of joint ventures	93.5	-	93.5	84.7	-	84.7
Investments in joint ventures	**105.9**	**2.6**	**108.6**	**124.8**	**3.2**	**128.0**
Gross rental income	21.8	-	21.8	25.0	-	25.0
Net rental income	15.2	-	15.2	19.7	-	19.7
Administrative expenses	-0.3	-3.8	-4.1	-0.2	-6.3	-6.5
Other operating income/expenses	-0.8	3.8	3.0	-1.2	5.2	4.0
Net fair value losses/gains on investment property	-64.5	-	-64.5	-35.4	-	-35.4
Operating profit	-50.4	0.0	-50.4	-17.1	-1.1	-18.2
Financial income	0.0	0.0	0.0	0.0	-	0.0
Financial expenses	-15.8	0.0	-15.8	-15.1	-	-15.1
Taxes	10.0	0.0	10.0	3.7	-0.1	3.6
Loss / Profit for the period	**-56.3**	**0.0**	**-56.3**	**-28.5**	**-1.2**	**-29.7**
Share of loss/profit of joint ventures	**-28.1**	**0.0**	**-28.1**	**-14.3**	**-0.6**	**-14.9**
Other comprehensive income for the period, net of tax	0.0	0.0	0.0	0.0	-	0.0
Exchange losses/gains on translating foreign operations	-13.2	-0.4	-13.6	-1.3	0.1	-1.2
Share of other comprehensive income of associated companies and joint ventures	**-6.6**	**-0.2**	**-6.8**	**-0.6**	**0.0**	**-0.6**
Total comprehensive loss/profit for the period	**-69.4**	**-0.2**	**-69.6**	**-29.8**	**-1.1**	**-30.9**

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, venturers 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 shareholder loan shall be made pro rata to each of the joint venture partners.

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.The 50% ownership of Centerteam AS was sold on 18.12.2020 and it is not included in the group balance sheet on 31.12.2020.

B) Investments in associated companies

MEUR	2020	2019
Investment properties	0.0	237.5
Current assets	0.4	5.3
Short-term liabilities	0.3	1.7
Long-term liabilities	0.0	143.2
Total shareholders' equity	**0.1**	**94.5**
Portion of the Group's ownership, %	38%	20%
Share of associated companies' equity	0.0	18.9
Share of loans of associated companies	0.0	0.7
Investments in associated companies	**0.0**	**19.6**
Gross rental income	1.3	13.9
Net rental income	0.9	11.5
Net fair value losses/gains on investment property	0.0	-23.0
Net financial income and expenses	-0.6	-5.6
Taxes	0.0	5.1
Profit for the period	**0.3**	**-12.6**
Share of loss/profit of associated companies	**0.1**	**-2.5**
Share of other comprehensive income of associated companies and joint ventures	**0.0**	**0.2**
Total comprehensive loss/profit for the period	**0.3**	**-11.7**

ASSOCIATED COMPANIES IN NORWAY

Citycon acquired on 14 July 2015 all the shares in Norwegian shopping centre company Sektor. At the end of 2019, the acquired portfolio included associate interests in three shopping centres: Markedet, Stovner Senter and Torvbyen. Citycon owned 20% interest in all of these shopping centres at the end of comparison period 31.12.2019.

Citycon acquired the remaining interest in Sektor Portefolje II AS on 5th February 2020 and sold one of the three shopping centres (Markedet) during Q1 2020. After the transactions, Citycon owns 100% of Stovner and Torvbyen shopping centers, which have been consolidated as subsidiaries regarding the period after the transaction. The result of Sektor Portefolje II AS prior to acquisition has been consolidated to consolidated income statement on row share of profit of associated companies and joint ventures. On the reporting date 31.12.2020 Citycon has only one associated company, Torvbyen Drift AS, from which the group owns 38%.

The table presents summarised financial information of the Citycon's investments in associated 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

Citycon issued a EUR 350 million hybrid bond in November 2019. 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. 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. Earnings per share includes the interests. The hybrid loan has an off-balance sheet accrued interest of EUR 13.5 million as of 31 December 2020.

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 2020, 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 in the manner set forth below.

Based on this authorization, the maximum total amount of dividend to be distributed shall not exceed EUR 0.05 per share and the maximum total amount of equity repayment distributed from the invested unrestricted equity fund shall not exceed EUR 0.45 per share. Based on the current total number of issued shares in the company, the authorization would equal to a maximum of EUR 8,899,926.25 in dividend and a maximum of EUR 80,099,336.25 in 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. 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 set out below. Citycon shall make separate announcements of each such Board resolution.

Preliminary payment date	Preliminary record date
31 March 2021	24 March 2021
30 June 2021	21 June 2021
30 September 2021	22 September 2021
30 December 2021	16 December 2021

The dividend and/or equity repayment based on the 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 of the dividend and/or equity repayment.

3.2. NET FINANCIAL INCOME AND EXPENSES

A) Recognised in the consolidated income statement

MEUR	2020	2019
Interest income on loans	5.7	5.3
Interest income on derivatives and other items	0.1	0.3
Foreign exchange gains	107.5	31.0
Fair value gain from derivatives	0.0	2.6
Other financial income	0.0	0.0
Financial income, total	**113.3**	**39.2**
Interest expenses on loans	-47.7	-50.7
Interest expenses on derivatives and other items	-2.6	-0.7
Foreign exchange losses	-107.6	-31.1
Fair value loss from derivatives	-5.1	-
Development interest capitalised	4.9	3.3
Other financial expenses	-5.4	-12.3
Interest expenses on IFRS 16 lease liabilities	-1.6	-1.9
Financial expenses, total	**-165.1**	**-93.4**
Net financial income and expenses	**-51.8**	**-54.2**
Of which attributable to financial instrument categories:		
Interest-bearing loans and receivables	-30.0	-50.7
Lease liabilities (IFRS 16)	-1.6	-1.9
Derivative financial instruments	-19.8	-1.1
Other liabilities and receivables	-0.4	-0.5
Net financial income and expenses	**-51.8**	**-54.2**

Net financial expenses decreased compared to last year as the lower average amount of debt, slightly lower average cost of debt and weaker average NOK currency rates had a positive impact on net financial expenses. Due to Covid-19 the company has held higher cash buffers to ensure liquidity, which has increased average debt levels and financial expenses.

In 2020, foreign exchange gains of EUR 2.5 million (28.0) and foreign exchange losses of EUR -15.6 million (-24.9) were recognised in the consolidated income statement from debt instruments.

Citycon's weighted average interest rate was 2.39% (2.29%) and the weighted average interest excluding derivatives was 2.37% (2.34%) as at 31 December 2020. Interest on development expenditure is capitalised at a rate of 2.51% (2.60%) as at 31 December 2020.

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 accouting that have been closed. Other financial expenses mainly consists of amortisations and write-downs of arrangement fees, paid commitment fees and other bank fees.

B) Recognised in the other consolidated comprehensive income

MEUR	2020	2019
Gains/losses arising during the period from cash flow hedges	-1.3	0.0
Added (Less): interest income (expenses) recognised in the consolidated income statement on cash flow hedges	-0.3	0.6
Net gains/losses on cash flow hedges	**-1.6**	**0.7**

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. Capitalisable 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 reatined 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 2020 and 31 December 2019, 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 2020 and 31 December 2019, 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 2020 and 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 2020	Fair value 2020	Carrying amount 2019	Fair value 2019
Financial assets					
I Financial assets amortised at cost					
Financial assets within Rent, trade and other receivables	4.4.	20.6	20.6	14.7	14.7
Cash and cash equivalents	3.8.	25.9	25.9	14.2	14.2
II Financial assets at fair value through profit and loss					
Derivative financial instruments	3.6.	14.8	14.8	18.7	18.7
III Derivative contracts under hedge accounting					
Derivative financial instruments	3.6.	0.2	0.2	1.4	1.4
Financial liabilities					
I Financial liabilities amortised at cost					
I.I Loans					
Loans from financial institutions	3.4.	313.6	313.6	231.3	231.5
Bonds	3.4.	1,758.8	1,784.4	1,587.8	1,599.2
Lease liabilities (IFRS 16)	2.3	48.8	48.8	55.2	55.2
I.II Other liabilities					
Financial liabilities within Trade and other payables	4.5.	36.0	36.0	29.7	29.7
II Financial liabilities at fair value through profit and loss					
Derivative financial instruments	3.6.	26.8	26.8	7.5	7.5
III Derivative contracts under hedge accounting					
Derivative financial instruments	3.6.	0.0	0.0	-	-

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

Citycon applies IFRS valuation principles when determing 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 IFRS13.72-90. 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 IFRS13.72-90.

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 1/2014, 3/2015, 1/2016, 1/2017, 1/2018 , 1/2020 and 2/2020 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 2020 the secondary market price was EUR 21.8 million higher (14.8 higher) than the fair value of the bonds and EUR 47.4 million higher (26.4 higher) than the carrying amount of bonds.

3.4. LOANS

All Citycon loans were interest-bearing liabilities on 31 December 2020 and 2019. These interest-bearing loans are explained here in detail.

Breakdown of interest-bearing liabilities

MEUR	Maturity	Effective interest rate, %	Carrying amount 2020	Carrying amount 2019
Long-term interest-bearing liabilities				
Bonds				
Eurobond 1/2014	10/2024	2.64	347.4	346.8
NOK Bond 1/2015	3/2021	3M Nibor +1.55	-	35.4
NOK Bond 2/2015	9/2025	3.90	123.7	131.2
Eurobond 3/2015	9/2022	2.40	254.3	254.0
Eurobond 1/2016	9/2026	1.26	348.4	348.2
NOK Bond 1/2017	9/2025	2.77	94.9	100.6
Eurobond 1/2018	1/2027	2.50	296.6	296.1
Eurobond 1/2020 (1/2014 bond tap)	10/2024	4.50	184.1	-
NOK Bond 1/2020	11/2023	3M Nibor +2.80	76.0	-
Syndicated term loans				
NOK 1,000 million term loan facility	6/2022	3M Nibor + 1.30	-	101.1
Syndicated revolving credit facilities				
EUR 250 million unsecured revolving credit facility	6/2024	Reference rate + 2.40 [1]	-	-
EUR 250 million secured revolving credit facility	6/2024	Reference rate + 1.90 [1]	95.5	-
Lease liabilities (IFRS 16)	-	-	42.9	49.1
Total long-term interest-bearing liabilities			**1,863.8**	**1,662.5**
Short-term interest-bearing liabilities				
Eurobond 1/2013	6/2020	3.83	-	75.5
NOK Bond 1/2015	3/2021	3M Nibor +1.55	33.4	-
Commercial papers	1-9/2021	-	218.1	129.7
Cash pool overdrafts	-	-	-	0.5
Lease liabilities (IFRS 16)	-	-	5.9	6.1
Total short-term interest-bearing liabilities			**257.4**	**211.8**

[1] *Margin is linked to the group's credit rating and sustainability targets*

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 (excl. IFRS16 liabilities)

MEUR	2020	2019
1–2 years	254.3	35.4
2–3 years	76.0	355.2
3–4 years	627.0	-
4–5 years	218.6	346.8
over 5 years	645.0	876.0
Total	**1 820.9**	**1,613.4**

Long-term interest-bearing liabilities by currency

MEUR	2020	2019
EUR	1,099.7	926.9
NOK	390.1	368.4
SEK	331.2	318.1
Total	**1,820.9**	**1,613.4**

Short-term interest-bearing liabilities by currency

MEUR	2020	2019
EUR	200.6	143.5
NOK	33.4	-
SEK	17.5	62.2
Total	**251.5**	**205.7**

Currency split is including cross-currency swaps. 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 83.5%.

The interest sensitivity of Citycon's loan portfolio at the end of 2020 is described by the fact that a one-percentage point rise in money market interest rates would increase its interest expenses by 3.1 million on a yearly basis, while a fall of one-percentage point in such rates would decrease them by EUR 1.8 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	2020	2019
Euro	2.0	0.7
Norwegian crown	1.0	-
Swedish crown	0.2	0.6
Total	**3.1**	**1.3**

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	2020	2019
Euro	-	-
Norwegian crown	2.3	0.3
Swedish crown	-	-
Total	**2.3**	**0.3**

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 sources 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 2020, unused committed credit limits amounted to EUR 405.7 million, in addition Citycon had unused cash pool limits of EUR24.6 million and unrestricted cash and cash equivalents of EUR 16.7 million.

As a result of the Covid-19 outbreak, debt capital markets have been less liquid, and in March-April the commercial paper markets in the Nordics were practically closed. Therefore, Citycon temporarily drew EUR 200 million from the committed syndicated revolving credit facility (RCF) to finance maturing commercial papers and to secure sufficient liquidity for its operations. As the commercial paper markets opened up again, and as Citycon issued a EUR 200 million bond tap in June, and the company's abilty to collect rent continued strong, the company reduced its cash levels and repaid the RCF by September.

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 2020					
Loans from financial institutions	93.0	125.7	95.5	-	314.3
Bonds	7.1	67.7	1,229.0	668.6	1,972.5
Derivative financial instruments	0.2	-0.1	-0.4	0.0	-0.3
Financial liabilities within Trade and other payables	25.8	10.2	0.0	0.0	36.0

MEUR					
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

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 refinancings, new bond issues, or disposals of investment properties will be done. The table below shows the maturity profile of the undrawn committed credit facilities.

MEUR	Less than 1 month	1 to 12 months	1–5 years	Over 5 years	Total
31 December 2020					
Undrawn committed credit facilities	-	-	405.7	-	405.7

MEUR					
31 December 2019					
Undrawn committed credit facilities	-	-	530.4	-	530.4

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 2020	Cash flow	Foreign exchange movement	Change in fair values	Amortised fees	Other changes	31 December 2020
Long term interest bearing liabilities	1,613.4	248.0	-4.7	-	-2.3	-33.4	1,820.9
Short-term interest bearing liabilities	205.7	-105.4	0.0	-	-0.1	151.3	251.5
Derivatives	7.5	-	19.1	0.2	-	-	26.8
Total in liabilities from financing activities	**1,826.6**	**142.5**	**14.4**	**0.2**	**-2.4**	**117.9**	**2,099.2**

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**

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 percent strengthening in foreign exchange rates on net financial expenses

MEUR	2020	2019
Swedish crown	0.1	0.1
Norwegian crown	-0.7	-0.5
Total	**-0.6**	**-0.4**

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, raising hybrid financing, divesting investment properties 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	2020	2019
Total shareholders' equity (A)	2,166.0	2,325.2
Total assets	4,680.0	4,582.2
Less advances received	16.0	15.7
./. (Total assets - advances received) (B)	4,664.0	4,566.5
Equity ratio, % (A/B)	**46.4%**	**50.9%**

LTV (Loan to value) -%:

MEUR	2020	2019
Interest-bearing debt total (Note 3.4.)	2,121.2	1,874.4
Less lease liabilities (IFRS 16, Note 2.3)	48.8	55.2
Less cash and cash equivalents (Note 3.8.)	25.9	14.2
Interest-bearing net debt (A)	2,046.5	1,804.9
Fair value of investment properties including properties held for sale and investments in joint ventures (Notes 2.1 and 2.2)	4,410.5	4,307.8
Less right-of-use assets classified as investment properties (IFRS 16, Note 2.3)	45.0	51.1
Fair value of investment properties (B)	4,365.5	4,256.7
LTV, % (A/B)	**46.9%**	**42.4%**

The LTV increased in 2020 as a result of higer interest-bearing net debt mainly due to the purchase of Sektor Portefølje II , and despite a higher fair value of investment properties.

Loan to value is calculated excluding both hybrid debt and IFRS16 lease liabilities.

FINANCIAL COVENANTS

Under a commitment given in the terms of the revolving credit facilities, the Group undertakes to maintain its net debt to total assets ratio under 0.60 and its interest coverage ratio at a minimum of 1.8. The net debt to total assets ratio is calculated by dividing the Group's consolidated net debt with total assets excluding advances received. The interest coverage ratio is calculated by dividing the EBITDA adjusted by extraordinary gains/losses, provisions and non-cash items, by net financial expenses. In addition, the loan-to-value in loan drawn under the secured RCF shall not exceed 55 per cent.

Accordingly, net debt to total asset ratio on 31 December 2020 stood at 0.45 and interest coverage ratio stood at 4.1 (4.2).

Under a commitment given in the terms of the Trust Deeds regarding all issued bonds 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 excluding intangible assets. The secured solvency ratio is calculated by dividing the Group's consolidated secured debt with total assets excluding intangible assets.

Accordingly, the solvency ratio on 31 December 2020 stood at 0.46 (0.42) 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 800 million, in total EUR 109.8 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 2020 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 2020 Citycon does not apply hedge accounting to any of its cross-currency swaps.

A) Nominal amounts and fair values of derivative financial instruments

MEUR	Nominal amount 2020	Fair value 2020	Nominal amount 2019	Fair value 2019
Interest rate swaps				
Maturity:				
less than 1 year	33.4	0.0	-	-
1–5 years	76.4	0.2	136.9	1.4
over 5 years	-	-	-	-
Subtotal	**109.8**	**0.2**	**136.9**	**1.4**
Cross-currency swaps				
Maturity:				
less than 1 years	-	-	-	-
1–5 years	-	-	-	-
over 5 years	314.8	-3.9	316.8	15.7
Subtotal	**314.8**	**-3.9**	**316.8**	**15.7**
Foreign exchange forward agreements				
Maturity:				
less than 1 year	317.8	-8.1	239.4	-4.5
Total	**742.4**	**-11.8**	**693.0**	**12.6**

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 instuments part B) for principles on determining fair values of derivatives.

The fair values include a foreign exchange loss of EUR -24.2 million (-5.9) 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 2020 was 1.08% (1.20%).

B) Derivatives under hedge accounting

Interest rate swaps MEUR	Assets 2020	Liabilities 2020	Assets 2019	Liabilities 2019
Interest rate swaps, fair value	0.2	0.0	1.4	-

The Group applies hedge accounting in accordance with IFRS 9 to all of its interest rate swaps valid as at 31 December 2020, 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 2020.

Hedge accounting is applied to interest derivatives which have a nominal amount of EUR 109.8 million (136.9). The paid fixed interest rate in these derivatives is 0.525–1.14%.

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 ineffectiviness 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 2020 and at 31 December 2019, derivatives under hedge accounting were assessed as highly effective. The fair values of these derivatives were EUR 0.2 million (1.4) and the change of these fair values EUR -1.3 million (0.0) 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 2020				
Interest rate swaps	109.8	0.2	Non-current assets and short-term liabilitites, Derivative financial instruments	-1.3
As at 31 December 2019				
Interest rate swaps	136.9	1.4	Non-current assets, Derivative financial instruments	0.0

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 2020					
Interest rate swaps	0.2	-	-	-0.5	Financial expenses
Year ended 31 December 2019					
Interest rate swaps	1.4	-	-	0.8	Financial income

3.7. COMMITMENTS AND CONTINGENT LIABILITIES

Pledges and other contingent liabilities

MEUR	2020	2019
Loans, for which mortgages are given in security and shares pledged		
Loans from financial institutions	95.5	101.4
Contingent liabilities for loans		
Mortgages on land and buildings	250.0	131.8
Bank guarantees and parent company guarantees	93.6	49.6

Mortgages on land and buildings
Mortgages relates to the revolving credit facility of the parent company where the group has given security on the loan via mortgages from certain subsidiaries. Citycon owns 50% of Kista Galleria joint venture. Shares in the joint venture have been pledged as security for the loans of the joint venture.

Bank guarantees and parent company guarantees
Guarantees are mainly related to 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	2020	2019
Cash in hand and at bank	16.7	7.1
Restricted cash	9.2	7.1
Total	**25.9**	**14.2**

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

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	2020	2019
Current taxes	-1.7	-2.1
Taxes for prior periods	0.0	0.1
Deferred taxes	19.6	8.6
Income tax	**17.8**	**6.7**

Citycon did not recognise any current taxes directly in the equity during 2020 and 2019.

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

MEUR	2020	2019
Profit before taxes	-45.7	2.2
Taxes at Finnish tax rate	9.1	-0.4
Change in subsidiaries' tax rate	2.2	0.0
Decision by the Eu Court related to prior years interest deductibility in Swedish companies	7.2	0.0
Fair value of investment properties	-4.4	-4.6
Difference in foreign subsidiaries' tax rate	3.8	1.1
Unrecognised tax receivables from losses	-0.9	0.0
Utilisation of tax losses	2.0	9.0
Tax free income deducted by non-deductible expenses	-0.7	1.3
Other	-0.5	0.4
Income taxes	**17.8**	**6.7**

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 2020:

MEUR	1 January 2020	Recognised in income statement	Recognised in other comprehensive income	Items recognised in equity	Exchange rate differences	31 December 2020
Deferred tax assets						
Tax losses	9,2	4,6	-	-	-	13,8
Measurement of interest-rate swaps at fair value	0,0		-	-	-	0,0
Other items	0,2	0,2	-	-	-	0,4
Deferred tax assets, total	**9,4**	**4,8**	**-**	**-**	**-**	**14,2**
Deferred tax liabilities						
Measurement of investment property at fair value [1]	294,6	-14,6	-	-	-5,8	274,2
Contract values of managed and rented centre	1,3	-0,2	-	-	-0,1	1,0
Temporary difference in financial expenses	0,6	-		-0,1	-	0,5
Deferred tax discounts due to sales of assets	0,0	-	-	-	-	0,0
Deferred tax liabilities, total	**296,4**	**-14,8**	**-**	**-0,1**	**-5,9**	**275,7**

[1] *Deferred tax liabilities are net of EUR 15.2 million of deferred tax assets arising from confirmed tax losses. The deferred tax asset increase in financial statement 2020 includes EUR 7,2 million due to a positive decision by the EU Court of Justice given to a company, which does not belong to Citycon Group. The decision has a positive effect also to the deductibility of prior years interest expenses in Citycon's Swedish companies.*

Changes in deferred tax assets and liabilities in 2019:

MEUR	1 January 2019	Recognised in income statement	Recognised in other comprehensive income	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 centers	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.*

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 2020, Group companies had confirmed losses for which deferred tax assets of EUR 1.5 million (0.6) 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	2020	2019
Acquisition cost January 1.	**36.4**	**33.2**
Additions during the period	1.9	3.1
Disposals during the period	-0.7	-0.1
Exchange rate differences	-1.2	0.2
Accumulated acquisition cost December 31.	**36.4**	**36.4**
Accumulated depreciation and impairment losses, January 1.	**-17.1**	**-15.1**
Amortization during the period	-2.1	-2.0
Exchange rate differences	0.3	0.0
Accumulated depreciation and impairment losses, Dec 31.	**-18.8**	**17.1**
Net carrying amount January 1.	**19.3**	**18.1**
Net carrying amount December 31.	**17.6**	**19.3**

Intangible assets consisted of contract values of managed and rented centers arising from business combination and computer software and licenses. The contract values of managed and rented centers were EUR 11.8 million on 31 December 2020 (14.0).

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 centers is amortized on a straight-line basis over the contract period.

Contract value of managed centers 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	2020	2019
Rent and trade receivables	24.8	14.7
Expected credit losses	-9.6	-4.9
Rent and trade receivables (net)	15.2	9.8
Interest receivables	5.5	4.9
Financial assets total	**20.6**	**14.7**
Accrued income and prepaid expenses	15.0	12.2
VAT-receivables	3.9	6.7
Other receivables	12.0	26.3
Total	**51.5**	**59.9**

Ageing structure of rent and trade receivables:

MEUR	2020	Expected credit loss rate	Expected credit loss
Not past due	2.5	10.8%	0.3
Past due, less than 1 month	3.6	11.9%	0.4
Past due, 1–3 months	1.9	55.0%	1.0
Past due, 3–6 months	2.4	19.1%	0.5
Past due, 6–12 months	7.4	64.6%	5.1
Past due, 1–5 years	7.1	32.7%	2.3
Total	**24.8**		**9.6**

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**

Movement in expected credit loss:

MEUR	2020	2019
At the beginning of the year	-4.9	-3.6
Charge for the year	-5.7	-1.9
Utilised	0.6	0.4
Unused amounts reversed	0.4	0.1
Expected credit loss at the end of the year	**-9.6**	**-4.9**

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.

EXPECTED CREDIT LOSSES

IFRS 9 Financial Instruments standard includes guidelines pertaining to impairment losses recognised in financial assets. From Citycon Group's point of view, the key effect of 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, according to 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	2020	2019
Trade payables	19.2	13.3
Interest liabilities	16.8	16.3
Financial liabilities total	**36.0**	**29.7**
Short-term advances received	15.2	14.8
Accrued expenses	29.7	21.4
VAT-liabilities	4.3	8.0
Other short-term payables	1.7	1.4
Non-interest bearing short-term liabilities total	**51.0**	**45.7**
Total	**87.0**	**75.3**

Due dates of future payments of trade and other payables:

MEUR	2020	2019
Due in less than 1 month	71.8	55.6
Due in 1–3 months	4.3	5.9
Due in 3–6 months	0.1	5.8
Due in 6–12 months	9.7	7.8
Due in 1–2 years	1.1	0.1
Total	**87.0**	**75.3**

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	2020	2019
Acquisition cost January 1	**146.5**	**145.7**
Change from exchange rate	-5.5	0.8
Accumulated acquisition cost December 31	**141.1**	**146.5**

Goodwill at the end of 2020 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 2020 1 (0) shopping centre (Markedet) was sold from the business unit.

Citycon did not acquire any businesses during financial years 2020 and 2019.

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	2020	2019
Total goodwill	**141.1**	**146.5**
Residual balance of deferred tax liability, in excess of the fair value, initially provided on acquisition	-80.9	-85.8
Goodwill tested for impairment	**60.2**	**60.7**

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 1,469.3 million (1,427.0) .The pre-tax discount rate applied to the cash flow projections was 5.00% (4.17). The recoverable amount of Norway amounted to EUR 1,539.9 million (1,541.4) with an impairment cushion of EUR 70.6 million (114.4) 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 5.58% (5.47) 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 seperately. Asset's total recoverable amount would fall below total carrying value if net rental income decreased more than 3.96% (6.38) from current level. If both WACC determined by the company 5.00% (4.17) and yield assumption determined by external appraiser 5.58% (5.47) would increase more than 0.27% points (0.42), then total recoverable amount of asset would fall below total carrying value.

5.2. ACQUISITION OF NON-CONTROLLING INTERESTS

Citycon bought out 24% of minority shareholders in Heikintori on 31.3.2020. After the transaction Citycon's ownership of Heikintori is 93%.

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

Citycon did not acquire minority shares during 2020 or 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 48.9% on 31 December 2020 (31 December 2019: 48.6%).

Group companies and changes in group structure

Group companies on 31 December 2020	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 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 Eiendom AS	Norway	100	
Citycon Eiendomsmegling AS	Norway	100	
Citycon Finland Oy	Finland	100	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 Eiendom AS	Norway	100	
Citycon Kolbotn Torg Eiendom AS	Norway	100	
Citycon Kolbotn Torg Næring AS	Norway	100	
Citycon Kongssenteret Eiendom AS	Norway	100	
Citycon Kremmertorget Eiendom AS	Norway	100	
Citycon Liertoppen Eiendom AS	Norway	100	
Citycon Liljeholmen Bostad AB	Sweden	100	
Citycon Liljeholmstorget Galleria AB	Sweden	100	
Citycon Linderud Eiendom AS	Norway	100	
Citycon Magasinet Drammen Eiendom AS	Norway	100	
Citycon Magasinet Drammen Invest AS	Norway	100	

Group companies on 31 December 2020	Country	Group holding, %	Parent company holding, %
Citycon Magasinet Drammen Invest I ANS	Norway	100	
Citycon Magasinet Drammen Invest II ANS	Norway	100	
Citycon Norway 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 Eiendom AS	Norway	100	
Citycon Solsiden Eiendom AS	Norway	100	
Citycon Stopp Eiendom 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 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	

Group companies on 31 December 2020	Country	Group holding, %	Parent company holding, %
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	
Sektor Portefølje II AS	Norway	100	
Sektor Stovner Eiendom AS	Norway	100	
Sektor Torvbyen Eiendom AS	Norway	100	
Stenungs Torg Fastighets AB	Sweden	100	
Tampereen Koskikeskus Koy	Finland	100	
Torvbyen Utvikling AS	Norway	100	
Åkersberga Centrum AB	Sweden	100	
Lahden Trio Koy	Finland	89.5	
Myyrmäen Kauppakeskus Koy	Finland	78.6	
Heikintori Oy	Finland	92.7	
Myyrmäen Autopaikoitus Oy	Finland	62.7	
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	
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	
Branch offices:			
Citycon Oyj filial	Sweden		
Partnerships for taxation purposes:			
Parkeringshuset Väpnaren	Sweden	64	

Companies sold (Group holding, % on the time of sale)		
Sektor Markedet Eiendom AS (100%)	Norway	2 March 2020
Sektor Markedet Drift AS (100%)	Norway	2 March 2020
Centerteam AS (50%)	Norway	18 December 2020

Acquired companies		
Sektor Portefolje II AS	Norway	5 February 2020
Sektor Stovner Eiendom AS	Norway	5 February 2020
Sektor Stovner Drift AS	Norway	5 February 2020
Torvbyen Eiendom AS	Norway	5 February 2020
Torvbyen Drift AS	Norway	5 February 2020
Torvbyen Utveckling AS	Norway	5 February 2020
Sektor Markedet Eiendom AS	Norway	5 February 2020
Sektor Markedet Drift AS	Norway	5 February 2020
Heikintori Oy (68.7->92.7%)	Finland	31 March 2020

Merged centres		
Citycon Herkules Drift AS into Citycon Senterdrift AS	Norway	2 September 2020
Citycon Kilden Drift AS into Citycon Senterdrift AS	Norway	2 September 2020
Citycon Kolbotn Torg Drift AS into Citycon Senterdrift AS	Norway	2 September 2020
Citycon Oasen Drift AS into Citycon Senterdrift AS	Norway	2 September 2020
Citycon Kongssenteret Drift AS into Citycon Senterdrift AS	Norway	2 September 2020
Citycon Kremmertorget Drift AS into Citycon Senterdrift AS	Norway	2 September 2020
Citycon Liertoppen Drift AS into Citycon Senterdrift AS	Norway	2 September 2020
Citycon Linderud Drift AS into Citycon Senterdrift AS	Norway	2 September 2020
Citycon Stopp Drift AS into Citycon Senterdrift AS	Norway	2 September 2020
Citycon Trekanten Drift AS into Citycon Senterdrift AS	Norway	2 September 2020
Citycon Storbyen Drift AS into Citycon Senterdrift AS	Norway	2 September 2020
Citycon Sjosiden Drift AS into Citycon Senterdrift AS	Norway	2 September 2020
Citycon Buskerud Drift AS into Citycon Senterdrift AS	Norway	2 September 2020
Citycon Down Town Drift AS into Citycon Senterdrift AS	Norway	2 September 2020
Citycon Solsiden Drift AS into Citycon Senterdrift AS	Norway	2 September 2020
Sektor Stovner Drift AS into Citycon Senterdrift AS	Norway	2 September 2020

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.

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 million expenses forward to Gazit-Globe Ltd and its subsidiaries (0.0).

TRANSACTIONS WITH BOARD MEMBERS

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

REPORTING TO GAZIT-GLOBE LTD.

The company's main shareholder, Gazit-Globe Ltd., holding 48.9% 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 2020

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.

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 above mentioned amendments did not have a significant impact on the Group's consolidated financial statements.

5.5. EVENTS AFTER THE REPORTING DATE

On 12 February 2021 it was disclosed that Citycon has agreed to divest a portfolio of three shopping centres in Sweden.

PARENT COMPANY FINANCIAL STATEMENTS, FAS

PARENT COMPANY INCOME STATEMENT, FAS

MEUR	Note	1 January–31 December 2020	1 January–31 December 2019
Service charge income		4.8	3.7
Turnover	2	**4.8**	**3.7**
Administrative expenses	3.4	-14.8	-17.3
Other operating income and expenses	5	0.0	33.5
Operating profit		**-10.0**	**19.8**
Financial income		120.3	148.2
Financial expenses		-133.8	-112.2
Net financial income and expenses	6	-13.5	36.0
Profit/loss before appropriations and taxes		**-23.4**	**55.8**
Group contributions		-	34.0
Income tax expense	7	-0.1	-
Profit/loss for the period		**-23.5**	**89.8**

PARENT COMPANY BALANCE SHEET, FAS

MEUR	Note	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Intangible assets	8	5.5	5.0
Tangible assets	9	0.5	0.6
Investments			
Shares in subsidiaries	10	1,350.4	1,350.4
Loan receivables and derivative contracts	11	2,174.3	1,683.8
Total investments		3,524.7	3,034.2
Total non-current assets		**3,530.7**	**3,039.8**
Current assets			
Short-term receivables	13	135.2	302.2
Cash and cash equivalents		0.0	0.0
Total current assets		**135.2**	**302.2**
Total assets		**3,666.0**	**3,342.0**

MEUR	Note	31 December 2020	31 December 2019
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity	14		
Share capital		259.6	259.6
Share premium fund		133.1	133.1
Invested unrestricted equity fund		838.9	925.7
Retained earnings		92.1	11.2
Profit for the period		-23.5	89.8
Total shareholders' equity		**1,300.1**	**1,419.3**
Liabilities	15		
Long-term liabilities			
Loans		95.5	-
Hybrid bond		347.7	347.2
Other long-term liabilities		1,562.5	1,173.6
Total long-term liabilities		**2,005.6**	**1,520.8**
Short-term liabilities			
Bond 1/2013		-	75.5
Short-term liabilities		360.2	326.4
Total short-term liabilities		**360.2**	**401.9**
Total liabilities		**2,365.8**	**1,922.7**
Total liabilities and shareholders' equity		**3,666.0**	**3,342.0**

PARENT COMPANY CASH FLOW STATEMENT, FAS

MEUR	1 January–31 December 2020	1 January–31 December 2019
Cash flow from operating activities		
Profit before taxes	-23.4	55.8
Adjustments:		
Depreciation and impairment loss	1.5	1.2
Net financial income and expenses	13.5	-36.0
Cash flow before change in working capital	-8.5	21.1
Change in working capital	28.6	-61.4
Cash generated from operations	**20.1**	**-40.3**
Interest expense and other financial expenses paid	-47.5	-51.1
Interest income and other financial income received	53.4	84.7
Realised exchange rate gains and losses	4.9	-39.6
Net cash flow from operating activities	**30.9**	**-46.4**
Cash flow used in investing activities		
Investment in tangible and intangible assets	-1.9	-2.3
Loans granted	-784.8	-737.1
Repayments of loans receivable	808.3	713.0
Net cash from investing activities	**21.6**	**-26.4**
Cash flow from financing activities		
Proceeds from short-term loans	837.9	1,173.5
Repayments of short-term loans	-825.7	-1,220.7
Proceeds from long-term loans	94.7	350.0
Repayments of long-term loans	-	-146.4
Received group contributions	-	13.2
Dividends paid and return from the invested unrestricted equity fund	-95.7	-115.5
Net cash used in financing activities	**11.3**	**54.2**
Net change in cash and cash equivalents	**63.8**	**-18.5**
Cash and cash equivalents at period-start	-153.8	-135.3
Cash and cash equivalents at period-end [1)]	**-90.0**	**-153.8**

[1)] *Cash and cash equivalents of Citycon Oyj includes the Group cash pool, in which the parent company's bank account can have a negative balance. Cash pool balance of EUR -90.0 million (31.12.2019 EUR -153.8 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 percent 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	2020	2019
Turnover by country:		
Finland	1.6	2.2
Other countries	3.2	1.5
Total	**4.8**	**3.7**

In year 2020 all charged administrative service fees are presented in turnover. Figures in the reference year 2019 have been changed correspondingly, EUR 1.8 million have been transferred from operating income to turnover.

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

MEUR	2020	2019
Administrative fees from Group companies	4.8	3.7

3. PERSONNEL EXPENSES

MEUR	2020	2019
Average number of employees during period	39	36
Personnel expenses		
Wages and salaries	-6.2	-6.6
Pension charges	-1.1	-0.9
Other social charges	-0.2	-0.6
Total	**-7.5**	**-8.0**

Personnel expenses include the following management wages and salaries

MEUR	2020	2019
CEO's wages and salaries	-1,1	-1,0
Board remuneration	-0.6	-0.7
Total	**-1,8**	**-1,7**

The wages and salaries of the CEO includes the gross base salary and a yearly performance bonus. In addition, the CEO is included in the Restricted Share Plan and has been rewarded under the plan during the year.

4. DEPRECIATION AND AMORTISATION AND IMPAIRMENTS

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

MEUR	2020	2019
Amortisation on intangible assets	-1.3	-1.1
Depreciation on machinery and equipment	-0.2	-0.2
Total	**-1.5**	**-1.2**

5. OTHER OPERATING INCOME AND EXPENSES

MEUR	2020	2019
Other operating income	0.0	33.4
Total	**0.0**	**33.4**

In year 2020 all charged administrative service fees are presented in turnover. Figures in the reference year 2019 have been changed correspondingly, EUR 1.8 million have been transferred from operating income to turnover.

In the reference year 2019 other operating income included a EUR 33.4 million profit from Citycon group internal sale of intangible asset.

6. NET FINANCIAL INCOME AND EXPENSES

MEUR	2020	2019
Dividend income		
From Group companies	-	50.0
Total	**-**	**50.0**
Interest and other financial income		
From Group companies	57.9	43.4
Foreign exchange gains	62.3	51.9
Other interest and financial income	0.1	2.9
Total	**120.3**	**98.2**
Total financial income	**120.3**	**148.2**
Interest and other financial expenses		
To Group companies	39.5	40.6
Foreign exchange losses	65.9	56.6
Interest and other financial expenses	28.5	15.0
Total financial expenses	**133.8**	**112.2**
Net financial income and expenses	**-13.5**	**36.0**

7. INCOME TAX EXPENSE

MEUR	2020	2019
Income tax expense	-0.1	-
Total	**-0.1**	**-**

Income taxes for the financial year consist of the income tax of the Swedish branch of Citycon Oyj, registered during 2020.

The parent company has taxable losses (including not yet confirmed year 2020) of EUR 69.1 million from which the parent company has not recognized deferred tax asset of EUR 13.8 million.

8. INTANGIBLE ASSETS

MEUR	2020	2019
Intangible rights		
Acquisition cost 1 January	11.0	8.5
Additions during the period	0.8	2.4
Accumulated acquisition costs 31 December	11.8	11.0
Accumulated depreciation 1 January	-6.0	-4.9
Depreciation for the period	-1.2	-1.1
Accumulated depreciation 31 December	-7.2	-6.0
Net carrying amount 31 December	**4.6**	**5.0**
Other non-current assets		
Acquisition cost 1 January	1.7	1.7
Additions during the period	1.0	0.0
Accumulated acquisition costs 31 December	2.6	1.7
Accumulated depreciation 1 January	-1.6	-1.6
Depreciation for the period	0.0	0.0
Accumulated depreciation 31 December	-1.7	-1.6
Net carrying amount 31 December	**1.0**	**0.1**
Total intangible assets 31 December	**5.5**	**5.0**

9. TANGIBLE ASSETS

MEUR	2020	2019
Machinery and equipment		
Acquisition cost 1 January	1.9	1.8
Additions during the period	0.1	0.1
Accumulated acquisition costs 31 December	2.1	1.9
Accumulated depreciation 1 January	-1.4	-1.2
Depreciation for the period	-0.2	-0.2
Accumulated depreciation 31 December	-1.6	-1.4
Net carrying amount 31 December	**0.5**	**0.6**
Construction in progress		
Acquisition cost 1 January	0.0	0.2
Decreases	0.0	-0.2
Net carrying amount 31 December	**0.0**	**0.0**
Total tangible assets 31 December	**0.5**	**0.6**

10. SHARES IN SUBSIDIARIES

MEUR	2020	2019
Acquisition cost 1 January	1,350.4	1,300.4
Additions during the period	-	50.0
Net carrying amount 31 December	**1,350.4**	**1,350.4**

11. LONG-TERM LOAN RECEIVABLES AND DERIVATIVE CONTRACTS

MEUR	2020	2019
Loan receivables from Group companies	2,159.4	1,663.7
Derivative financial instruments, from outside the Group	14.8	20.1
Total other investments 31 December	**2,174.2**	**1,683.8**
Total investments 31 December	**3,524.7**	**3,034.2**

12. 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.

13. SHORT-TERM RECEIVABLES

MEUR	2020	2019
Receivables from outside the Group		
Trade receivables	0.1	0.1
Derivative financial instruments	0.2	0.0
Other receivables	0.1	0.5
Accrued income and prepaid expenses	3.1	0.2
Total	**3.5**	**0.9**
Receivables from Group companies		
Trade receivables	1.2	37.8
Loan receivables	82.6	217.2
Derivative financial instruments	0.0	0.0
Other receivables	1.5	1.7
Total other receivables	84.1	219.0
Interest receivables	12.5	10.7
Group contributions receivables	34.0	34.0
Total	**131.8**	**301.4**
Total short-term receivables	**135.2**	**302.2**

14. SHAREHOLDERS' EQUITY

MEUR	2020	2019
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	**925.7**	**1032.5**
Equity return from the invested unrestricted equity fund	-86.8	-106.8
Invested unrestricted equity fund at 31 December	**838.9**	**925.7**
Retained earnings at 1 January	**101.0**	**20.1**
Dividends	-8.9	-8.9
Profit for the period	-23.5	89.8
Retained earnings at 31 December	**68.6**	**101.0**
Total shareholders' equity at 31 December	**1,300.1**	**1,419.3**

15. LIABILITIES

A) Long-term liabilities

MEUR	2020	2019
Long-term interest-bearing liabilities		
Syndicated Revolving Credit Facility	95.5	-
Hybrid bond	347.7	347.2
Loans from Group companies	1,543.8	1,169.2
Total	**1,986.9**	**1,516.4**
Derivative financial instruments	18.5	3.0
Derivative financial instruments, from Group companies	0.2	1.4
Total long-term liabilities	**2,005.6**	**1,520.8**
Loans maturing later than 5 years	**1,093.2**	**1,098.6**

B) Short-term liabilities

MEUR	2020	2019
Short-term interest-bearing liabilities		
Bond 1/2013	-	75.5
Commercial paper	218.1	129.7
Cash pool overdrafts	-	0.5
Loans from Group companies	92.2	156.1
Total	**310.2**	**361.8**
Short-term non-interest-bearing liabilities		
Payables to outside the Group		
Accounts payable	0.5	1.3
Derivative financial instruments	8.0	4.4
Total other payables	8.0	4.4
Interest liability	14.2	3.2
Other accrued expenses and deferred income	4.9	12.4
Total accrued expenses and deferred income	19.1	15.6
Total	**27.6**	**21.3**
Payables to Group companies		
Accounts payable	4.7	2.6
Other payables	1.2	1.2
Interest liability	16.4	15.0
Total accrued expenses and deferred income	16.4	15.0
Total	**22.4**	**18.8**
Total short-term liabilities	**360.2**	**401.9**
Total liabilities	**2,365.8**	**1,922.7**

The company has a syndicated revolving credit facility that was refinanced during 2020, which matures in 2024. 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 definition 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 2020 with a fair value of EUR -0.2 million (-1.4) and a nominal amount of EUR 109.8 million (136.9).

16. CONTINGENT LIABILITIES

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

A) Lease liabilities

MEUR	2020	2019
Payables on lease commitments		
Maturing next financial year	0.3	0.3
Maturing later	1.8	2.4
Total	**2.1**	**2.7**

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

B) Guarantees given

MEUR	2020	2019
Guarantees	1,886.9	1,580.8
Of which on behalf of Group companies	1,886.9	1,580.8

Guarantees in 2020 and in 2019 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 2020

Helsinki, 17 February 2021

Chaim Katzman	Ariella Zochovitzky
Judah Agnster	Zvi Gordon
Arnold de Haan	Alexandre Koifman
David Lukes	Andrea Orlandi
Ofer Stark	Per-Anders Ovin

F. Scott Ball
CEO

We have today submitted the report on the conducted audit.

Helsinki, 17 February 2021

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, 2020. 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 4152.2 M€ representing 88.7 % of the total assets and 191.7 % of the total equity (2019 4160.2M€, 90.8% of the total assets and 178.9% 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 537/2014, 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 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 141.1 M€ representing 3.0% of the total assets and 6.5 % of the total equity (2019: 146.5M€, 3.2% of the total assets and 6.3% 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 537/2014, 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 16 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 17.2.2021

Ernst & Young Oy
Authorized Public Accountant Firm

Mikko Rytilahti
Authorized Public Accountant

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