



Citycon Oyj

(incorporated with limited liability in Finland)

EUR 350,000,000 Subordinated Fixed to Reset Rate 5.25 year Non-Call Undated Green Capital Securities
Issue Price: 100.00 per cent.

Citycon Oyj, a public limited company incorporated in Finland (the **Issuer**) is offering EUR 350,000,000 Subordinated Fixed to Reset Rate 5.25 year Non-Call Undated Green Capital Securities (the **Capital Securities**).

The Capital Securities shall bear interest on their principal amount from (and including) 22 November 2019 (the **Issue Date**) to (but excluding) 22 February 2025 (the **First Reset Date**) at a rate of 4.496 per cent. per annum, and thereafter at the relevant Reset Interest Rate (as defined in the terms and conditions of the Capital Securities (the **Conditions**) under Condition 4(d) (*Reset Interest Rates*)). Interest on the Capital Securities will (subject to the option of the Issuer to defer payments, as provided below) be payable annually in arrear on 22 February in each year from (and including) 22 February 2020. The first payment of interest will be made on 22 February 2020 in respect of the period from (and including) the Issue Date to (but excluding) 22 February 2020 (short first coupon).

Payments of interest on the Capital Securities may, at the option of the Issuer, be deferred, in whole but not in part, as set out in Condition 5(a) (*Deferral of Interest Payments*). Deferred Interest (as defined in the Conditions), which shall itself bear interest, may be paid at any time at the option of the Issuer (upon notice to the holders of the Capital Securities), and must be paid in the circumstances provided in Condition 5(b) (*Settlement of Deferred Interest*).

If the Issuer does not elect to redeem the Capital Securities in accordance with Condition 6(e) (*Redemption for Change of Control Event*) following the occurrence of a Change of Control Event (as defined in the Conditions), the then prevailing Interest Rate (as defined in the Conditions) and each subsequent Interest Rate otherwise determined in accordance with the provisions of Condition 4 (*Interest*), in respect of the Capital Securities shall be increased by an additional 5 percentage points per annum with effect from (and including) the day immediately following the Change of Control Step-up Date (as defined in the Conditions), as set out in Condition 4(i) (*Step-Up after Change of Control Event*).

The Capital Securities are undated obligations of the Issuer and have no fixed redemption date. The Issuer will have the right to redeem all (but not some only) of the Capital Securities on (a) any of the 90 days up to and including the First Reset Date or (b) any Interest Payment Date thereafter at their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date. The Issuer may also redeem the Capital Securities upon the occurrence of a Change of Control Event, a Tax Deductibility Event, a Substantial Repurchase Event, a Capital Event or a Withholding Tax Event, or an Accounting Event and may in certain circumstances vary the terms of, or substitute, the Capital Securities, all as set out in the Conditions.

The Capital Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the *Securities Act*) or with any securities regulatory authority of any state or other jurisdiction of the United States. The Capital Securities are being offered and sold outside the United States in accordance with Regulation S under the Securities Act (*Regulation S*), and may not be offered and sold or delivered within the United States or to, for the account or benefit of, U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

This prospectus (**Prospectus**) has been approved by the Central Bank of Ireland, as competent authority under Regulation (EU) 2017/1129 (the **Prospectus Regulation**). The Central Bank of Ireland only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Capital Securities that are subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Capital Securities.

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) for the Capital Securities to be admitted to the Official List and trading on its regulated market (the **Regulated Market**). Such approval relates only to the Capital Securities that are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU (as amended, **MiFID II**) and/or that are to be offered to the public in any member state of the European Economic Area (the **EEA**). References in this Prospectus to the Capital Securities being listed (and all related references) shall mean that the Capital Securities have been admitted to the Official List and have been admitted to trading on the Regulated Market. The Regulated Market is a regulated market for the purposes of MiFID II.

This Prospectus will be valid until the date of admission of the Capital Securities to trading on the Regulated Market of Euronext Dublin. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when the Prospectus is no longer valid.

MIFID II product governance / Professional investors and eligible counterparties only target market – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Capital Securities has led to the conclusion that: (i) the target market for the Capital Securities is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Capital Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Capital Securities (a **distributor**) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Capital Securities (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the **SFA**), the Issuer has determined, and hereby notifies all relevant persons (as defined in Regulation 3(b) of the Securities and Futures (Capital Markets Products) Regulations 2018 (the **SF (CMP) Regulations**) that the Capital Securities are “prescribed capital markets products” (as defined in the SF (CMP) Regulations) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

PRIIPs Regulation / PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Capital Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Capital Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Capital Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The Issuer has been rated Baa3, outlook stable by Moody’s Investors Service Ltd (**Moody’s**) and BBB-, outlook negative by S&P Global Ratings Europe Limited (**S&P**). The Capital Securities are expected to be assigned a Ba2 rating by Moody’s and a BB rating by S&P. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Each of Moody’s and S&P is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended, the **CRA Regulation**). As such, each of Moody’s and S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority

(ESMA) on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation.

Amounts payable on the Capital Securities in respect of each Reset Period will be calculated by reference to the mid-swap rate for euro swap transactions with a maturity of five years which appears on the Reuters screen ICESWAP2/EURSFIXA (**ICE Swap Rate**) which is provided by ICE Benchmark Administration Limited or by reference to EURIBOR, which is provided by the European Money Markets Institute. As at the date of this Prospectus, ICE Benchmark Administration Limited and the European Money Markets Institute each appear in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the **Benchmarks Regulation**).

The Capital Securities will initially be represented by a temporary global capital security (the **Temporary Global Capital Security**), without interest coupons, which will be deposited on or about 22 November 2019 (the **Closing Date**) with a common depository for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**). Interests in the Temporary Global Capital Security will be exchangeable for interests in a permanent global capital security (the **Permanent Global Capital Security** and, together with the Temporary Global Capital Security, the **Global Capital Securities**), without interest coupons, on or after 1 January 2020 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Capital Security will be exchangeable for definitive Capital Securities only in certain limited circumstances.

An investment in Capital Securities involves certain risks. Prospective investors should have regard to the factors described under the heading “Risk Factors” on page 8.

Structuring Adviser

UBS Investment Bank

Joint Bookrunners

Citigroup

Danske Bank

Swedbank

UBS Investment Bank

The date of this Prospectus is 20 November 2019.

IMPORTANT INFORMATION

This Prospectus comprises a prospectus for the purposes of Article 6(3) of the Prospectus Regulation.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “*Documents Incorporated by Reference*” below) and shall be read and construed on the basis that such documents are incorporated and form part of this Prospectus. Other than in relation to the documents which are incorporated herein by reference, the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the Central Bank of Ireland.

The Issuer, having made all reasonable enquiries, confirms that this Prospectus contains all material information with respect to the Issuer and the Capital Securities (including all information which, according to the particular nature of the Issuer and of the Capital Securities, is necessary information which is material to an investor for making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the rights attaching to the Capital Securities and the reasons for the issuance and its impact on the Issuer), that the information contained or incorporated in this Prospectus is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Prospectus are honestly held and that there are no other facts known to the Issuer, the omission of which would make this Prospectus or any of such information or the expression of any such opinions or intentions misleading.

References to **Citycon** are to Citycon Oyj. References to the **Group** are to Citycon Oyj and its subsidiaries.

This Prospectus contains certain market, historical and forward looking economic and industry data, including information in “*Risk Factors*” and “*Description of the Issuer and the Group*” which have been obtained from publicly available information, independent industry publications and reports prepared by industry consultants. The Issuer has relied on the accuracy of such information without an independent verification thereof, however, the Issuer believes the information to be reliable. Where information in this Prospectus has been sourced from a third party, this information has been accurately reproduced and, so far as the Issuer is aware, and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Such information, data and statistics may be approximations or estimates or use rounded numbers. Information in this Prospectus which has been sourced from a third party is identified as such with the name of the third party source. None of the Issuer, the Joint Bookrunners or the Trustee (as defined below) represent that such information is accurate.

The language of this Prospectus is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of this Prospectus.

Save for the Issuer, no party has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Citigroup Global Markets Limited, Danske Bank A/S, Swedbank AB (publ) and UBS Europe SE as joint bookrunners (the **Joint Bookrunners**) or Deutsche Trustee Company Limited as trustee (the **Trustee**) for the holders of the Capital Securities (the **Holder**s) as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the offering of the Capital Securities. No Joint Bookrunner or the Trustee accepts any liability in relation to the information contained in this Prospectus or any other information provided by the Issuer in connection with the offering of the Capital Securities or their distribution.

No person is or has been authorised by the Issuer, any Joint Bookrunner or the Trustee to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Capital Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, any of the Joint Bookrunners or the Trustee.

Neither this Prospectus nor any other information supplied in connection with the offering of the Capital Securities (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, any of the Joint Bookrunners or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the offering of the Capital Securities should purchase any Capital Securities. Each investor contemplating purchasing any Capital Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the offering of the Capital Securities constitutes an offer or invitation by or on behalf of the Issuer, any of the Joint Bookrunners, or the Trustee to any person to subscribe for or to purchase any Capital Securities.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Capital Securities shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Capital Securities is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Bookrunners and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Capital Securities or to advise any investor in the Capital Securities of any information coming to their attention. The Capital Securities have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Capital Securities may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the Capital Securities and on distribution of this Prospectus, see “*Subscription and Sale*” below.

None of the Issuer, the Joint Bookrunners or the Trustee, or any of their respective representatives, is making any representation to any offeree or purchaser of the Capital Securities regarding the legality of an investment in the Capital Securities by such offeree or purchaser under the laws applicable to such offeree or purchaser. Prospective investors should not construe anything in this Prospectus as legal, tax, business or financial advice. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Capital Securities.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Capital Securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of the Capital Securities may be restricted by law in certain jurisdictions. The Issuer, the Joint Bookrunners and the Trustee do not represent that this Prospectus may be lawfully distributed, or that the Capital Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Joint Bookrunners or the Trustee which is intended to permit a public offering of the Capital Securities or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Capital Securities may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Capital Securities may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Capital Securities. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Capital Securities in the United States and the United Kingdom; see “*Subscription and Sale*”.

IN CONNECTION WITH THE ISSUE OF THE CAPITAL SECURITIES, UBS EUROPE SE AS STABILISATION MANAGER (THE STABILISATION MANAGER) (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) MAY OVER-ALLOT CAPITAL SECURITIES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE CAPITAL SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE CAPITAL SECURITIES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE AND 60 DAYS AFTER THE DATE OF THE

ALLOTMENT OF THE CAPITAL SECURITIES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

All references in this Prospectus to **euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended. All references in this Prospectus to **Swedish krona** or **SEK** refer to the lawful currency of the Kingdom of Sweden. All references in this Prospectus to **Norwegian krone** or **NOK** refer to the lawful currency of the Kingdom of Norway. All references in this Prospectus to **Danish krone** or **DKK** refer to the lawful currency of the Kingdom of Denmark.

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RISK FACTORS

Before making an investment decision, prospective investors should carefully review the specific risk factors described below, in addition to the other information contained in this Prospectus. The Issuer believes that the following factors may affect the Issuer's ability to fulfil its obligations under the Capital Securities. Most of these factors are contingencies which may or may not occur. Citycon's business, financial condition and results of operations could be materially affected by each of these risks presented. Also other risks and uncertainties not described herein could affect the Issuer's ability to fulfil its obligations under the Capital Securities. Additional risks and uncertainties not presently known to the Issuer, or that the Issuer currently believes are immaterial, could impair the ability of the Issuer to fulfil its obligations under the Capital Securities. Certain other matters regarding the operations of the Issuer that should be considered before making an investment in the Capital Securities are set out, in the section "*Description of the Issuer and the Group*", amongst other places.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE CAPITAL SECURITIES

RISKS RELATING TO CITYCON'S OPERATING ENVIRONMENT

Economic Fluctuations and Economic Development Have an Adverse Effect on the Real Estate Market and therefore to Citycon's Business and Results of Operations.

The real estate market, demand for retail and other premises, rent levels, occupancy rates, and tenants' ability to pay the rent are significantly affected by economic fluctuations and developments, making them potential risks for Citycon. The general economic trends and consumer confidence and behaviour in the Nordic countries and Estonia along with the economic impact on the fair values, occupancy rates and rent levels of the shopping centres could affect Citycon's business operations.

The business environment in Finland, Sweden, Estonia and Denmark remains strong, with the growth of Nordic markets generally outpacing the Eurozone. Moreover, despite declining oil prices, oil investment in Norway has risen alongside consumption growth and rising mainland investment, which has led to sustained strong growth in Norway. However, economic growth levels typically vary in Citycon's key markets. In particular, domestic and external factors may negatively impact Finland's and Estonia's economic outlook, as uncertainty rises.¹

The changes in national and local economies have an effect on the real estate market, and in particular on rent levels and occupancy rates. More specifically, actual inflation has a direct effect on rent levels. Certain of Citycon's leases are based on agreements whereby the rental rate is determined by (i) the base rent tied to a yearly rent revision which is based on an index, such as a cost-of-living index, or a percentage minimum increase, and (ii) the maintenance rent, which is charged separately from the lessee and is used to cover operating expenses incurred by the property owner relating to property maintenance. Thus, the development of rental income levels is for the most part strongly dependent on inflation rate developments.

A portion of Citycon's lease agreements also contain a turnover-linked component in addition to base rent, while certain of Citycon's other lease agreements are fully based on a tenant's turnover. At the end of 2018, leases which have a turnover-linked component or which are fully based on a tenant's turnover accounted for 64 per cent. of Citycon's lease portfolio. Reduction in a tenant's sales would therefore directly reduce Citycon's rental income. Reduced tenant sales also reduce tenants' willingness and ability to pay rent.

Periods of weak economic growth or recession and unfavourable real estate market conditions could reduce demand for Citycon's retail and other premises, occupancy rates and rent levels and result in decreased turnover-based rental income. Even though retail trade has developed positively in the Nordics in recent years, there are many threats to the European and global economy that may change this development and, therefore, there are no guarantees that Citycon will be able to maintain the present high degree of occupancy and the rental rates of the properties owned by it. The economic occupancy rate of Citycon's portfolio was approximately 96.4 per cent. at the end of 2018 (96.0 per cent. at the end of 2017), when Citycon's economic occupancy rate in Finland and Estonia was approximately 95.3 per cent., in Norway approximately 98.0 per cent., and in Sweden

¹ Sources: SEB Nordic outlook (May 2019), Nordea Economic Outlook (January 2019)

and Denmark approximately 96.0 per cent. The economic occupancy rate of Citycon's property portfolio was approximately 95.3 per cent. on 30 September 2019. Further, Citycon has major (re)development projects in progress throughout its operating countries and once all of these projects are completed, the leasable area within Citycon's shopping centres will increase. Planned leasing of the respective new retail premises is of primary importance to Citycon's financial development and growth. Adverse changes in rent levels, failures in renting new business premises or the loss of key tenants and subsequent decreases in occupancy rates could have a material adverse effect on Citycon's business, results of operations, and financial condition.

Increasing Online Retail May Have an Adverse Effect on Shopping Centre Sales and Decrease Demand for Commercial Retail Premises.

The retail industry continues to transform as online retail grows and consumers increasingly shop online. In the Nordics, online sales accounted for around 10 per cent. of total retail sales in 2018,² and are likely to grow further. Although offline sales are expected to continue to account for a large majority of all retail sales, the growth of online and competitive retail schemes may affect customer behaviour and impact demand for commercial retail premises by new and existing tenants. The increasing competition from online retail may also impact the investment needs of tenants and property owners who could start to invest more in stores and shopping centres, which could lead to higher pressure on margins. Shopping centres will need to adapt their services and tenant offerings to meet changing consumer behaviour and demand to continue to attract customers. Citycon aims to adapt its operations to the effects of increasing online retail by focusing on urban grocery- and necessity-anchored shopping centres in growing cities that increasingly offer cafés, restaurants and commercial and municipal services, as well as by utilising social media in daily operations. A significant increase in online retail internet shopping could, however, decrease shopping centre sales and the demand for commercial retail premises, which could have a material adverse effect on Citycon's business, results of operations, and financial condition. The growth or perceived future growth of online retail may also impact investors' willingness to invest in retail assets including shopping centres and in companies owning shopping centres. This may impact Citycon's access to equity and debt financing.

Increased Competition in the Real Estate Market May Have an Adverse Effect on Citycon's Business and Its Growth Opportunities.

The Nordic and Baltic real estate markets are characterised by increasing competition from international real estate investors. Citycon expects new real estate investors to continue to enter these markets in the future. Transaction volumes in the Nordic property markets as of 30 September 2019 were down by 3.8 per cent., as compared to the same period in 2018, with increased Swedish transaction volumes in the nine months ended 30 September 2019 (when compared to the same period in 2018), whereas Finnish, Danish and Norwegian transaction volumes declined.³ Transaction volumes in the Finnish, Swedish and Danish property markets increased over the twelve-month period ended 30 September 2019, whereas the transaction volume in the Norwegian property market decreased.⁴ In addition, increased competition in Estonia could result in reduction of rent levels and occupancy rates.

Highly liquid real estate markets usually decrease yield requirements and increase real estate prices, whereas slow and illiquid markets usually increase yield requirements which leads to lower real estate prices. There is currently strong demand for prime properties while the demand for secondary properties is weaker.⁵ In addition, the slow rate of planning may have a limiting effect on the building of new retail properties or extensions of already existing retail properties. This development, combined with the entry of new international investors on the local markets, may make it more challenging for Citycon to acquire new properties and could weaken Citycon's market share and growth possibilities. In the short term this might lead to increasing property prices and value of Citycon's portfolio, while in the longer term this could have a material adverse effect on Citycon's business, results of operations, and financial condition.

² Source: PostNord, 2018.

³ Source: Pangea Property Partners September 2019.

⁴ Source: Pangea Property Partners Monthly Report September 2019.

⁵ Sources: CBRE, Newsec, JLL Nordic City Report Spring 2019.

In addition, changes in the liquidity of Nordic real estate markets could have an impact on Citycon's ability to execute its divestment plans. In particular, poor liquidity in Nordic real estate markets may cause Citycon's divestment plans to be delayed.

Citycon aims to further improve its business and profits by redeveloping and expanding its current properties, by acquiring new shopping centres for further development and by carrying on active shopping centre management. There are, however, no guarantees that Citycon will be able to maintain its market share and continue to benefit from its current position. Increased competition in the Nordic and Estonian real estate markets could weaken Citycon's position, market share and growth possibilities, which could in turn have a material adverse effect on Citycon's business, results of operations, and financial condition.

The Fair Value of Citycon's Investment Properties May Fluctuate.

The fair value of investment properties, and market price levels are influenced by several factors, such as fluctuations in general and local economic conditions, interest rates, availability and cost of financing, inflation expectations, GDP growth, private consumption, market rent trends, vacancy rates, property investors' yield requirements, property operating expenses, the relative attractiveness of other asset classes and competition.

In addition, city planning and building projects, as well as changes in competitive dynamics, may influence the value of properties. Citycon uses the fair value model in the valuation of its investment properties, whereupon fair value changes (i.e. fair value gains and losses) of investment properties are recognised in the statement of comprehensive income (IAS 40). Additional information on the changes in the fair value of Citycon's investment properties can be found in "*Citycon's Property Portfolio in Brief and Investments, Divestments and Development Projects*".

Citycon has recognised net fair value gains on its investment properties in each year from 2012 to 2016, but in 2017 and 2018, losses of EUR 42.9 million and EUR 72.5 million were recognised, respectively. Changes in the fair value of the investment properties impact Citycon's statement of comprehensive income and statement of financial position of Citycon, but they do not have a direct effect on the cash flow statement. Significant fair value losses of the investment properties could have a material adverse effect on Citycon's business, results of operations, and financial condition.

Concentrated Property Portfolio and Dependency upon Retail Sales Expose Citycon to Local and Industry-Related Risks.

In accordance with Citycon's strategy, Citycon's property portfolio is concentrated and consists almost entirely of retail properties, the majority of which are currently located in Finland, Sweden and Norway. Citycon's largest tenant groups are grocery, fashion and specialty store chains, but also cafés and restaurants, banks and financial institutions and municipalities and other public administration tenants. The fair value of Citycon's investment properties totalled approximately EUR 4,105.9 million on 30 September 2019, with Finnish and Estonian properties accounting for approximately 45 per cent., Norwegian properties accounting for approximately 32 per cent., and Swedish and Danish properties accounting for approximately 23 per cent. of the total fair value. As Citycon's current property portfolio is currently concentrated on retail properties in the major cities in Finland, Sweden and Norway, Citycon's business depends heavily on the growth of retail trade in Finland, Sweden and Norway. For economic risks related to Citycon's business, please see "*Economic Fluctuations and Economic Development Have an Adverse Effect on the Real Estate Market and therefore to Citycon's Business and Results of Operations*".

Citycon's high level of concentration in retail property and its dependency on the Finnish, Swedish, Danish, Estonian and Norwegian retail trade may have a material adverse effect on Citycon's business, results of operations, and financial condition.

The Construction of Shopping Centres and New Retail Premises May Increase Competition for Tenants and, Therefore, Negatively Affect Citycon's Business.

The construction of new shopping centres and other retail premises, especially in Finland and Estonia but also in other countries where Citycon operates, is likely to result in increased competition for tenants. This may put pressure on rent levels and increase marketing costs incurred by real estate owners and managers, make it more

challenging to attract and retain tenants at commercially satisfactory rental rates and increase the vacancy rate. As a result, the need for tenant-specific alteration work and incentives to accommodate tenants' needs may increase. Any significant increase in marketing costs and tenant incentives and related investments, or the impact from difficulties in attracting and retaining suitable tenants, could have a material adverse effect on Citycon's business, results of operations, and financial condition.

Property Valuation Statements Are Inherently Subjective Assessments of External Property Appraisers.

Real estate valuations are subjective assessments by external property appraisers that are influenced by a number of variables, assumptions, and methodologies that may result in the valuation being inaccurate. In particular, uncertainties impacting valuation statements include, amongst other factors, the lack of liquidity of real estate assets, the availability of debt funding, the nature of each property, its location, the expected future rental income from that particular property and the valuation methodology used to assess that property's value. This is especially true when there are few or no comparison sales. In addition, property appraisals are based on assumptions that may prove erroneous. Property appraisers make certain assumptions on the future development of the real estate market, such as market yields and market rents. Since the first quarter of 2017, Citycon has started to measure internally the fair value of properties on the first and third quarter of each fiscal year, while an external property appraiser prepares valuation reports for all properties on the second and fourth quarter of each fiscal year. The internal valuations are based on the yields and market rent indications provided by the external property appraiser. In addition, the external property appraiser conducts the fair value evaluation of all properties under development. Since 30 June 2017, valuation advisory regarding the property market, yields and market rents has been conducted by the global property specialist CBRE. On 30 September 2019, the valuation at the Lippulaiva development project located in Espoo, Finland was conducted externally. Any erroneous assumptions used as a basis for appraisals or deficient appraisals may result in such appraisals materially deviating from the market price of a property site and may thus have a material adverse effect on Citycon's business, results of operations, and financial condition.

Tenant Sales and Demand for Citycon's Retail Premises May Be Adversely Affected by Decreasing Private Consumption.

Private consumption has a material effect on the sales of Citycon's tenants and, hence, on the demand for Citycon's retail premises. Growth in retail sales is mainly dependent on economic development, increases in household purchasing power and growth in consumer spending. In 2018 and for the nine months ended 30 September 2019, Citycon's retail sales grew in all the countries in which it currently operates. In 2018, the growth rate of retail sales was 2.9 per cent. in Finland, 1.5 per cent. in Norway, 2.6 per cent. in Sweden, 5.0 per cent. in Estonia, and 1.0 per cent. in Denmark. As of 30 September 2019, the growth rate of retail sales year-on-year was 2.3 per cent. in Finland, 0.4 per cent. in Norway, 2.4 per cent. in Sweden, 4.0 per cent. in Estonia and 0.9 per cent. in Denmark.

Weakness in the European economy may further decrease consumer confidence and reduce consumption. Should growth in private consumption slowdown in Citycon's geographic markets, this could lead to decreased demand for retail premises. Lower tenant demand may negatively affect the rental and occupancy levels in Citycon's portfolio, which could in turn have a material adverse effect on Citycon's business, results of operations, and financial condition.

Citycon's Planned Growth May Be Affected by Competition Regulation and Authority Decisions in Relation to Executing Its (Re)development Projects.

In Finland, Citycon is a market leader in the shopping centre business measured by leasable retail area and is currently the only property investment company specialising exclusively in shopping centres. Through the acquisition of Sektor Gruppen, Citycon entered the Norwegian market in 2015 and is the second largest shopping centre operator in Norway. In Sweden, Citycon is one of the top-five players in the shopping centre market.⁶ Citycon owns the second and third largest shopping centres in Tallinn, Estonia – Rocca al Mare and Kristiine Keskus – making it a market leader in that city. As Citycon acquires properties and increases its

⁶ Source: Company reports, Pangea Property Partners analysis, as per December 2018 and Finnish Shopping Centres 2018. Includes only majority-owned shopping centres. Includes some assumptions on retail proportion out of total gross leasable area, where retail data not available.

market share, it may become subject to increased scrutiny and challenges with regards to its compliance with competition regulations. It is possible that competition authorities could rule that certain future acquisitions are anti-competitive, which may limit Citycon's ability to further grow through acquisitions.

Citycon has new (re)development projects under consideration. All projects under consideration may change or be cancelled, for example due to circumstances relating to city planning and zoning. Public authorities, such as municipality authorities, are empowered to develop plans for the use of land. Development projects require close contacts with those authorities. Citycon's business depends on cooperation with authorities empowered with regulatory responsibility relating to Citycon's business. Adverse proceedings with authorities could have a material adverse effect on the possibility to start development projects, or on the progress of the development projects and therefore on Citycon's business, results of operations, and financial condition.

Possible Legislative Changes May Cause Unpredictable Adjustment Costs or Increased Tax Burden, and Possible Changes in the International Financial Reporting Standards May Affect Accounting Principles of Citycon's Financial Statements.

Citycon's operations are regulated by the legislation of each country in which Citycon operates. In addition, Citycon's operations may be affected by regional or supranational regulations, such as EU legislation. Citycon's management believes that Citycon complies in all material respects with legislative requirements and other regulations as at the date of this Prospectus. Legislation and other regulations may, however, change, and Citycon cannot guarantee that in such cases it would be able to comply, without significant measures and expenses, with the requirements of changed legislation or other regulations. For example, changes in law and regulations, or in their interpretation and application, concerning property, land use, development and zoning may have a material impact on Citycon's ability to acquire and (re)develop properties. Changes in law and regulations concerning health, safety, stability requirements, tenants and rents, environmental protection, privacy, labour and taxation may have a material adverse effect on Citycon's operations. Additionally, environmentally oriented regulation and the industry best practices continue to increase in rigor and scope. Such changes may adversely affect Citycon's ability to use certain real estate assets as initially intended and could also cause Citycon to incur increased capital expenditure or running costs to ensure compliance with new or amended applicable laws or regulations, which may not be entirely offset by the rental income.

Tax law and regulations and their interpretation and application related to tax deductibility of interest expenses and taxation of capital gains, as well as the laws and regulations related to stamp duties on transactions may be subject to change in the countries in which Citycon operates. Citycon monitors and analyses the impact of such changes as part of its normal operations. Taxable income is subject to uncertainty, and the final amount of taxes may deviate from the originally recorded amount. If the final amount of taxes deviates from the originally recorded amounts, such differences may affect the period's taxable profit, tax receivables or liabilities as well as deferred tax assets or liabilities. Changes in capital gains taxation and in stamp duties may also impact the property markets and impede Citycon's ability to complete non-core disposals. As Citycon prepares its consolidated financial statements in accordance with IFRS, changes in international accounting standards may affect Citycon's accounting policies and, therefore, such changes may have a material adverse effect on Citycon's results of operations for the financial period.

Adapting Citycon's operations to any of the changes described above may result in additional costs or increased tax burden for Citycon that are difficult to anticipate, which in turn may have a material adverse effect on Citycon's business, results of operations, and financial condition.

The United Kingdom's Exit from the European Union May Adversely Impact Citycon's Business, Results of Operations and Financial Condition.

On 23 June 2016, a majority of the United Kingdom's electorate voted for the United Kingdom's withdrawal from the European Union (**Brexit**). The British Prime Minister acted on this decision by formally notifying the European Council on 29 March 2017, of the United Kingdom's intention to withdraw from the European Union in accordance with Article 50(2) of the Treaty on European Union. There have been ongoing discussions between the United Kingdom and the European Union regarding the terms of Brexit and the future relationship of the United Kingdom with the European Union. On 19 October 2019, a withdrawal deal agreed with the European Union was presented by the British government to the British Parliament for approval. Instead, the British Parliament approved the granting of an additional period of time for it to review the terms and conditions

of the withdrawal deal, requiring the government to request an extension to the European Union to avoid a no-deal Brexit on 31 October 2019. The European Union granted an extension until 31 January 2020 which was formally accepted by the British government subject to an earlier approval of the withdrawal deal by the British Parliament and it is uncertain whether and on which terms the United Kingdom will depart from the European Union.

The uncertainty around the timing of Brexit, its economic and other terms could in the future cause volatility in the financial markets. Such volatility may affect interest rates, which in turn may affect Citycon's business operations by increasing cost of servicing its debt financing arrangements and increasing the cost of refinancing of its existing borrowings. See "*—Financing Risks Relating to Citycon's Business —Citycon May Not Be Able to Secure Financing on Satisfactory Terms or at All in the Future*". Such volatility may also adversely affect Citycon's ability to refinance its existing indebtedness when due on commercially acceptable terms or at all. See "*—Financing Risks Relating to Citycon's Business — Increases in Interest Rates and Credit Margins Increase Citycon's Financing Costs.*" Brexit may in the future cause certain adverse effects on European economic conditions and may have adverse effects on levels of economic activity in the countries in which Citycon operates. Any of the foregoing factors may have a material adverse effect on Citycon's business, results of operations, and financial condition.

RISKS RELATING TO CITYCON AND ITS BUSINESS

Citycon's (Re)development Projects May Fail.

Citycon aims to further improve its operations and profits by (re)developing and refurbishing its existing properties. Citycon's property development projects are subject to the risks usually attributable to construction projects, which include: (i) delays in construction work or other unforeseeable delays, (ii) cost overruns, (iii) lack of demand for the new or (re)developed leased premises and (iv) planning and zoning risk. Should any of Citycon's significant (re)development projects prove to be unsuccessful, this may have a material adverse effect on Citycon's business, results of operations, and financial condition.

Citycon Has Exposures to Its Largest Tenants.

Citycon's largest tenants include international and local grocery, fashion and specialty chains, as well as restaurants, tenants from the banking and financing sectors and municipal and government tenants. For the year ended 31 December 2018, approximately 17.9 per cent. of Citycon's rental income was generated through lease agreements entered into with its five largest tenants: Kesko Group, the S Group, Varner-Group, H&M and ICA Group. The largest individual tenant is the Kesko Group with its different business units and group companies; which together accounted for approximately 5.2 per cent. of Citycon's rental income for the year ended 30 December 2018, whereas the four other aforementioned tenants together accounted for approximately 12.7 per cent. of Citycon's rental income for the year ended 31 December 2018. The most important segment of the Kesko Group is grocery retail trade.

The potential inability of Citycon to satisfy the needs of its key tenants leading to decreasing demand for retail space from such key tenants could have a material adverse effect on the occupancy rates and rental income of Citycon's properties. Changes in the key tenants' business environment and behaviour, or the loss of rental income from one or more key tenants, could have a material adverse effect on Citycon's business, results of operations, and financial condition.

Increase in Construction Costs Could Have a Negative Effect on Citycon.

As Citycon's existing properties age, the cost of repairs is expected to increase accordingly, and in accordance with its strategy, Citycon may make significant investments in (re)developing its ageing properties. Such costs could be higher than Citycon's expectations, and the rent charged to tenants may not cover Citycon's costs, which could result in Citycon making a loss on the property.

In recent years, the construction industry has seen a positive economic cycle in Citycon's business areas, which has caused the costs of construction and construction materials to rise. Increases in construction costs could prevent Citycon from implementing all of its planned development projects or reduce the projected profitability of development projects already underway.

If Citycon does not maintain its ageing properties sufficiently, this may result in a decrease in the value of the properties, increased maintenance costs, significant cost to repair and renovate such properties and a reduction in the demand for retail premises, which could have a material adverse effect on Citycon's business, results of operations, and financial condition.

Citycon has commissioned the construction of some of the properties it owns. As the owner and developer of the properties, Citycon may be liable for possible faults found in the properties as well as other direct or indirect damage pertaining to the properties. Citycon's liability for defects and/or damages may materialise, for example, as compensation to tenants in or other users of Citycon's properties for damage caused due to defects or faults in the property. Potential faults related to construction and consequent liabilities may jeopardise the profitability of Citycon's business and lower the fair value of investment properties owned by Citycon, which may have a material adverse effect on Citycon's business, results of operations, and financial condition.

Citycon May Not Be Able to Execute Disposals of Real Estate at Acceptable Prices or at All.

In accordance with its strategy, Citycon has in the past sold properties in part or in full and is continuously considering the divestment of properties that are not considered part of its core portfolio. Since the strategy update in 2011, Citycon has divested 70 non-core properties, five residential portfolios and two land plots for a total value of EUR 864 million. Citycon plans to continue to improve the quality of its portfolio through additional divestments in the coming years.

In May 2019, Citycon entered into preliminary agreements to sell two land plots in Vuosaari, Helsinki for a total value of EUR 9.4 million. The divestments will be completed following the approval of the zoning. In June 2019, Citycon sold its interests in shopping centre Arabia in Helsinki and centre Duo in Tampere. The two Finish shopping centres were sold for a combined total of approximately EUR 77 million to a Nordic real estate investor, NREP.

The value and price of the disposed properties are influenced by several factors, such as general economic conditions, interest rates, inflation expectations, investor yield requirements, the availability of debt financing and competitive dynamics. It may also be difficult to sell properties that the markets categorise as non-prime properties and purchasers' desire or ability to pay for the real estate properties. There can be no guarantee that Citycon will be able in the future to execute disposals at acceptable prices or at prices that are higher than the fair market valuation of a particular property. Delayed disposal of properties or disposals of the properties at a loss could have unfavourable impact on Citycon's balance sheet and slow down the plan for asset quality improvement of Citycon and this may have a material adverse effect on Citycon's business, results of operations, and financial condition.

Terrorist Attacks May Have an Adverse Impact on Citycon's Business and Operating Results and Could Decrease the Value of Citycon's Assets.

Terrorist attacks have resulted in substantial and continuing economic volatility and social unrest globally and regionally. Further developments stemming from these events or other similar events could cause further volatility. An increase in the frequency, severity or geographic reach of terrorist acts could destabilise the countries in which the Group operates. The direct and indirect consequences of any terrorist attacks are unpredictable, and Citycon is unlikely to foresee events that could have an adverse effect on the results of its business operations. Regardless of its likelihood, a terrorist attack in or near any of Citycon's shopping centres cannot be ruled out.

Although Citycon has insurance coverage for acts of terrorism, the psychological impact of such events may have an adverse impact on consumers and potential visitors in Citycon's shopping centres. As consumers perceive increased risk of terrorist acts in places of public gathering, such as shopping centres, they may reduce the number of visits made to or the time spent in these places. Future terrorist attacks may also result in declining economic activity, which could reduce the demand for and the value of Citycon's properties. Terrorist attacks or incidents, or the threat of attacks, could negatively impact sales and tenants' businesses could be adversely affected, including their ability to continue to honour their lease obligations, which may have a material adverse effect on Citycon's business, results of operations, and financial condition.

The Ability to Identify Potentially Profitable Acquisition Targets and Successfully Execute Acquisitions Is a Requirement to Meet Citycon's Growth Targets.

Citycon's strategy is, in addition to (re)development projects, to grow through selective acquisitions of new shopping centres. Citycon has implemented specific processes for its acquisitions and it aims to carefully investigate and analyse potential targets and related liabilities prior to completing an acquisition. The acquisition of additional properties is often preceded by a bidding procedure involving multiple bidders and subject to the successful completion of negotiations. There can be no guarantees that Citycon will find new targets that will fit its strategy at acceptable commercial terms, or that it will successfully manage to complete the bidding or negotiation processes. The inability to find new targets, to identify all potential risks and liabilities relating to such targets, to make correct valuations of such targets or to complete acquisitions may have a material adverse effect on Citycon's business, results of operations, and financial condition.

The Ability to Integrate Acquired Targets Successfully Is a Requirement to Meet Citycon's Targets for Growth in Profitability.

Citycon's business has grown in recent years, mostly through acquisitions of new shopping centres and completion of (re)development projects. This growth has required and is further expected to require significant management and personnel resources as well as financial resources. Successful integration of acquired properties into Citycon's existing business is essential for Citycon's ability to grow profitably. Should Citycon be unable to successfully integrate targets acquired in the future, this may have a material adverse effect on Citycon's business, results of operations, and financial condition.

The Issuer's Ability to Meet Its Obligations Depends Primarily upon Receipt of Sufficient Funds from Other Members of the Group.

The Issuer's ability to meet its obligations depends primarily upon receipt of sufficient funds from other members of the Group. The Issuer is dependent upon payments, including by way of loans, from other members of the Group to generate the funds necessary to pay principal and interest on its borrowings. The Issuer and its Subsidiaries may from time to time be subject to restrictions on their ability to make such payments to the Issuer as a result of regulatory, fiscal, and other restrictions. There can be no assurance that such restrictions will not have a material adverse effect on the Issuer's ability to service its borrowings or meet any other costs it may incur, including in respect of the Capital Securities. There can be no assurance that the Issuer will receive sufficient funds from other members of the Group to meet its financial obligations.

Joint Ventures May Introduce Additional Risks to Citycon.

Citycon may execute real estate acquisitions together with other real estate investors or dispose a part of its properties to third parties. For instance, in January 2013, Citycon acquired Kista Galleria, a prime shopping centre in Stockholm, in partnership with CPPIB, an investment management organisation investing the funds of the Canada Pension Plan. Citycon and CPPIB each own 50 per cent. of the shopping centre. Citycon also owns the Iso Kristiina in Lappeenranta, Finland, in partnership with Ilmarinen, a Finnish pension fund. Citycon and Ilmarinen each own 50 per cent. of the shopping centre. Further, in Norway, Citycon is a 20 per cent. owner of three shopping centres along with Partners Group.

These kinds of joint ventures bring along certain risks. Citycon's ability to withdraw funds (including dividends) from and to exercise management control over the joint ventures may depend on the consent of the joint venture partners. Any disagreements with its partners, for example, on developing the business or pursuing the joint projects or other typical risks relating to a joint venture structure, such as potential joint and several or secondary liability for transactions and liabilities of the joint venture entity, the difficulty of maintaining uniform standards, controls, procedures and policies and the possible termination and/or commencement of a forced buy or sell procedure by the joint venture partner or of the joint venture partner's stake in the joint venture entity, either as a matter of right or by virtue of alleged non-compliance with the applicable joint venture agreement, may have a material adverse effect on Citycon's business, results of operations and financial condition. In addition to this, lenders may become less willing to lend to Citycon if it has a greater proportion of co-owned properties. Any of the above could have a material adverse effect on Citycon's business, results of operations, and financial condition.

There Is No Guarantee That Citycon's Lease Agreements Will Be Extended in the Future and it is Possible that New Lease Agreements Materialise on Materially Worse Conditions.

Citycon's lease agreements are divided into two categories: fixed-term lease agreements and lease agreements effective until further notice. Citycon mainly seeks to enter into fixed term leases. Apartments, storage facilities and individual parking spaces form the main exceptions to this. As of 31 December 2018, leases in effect until further notice represented approximately 3 per cent. of Citycon's property portfolio.

Lease agreements effective until further notice introduce a risk that a large number of such agreements may be terminated within a short period of time, and this risk may increase in an uncertain economic environment. Conversely, fixed-term agreements are less flexible, which may in some cases delay necessary development projects in the property during the term of the agreement. The average remaining length of Citycon's lease agreements was 3.4 years as of 30 September 2019.

Citycon generally aims to renew lease agreements with the existing tenants. There are, however, no guarantees that Citycon will be successful in extending the lease agreements at current or with increased rent levels. Accordingly, Citycon cannot guarantee that the like-for-like net rental income growth achieved during the last years can be maintained. The concurrent termination of a large number of lease agreements and the inability of Citycon to renew these agreements on improved or similar terms could have a material adverse effect on Citycon's business, results of operations, and financial condition.

Strong Market-Share Concentration of Grocery Retail Trade in Finland, Norway and Sweden Limits Competition and Rent Levels.

Grocery stores, including the three largest tenants of Citycon based on total gross rental income – Kesko Group, Varner-Group and the S-Group – are often anchor tenants in the shopping centres owned by Citycon. Particularly in Finland and Norway, but also in Sweden, the grocery retail trade is strongly concentrated; the S-Group's market share in the entire Finnish grocery retail market was approximately 46.4 per cent. in 2018 and the market share of Kesko was approximately 36.1 per cent. in 2018, whereas the market share of NorgesGruppen was 43.2 per cent. of the Norwegian grocery market in 2018.⁷ In concentrated markets demand for retail space is lower due to reduced competition, thereby leading to a situation where Citycon might not always be able to receive satisfactory rent levels from its retail premises. These factors, in addition to competition that limits or reduces rent levels and subsequently reduces rent potential from grocery stores, could have a material adverse effect on Citycon's business, results of operations, and financial condition.

Citycon May Fail to Acquire Required Services or to Transfer the Related Service Cost Increases to Tenants.

Citycon utilises external service providers in its operations in connection with maintaining and constructing Citycon's properties as well as in connection with the planning of development projects. Such external service providers may expose Citycon to various risks, including, but not limited to, failure to perform their contractual obligations, cost deviations in relation to the external services, or liability for their actions or for the actions of property users. Citycon's main external operational service providers are delivering services in the fields of cleaning, technical maintenance, utilities and security.

The availability, terms and conditions, price, and quality of these external services, as well as the possibility of transferring any increases in the costs of these services to the tenants, are material to Citycon's business. The failure to procure services or to transfer the increase in their costs to tenants may have a material adverse effect on Citycon's business, results of operations, and financial condition.

Citycon Is Exposed to Environmental Liabilities.

As owner and holder (as tenant) of real property, Citycon could be held liable for possible environmental damage caused by the operations carried out on such property if such operations have not been carried out in accordance with applicable regulations. In 2018, BREEAM In-Use certified covered 83 per cent. of Citycon's portfolio measured by fair value. Although Citycon believes that its properties are generally not used for operations that could be particularly harmful to the environment, it cannot be ruled out that it could be held

⁷ Sources: <https://www.pty.fi/julkaisut/tilastot/>; <https://www.nettavisen.no/okonomi/norgesgruppen-blir-stadig-storre/3423638211.html>

liable for environmental damage incurred on an owned or held property. Although Citycon believes that it has not caused any environmental harm in connection with its management of the properties, it cannot be ruled out that Citycon could be held liable for damages if it causes or has caused environmental harm in connection with management of the properties. Such environmental liability could, if it materialises, have a material adverse effect on Citycon's business, results of operations, and financial condition.

Concerns about the Effects of Climate Change May Have an Impact on Citycon's Business.

Citycon is exposed to the potential impacts of future climate change and climate change-related risks. Particularly, Citycon is exposed to potential physical risks from possible future changes in climate and rare catastrophic weather events, such as severe storms and/or floods. If the frequency of extreme weather events increases due to climate change, Citycon's exposure to these events could increase.

The regulatory focus on the potential impacts of climate change is increasing, including the introduction of more stringent requirements related to building regulations and energy efficiency. Such measures could result in increased costs and Citycon may be adversely impacted as a real estate developer with regards to new construction projects or to the adaptation of buildings, as in the future Citycon could be required to meet much stricter building regulation requirements and/or energy efficiency requirements.

Citycon Is Dependent Upon Professional Management and Key Personnel.

The success of Citycon materially depends on the professional skills of Citycon's management and personnel, as well as on the ability of Citycon to retain its current management and to recruit new skilled personnel, when needed. There can be no guarantees that Citycon will be able to recruit enough new personnel or to develop and retain its current management and key personnel in the future. In addition, Citycon might incur significant recruitment costs as a result of hiring new management or other employees. The loss of key management members or key employees and know-how, potentially to Citycon's competitors, and the inability to attract qualified new personnel may have a material adverse effect on Citycon's business, results of operations, and financial condition.

Citycon's Insurance Coverage May Prove to Be Inadequate.

Citycon has obtained insurance coverage for its properties and buildings, which it believes to be in line with standard industry practices. This insurance covers liabilities based on possible water damages, fire damages and damages caused by, for example, acts of vandalism or terrorism. In addition, liability insurance aimed to cover damages caused to third parties is also included in Citycon's insurance coverage. Furthermore, Citycon has valid business interruption insurance. Insurance coverage is subject to certain limitations and some risks may not be covered by insurance. Even if the insurance would be adequate to cover Citycon's direct losses, Citycon could be adversely affected by loss of earnings caused by or relating to damage to its properties. The occurrence of any of the above harmful effects or insufficient insurance coverage may have a material adverse effect on Citycon's business, results of operations, and financial condition.

Any Damage to Citycon's Reputation May Have an Adverse Effect on Citycon's Ability to Attract and Retain Tenants as Well as to Retain Key Personnel.

Citycon's ability to attract and retain tenants as well as retain personnel in its employment may suffer if Citycon's reputation is damaged. Matters affecting Citycon's reputation may include, amongst other things, the quality and safety of its business properties, compliance with legislation and official regulations, actions by tenants and actions by individuals at Citycon's properties. Any damage to Citycon's reputation may have a material adverse effect on Citycon's business, results of operations, and financial condition.

Citycon Is Subject to Regulatory and Legal Risks Relating to Securities Issues.

An issuance of shares or other securities by Citycon in or into certain jurisdictions may be subject to specific registration, admission or qualification requirements or other restrictions imposed by local law or regulatory authorities, or may be prohibited altogether. Citycon uses its best efforts to comply with such restrictions, but it cannot be excluded that due to ambiguities related to the application of and practice related to such restrictions, or due to any other reason, Citycon may become subject to regulatory or legal proceedings potentially resulting

in fines or penalties or liability for damages. Citycon also has a large number of foreign investors and, in the future, may market its securities to additional foreign investors, which may also increase the risk of potential claims by such investors based on any applicable securities laws or regulations. Even if any such allegations or claims against Citycon were without merit, such claims or regulatory and legal proceedings might nevertheless cause Citycon significant reputational harm and expose Citycon to significant legal costs.

Credit Losses May Increase as a Result of the Tenants' Financial Difficulties.

As a consequence of a weaker economic environment, incidences of tenants experiencing financial difficulties during the terms of their lease could increase. Credit losses have still however remained stable in recent years, amounting to EUR 1.5 million at the end of 2018 (the amount of credit losses was EUR 1.2 million in 2017 and EUR 1.2 million in 2016). Despite a majority of Citycon's lease agreements including rental guarantees, Citycon's credit losses may increase in the future. Any significant credit losses could have a material adverse effect on Citycon's business, results of operations, and financial condition.

Citycon's Actual Performance May Differ Materially from the Long-Term Financial Targets and Prospects Included in this Prospectus.

Citycon's long-term financial targets and prospects constitute forward-looking information that is subject to considerable uncertainty. The long-term financial targets and prospects are based upon a number of assumptions relating to, amongst others, the development of Citycon's industry, business, results of operations, and financial condition. Citycon's actual business, results of operations, and financial condition, and the development of the industry and the macroeconomic environment in which Citycon operates, may differ materially from, and be more negative than, those assumed by Citycon when preparing its long-term financial targets and prospects. As a result, Citycon's ability to reach these long-term financial targets and prospects is subject to uncertainties and contingencies, some of which are beyond Citycon's control, and no assurance can be given that Citycon will be able to reach these targets and prospects or that Citycon's financial condition or results of operations will not be materially different from the long-term financial targets and prospects that Citycon has set for itself.

Citycon Could Be Exposed to Disruptions and Other Damages to its Information Technology and Other Networks and Operations, and Breaches in Data Security.

Citycon's ability to achieve planned revenues and control costs depends in part on the reliability of its technologies and system networks. Citycon might incur losses that are caused by disruption or malfunction of IT systems, and telecommunications systems, mechanical or equipment failures, human error, natural disasters, security breaches or malicious acts by third parties. For instance, cyber security incidents are increasing in frequency and may include installation of malicious software, unauthorised access to data and other electronic security breaches that could lead to disruptions in systems, unauthorised release of confidential or otherwise protected information and the corruption of data. Although Citycon has not experienced major disruptions and cyber security incidents in the past, Citycon cannot guarantee that anticipated or recognised malfunctions can be avoided by appropriate preventative security measures in every case. The materialisation of one or more of these risks could therefore have material adverse effects on Citycon's business.

FINANCING RISKS RELATING TO CITYCON'S BUSINESS

Citycon May Not Be Able to Secure Financing on Satisfactory Terms or at All in the Future.

Citycon operates in a sector that requires high levels of capital investment for growth. Citycon has in recent years carried out different equity and debt financing arrangements, including directed share issues (2007, 2010, 2011 and 2014), rights issues (2007, 2012, 2013, 2014 and 2015), bond issues (2009 and each year from 2012 to 2018), establishing its Euro medium term note programme in 2017 as well as putting in place several bank credit facility arrangements. In addition, Citycon has commercial paper programmes in Sweden and Finland, and since June 2017 also in Norway. Citycon has refinanced most of its debt in the last three years, and has no major long-term debt maturing until 2020. On 30 September 2019, Citycon's unused credit limits and cash balance amounted to EUR 555.3 million as a substantial liquidity buffer for capital investments and short-term commercial paper maturities.

Citycon has commitments to lenders to the effect that it undertakes to maintain its adjusted equity ratio at above 32.5 per cent., and its interest coverage ratio at a minimum of 1.8 : 1.0. Further, under the terms of its outstanding bonds, Citycon has committed to maintaining its solvency ratio at or below 0.65 : 1.0 and its secured solvency ratio at or below 0.25 : 1.0. These covenants are calculated biannually according to the relevant debt agreement.

Furthermore, the macroeconomic condition of the euro area as a whole might also have a significant effect on Citycon's ability to obtain financing. Deterioration in the economy of the euro area could result in a reduction in the capital that lenders are willing to deploy within the euro area, which may result in increased financing costs or the lack of available financing on economically viable terms.

Citycon's growth strategy, refinancing of maturing debt and upcoming new investments in developing projects or new acquisitions create a need for new funding. If Citycon is unable to obtain financing on commercially favourable terms, or if delays are incurred in obtaining such financing, this could impair Citycon's ability to make investments, or force Citycon to divest assets, which, in turn, could have a material adverse effect on the execution of Citycon's strategy and Citycon's business, results of operations, and financial condition.

Increases in Interest Rates and Credit Margins Increase Citycon's Financing Costs.

Changes in interest rates have a significant effect on the real estate business. Market interest rates fell sharply due to the financial crisis in the autumn of 2008 and have stayed at very low levels in historical terms since then. In 2019, interest rates for the Euro and Swedish krona reached an all-time lows. Interest rates are expected to increase over time.

Fluctuations in interest rates affect Citycon's floating-rate loan interest expenses, which increase as market interest rates increase. Citycon carefully monitors the development of interest rates and actively hedges its position against changes in interest rates. According to Citycon's financing policy, its interest rate position must be hedged at a minimum level of 70 per cent. and at a maximum level of 90 per cent. Citycon mainly uses fixed-rate debt and interest rate swaps to manage its interest rate risks. Citycon's debt portfolio's hedging ratio was 82.4 per cent. on 30 September 2019.

A substantial increase in interest rates may also affect private consumption or the ability of tenants to pay rents or may lead to increased vacancy rates of Citycon's business premises.

Tightening regulation of the banking sector (Basel III) may contribute to higher costs of financing for banks, which may again result in an increase in the price of Citycon's new bank financing and Citycon's average interest rate level. The spread required by debt capital market investors to invest in bonds issued by Citycon varies over time depending on market sentiment and the view of Citycon's credit risk.

A material increase in interest rates or increased credit margins could, especially in the long term, have a material adverse effect on Citycon's business, results of operations, and financial condition.

Citycon Is Exposed to Fluctuations in Exchange Rates.

Citycon is exposed to foreign currency risks due to its operations and debt and equity investments outside of the euro area, mainly from the Swedish krona and Norwegian krone. According to Citycon's policy, all net currency transaction positions resulting in currency gains or losses in the profit and loss statement are managed and hedged with currency derivatives.

In order to prepare its financial statements, Citycon must convert the values of the assets, liabilities, revenues and expenses denominated in Swedish krona, Norwegian krone and Danish krona into euro at exchange rates applicable in the relevant time period. Equity investments into subsidiaries outside the euro area are not hedged, which will create non-cash translation differences and a weaker Swedish krona or Norwegian krone rate reduces the value of these investments as well as the equity of the Group. The translation of the income statements in local currencies into euro has a currency rate impact on the Group income metrics such as the earnings and the earnings per share.

Accordingly, significant movements in currency rates may have a material adverse effect on Citycon's business, results of operations and financial condition.

In Sweden and Norway, most of Citycon's sales and expenses are denominated in the local currency. To minimise any negative impact caused by exchange rate volatility, Citycon seeks to finance its Swedish business in Swedish krona and the Norwegian business in Norwegian krone so that changes in operating profit due to currency fluctuations are partly offset by changes in financial expenses.

In Denmark, the Danish krone has been closely pegged to the euro from the start and it does not, therefore, expose Citycon to major exchange rate risks. If the situation were to change and the Danish krone were devalued against the euro, it could have a material adverse effect on Citycon's business, results of operations, and financial condition.

The Interests of Citycon's Significant Shareholders May Be Inconsistent with the Interests of Holders.

There are, as at the date of this Prospectus, certain shareholders who hold, directly and indirectly, a significant position in Citycon's share capital. The interests of Citycon's significant shareholders could conflict with the interests of Holders. On 30 September 2019, Citycon's largest shareholder, Gazit-Globe Ltd., held 48.6 per cent. of all the shares and votes in Citycon. Gazit-Globe Ltd.'s shareholding enables it to prevent resolutions requiring a majority of at least two-thirds of the votes cast and shares represented at a General Meeting of Shareholders. Such resolutions include a resolution to amend Citycon's Articles of Association, resolutions to issue shares in deviation from the pre-emptive subscription right of shareholders and resolutions regarding a potential merger, demerger or liquidation of Citycon.

CPP Investment Board Europe S.à r.l (CPPIBE) is Citycon's second largest shareholder holding approximately 15 per cent. of all the shares and votes in Citycon on 30 September 2019. CPPIBE and Gazit-Globe Ltd. entered into an agreement on 12 May 2014 documenting the parties' objectives in certain governance matters relating to Citycon (the **Governance Agreement**).

The Governance Agreement includes, amongst other things, an undertaking by each of CPPIBE and Gazit-Globe Ltd. to support a certain number of nominees proposed by the other party to the Board of Directors of Citycon, taking into account the independence requirements imposed under the Finnish corporate governance regime. For further information on the composition of Citycon's Board of Directors, please see "Description of the Issuer and the Group" and "Directors, Corporate Governance and Management of the Issuer" below. Significant shareholders' interests may differ from the interests of other shareholders and may affect potential actions or transactions that might benefit the Holders.

Gazit-Globe Ltd.'s Ownership May Exceed 50 per cent. Triggering Change of Control Clauses and an Obligation to Make a Mandatory Public Offer.

Should the ownership of Gazit-Globe Ltd. exceed 50 per cent. of the votes carried by Citycon's shares, this would trigger an obligation for Gazit-Globe Ltd. to make a mandatory public tender offer for the remaining shares and securities entitling their holder to shares in Citycon under the Finnish Securities Market Act unless the Financial Supervisory Authority of Finland (*Finanssivalvonta*) (the **FSA**) grants an exemption from such obligation. Further, the ownership of Gazit-Globe Ltd. exceeding 50–55 per cent. of the votes carried by Citycon's shares would constitute a change of control in Citycon as defined in certain of Citycon's debt financing agreements. Such a change of control would impose an obligation for Citycon either to prematurely repay the loans in question or negotiate with the creditors in question about extension and terms of the financing, which Citycon may not be able to do on commercially reasonable terms or at all.

The Governance Agreement Entered into Between Gazit-Globe Ltd. and CPPIBE May Trigger an Obligation to Make a Mandatory Public Offer.

According to information received from Gazit-Globe Ltd. and CPPIBE by Citycon, the purpose of the Governance Agreement is to agree on a framework for certain governance mechanisms and processes that CPPIBE and Gazit-Globe Ltd. deem would contribute to the effective governance of Citycon in the interest of all of its shareholders. The Governance Agreement regulates, amongst other things, the appointment of

members to the Board of Directors of Citycon and CPPIBE's tag-along right in the event of transfer of shares in Citycon by Gazit-Globe Ltd.

According to information received by Citycon, Gazit-Globe Ltd. and CPPIBE have received statements from the FSA to the effect that the Governance Agreement does not, as such, constitute acting in concert as defined under the Finnish Securities Market Act, and thus does not trigger an obligation for the parties to make a mandatory public tender offer for the shares in Citycon. The FSA notes in its statements that this position should be reassessed should the parties strive to materially reduce the number of the members of the Board of Directors of Citycon from the current ten (10) members. According to information received by Citycon, as a result of the FSA's above-mentioned statement, the Governance Agreement includes an undertaking by Gazit-Globe Ltd. and CPPIBE to the effect that they will refrain from any actions to materially reduce the number of the members of the Board of Directors from the current number.

However, should there be a material change in the circumstances affecting the grounds of the FSA's statement referred to above, the Governance Agreement could be deemed to constitute acting in concert as defined under the Finnish Securities Market Act and, consequently, could trigger an obligation for Gazit-Globe Ltd. and CPPIBE to make a mandatory public tender offer for the remaining shares and securities entitling their holder to shares in Citycon.

Credit Ratings May Not Reflect All Risks.

Moody's and S&P have assigned investment grade level credit ratings to Citycon. Moody's has assigned a long-term corporate credit rating of Baa3 (stable) and S&P has assigned a long-term corporate credit rating of BBB- (negative) to Citycon. See "*—Risks related to the Market Generally—Credit Ratings Assigned to Citycon or any Capital Securities May Not Reflect All the Risks Associated With an Investment in Those Capital Securities*".

These ratings may not reflect the potential impact of all risks relating to Citycon's business. In particular, the EUR 64.7 million loss in fair value for the nine months ended 30 September 2019 could result in negative revaluations. Such a valuation drop can be taken into account by the rating agencies and have a negative impact on Citycon's credit ratings. Further, should the ownership of Gazit-Globe Ltd. exceed 50 per cent. the rating agencies could consider a downgrade. See "*—Gazit-Globe Ltd.'s Ownership May Exceed 50 per cent. Triggering Change of Control Clauses and an Obligation to Make a Mandatory Public Offer*".

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Should Citycon's credit rating be downgraded, this could increase the financial costs of Citycon in the longer term and, therefore, have a material adverse effect on Citycon's business, results of operations, and financial condition.

Citycon's Financing Agreements Involve Counterparty Risk.

International financial institutions are counterparties to Citycon's long-term bank loans, derivative contracts and insurance contracts, for example the EUR 500 million unsecured committed multicurrency revolving credit facility agreement dated 18 December 2014. It is possible that Citycon's financing or insurance counterparties may experience financial difficulties or bankruptcy in the future. Should one or more of the financial institutions that are Citycon's counterparties experience financial difficulties or bankruptcy, this could have a material adverse effect on Citycon's business, results of operations, and financial condition.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH CAPITAL SECURITIES

RISKS RELATED TO THE STRUCTURE OF THE CAPITAL SECURITIES

The Capital Securities are Subordinated Obligations; Accordingly, Claims in Respect of the Capital Securities Would Rank Junior to Claims in respect of Unsubordinated Obligations of Citycon in the Event of an Issuer Winding-Up.

The Capital Securities are direct unsecured and subordinated obligations of Citycon. If the Issuer is in default in relation to the payment of any interest, principal or premium in respect of the Capital Securities which is due and payable, the Holders may instruct the Trustee to institute proceedings for an Issuer Winding-up (as defined in the Conditions), subject to applicable law. The events constituting an Issuer Winding-up include bankruptcy (*konkurssi*), company re-organisation (*yrittysaneeraus*) and liquidation (*selvitystila*). Liquidation (*selvitystila*) is a procedure regulated under the Finnish Companies Act (624/2006, as amended) (*osakeyhtiölaki*) and under the Finnish Companies Act a creditor is entitled to institute such proceedings against the debtor only in certain rare circumstances. Such circumstances are available only if the debtor company (i) does not have a registered and eligible board of directors, (ii) does not have a representative who has a residence in the EEA, (iii) has not filed its financial statements with the Finnish trade register within one year from the end of the relevant fiscal year or (iv) has been declared bankrupt and the bankruptcy has lapsed due to lack of funds.

In the event of an Issuer Winding-up, the Trustee on behalf of the Holders or, in the limited circumstances described in Condition 12(d) (*Rights of Holders*), the Holders, shall, in respect of the Capital Securities and Coupons, have a claim (in lieu of any other amount) for the principal amount of their Capital Securities and any accrued and unpaid interest (including any Deferred Interest (as defined in the Conditions)) thereon and such claims will rank (i) *pari passu* without any preference among themselves and with any present or future claims in respect of obligations of the Issuer in respect of any Parity Securities (as defined in the Conditions); (ii) in priority to all present or future claims in respect of (A) any ordinary share capital of Citycon and (B) any other obligation of Citycon which ranks or is expressed by its terms to rank junior to the Capital Securities or to any Parity Security; and (iii) junior to any present or future claims in respect of (A) all unsubordinated obligations of Citycon and (B) all Subordinated Indebtedness (as defined in the Conditions).

In the event of an Issuer Winding-up, Holders (or the Trustee on their behalf) will only be eligible to recover any amounts in respect of their Capital Securities if all claims in respect of more senior-ranking obligations of Citycon (whether secured or unsecured) have first been paid in full. If on an Issuer Winding-up, the assets of Citycon are insufficient to repay the claims of all senior-ranking creditors in full, the Holders will lose their entire investment in the Capital Securities. If there are sufficient assets to repay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of the Capital Securities and all other obligations of Citycon ranking *pari passu* with the Capital Securities, Holders will lose some or substantially all of their investment in the Capital Securities. The Holders therefore face a higher recovery risk than holders of unsubordinated obligations and Subordinated Indebtedness (as defined in the Conditions) of Citycon. Furthermore, the Conditions do not limit the amount of the liabilities ranking senior to or *pari passu* with the Capital Securities which may be incurred or assumed by Citycon from time to time, whether before or after the issue date of the Capital Securities.

Furthermore, subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by Citycon in respect of, or arising under or in connection with, the Capital Securities and each Holder shall, by virtue of its holding, be deemed to have waived all such rights of set-off, compensation or retention.

Furthermore, subject to applicable law, no Holder or Couponholder may exercise, claim or plead any statutory right pursuant to the Finnish Companies Act to oppose a Corporate Restructuring Event and each Holder and Couponholder shall, by virtue of its holding of any Capital Security or Coupon, be deemed to have waived all such rights in respect of a Corporate Restructuring Event. Corporate Restructuring Events include reduction of share capital pursuant to Chapter 14 of the Finnish Companies Act, amendment of the Issuer's articles of association pursuant to Chapter 14, Section 7 of the Finnish Companies Act or merger or demerger pursuant to Chapters 16 and 17 of the Finnish Companies Act.

In addition, if the financial condition of Citycon deteriorates such that winding-up of Citycon may be anticipated, the market price of the Capital Securities can be expected to fall, and such fall may be significant. A Holder that sells its Capital Securities in such an event may lose some or substantially all of its initial investment in the Capital Securities (whether or not the winding-up of Citycon subsequently occurs).

The Current IFRS Accounting Classification of Financial Instruments Such as the Capital Securities as Equity Instruments May Change Which May Result in the Occurrence of an Accounting Event.

In June 2018, the International Accounting Standards Board (IASB) published the discussion paper DP/2018/1 on “Financial Instruments with Characteristics of Equity” (the **DP/2018/1 Paper**). While the final timing and outcome are uncertain, if the proposals set out in the DP/2018/1 Paper are implemented in their current form, the current IFRS accounting classification of financial instruments such as the Capital Securities as equity instruments may change and this may result in the occurrence of an Accounting Event from the date of official adoption by the IASB of such change. In such an event, the Issuer may have the option to redeem, in whole but not in part, the Capital Securities pursuant Condition 6(c) (*Redemption upon a Tax Deductibility Event, a Capital Event or an Accounting Event*) or substitute or vary the terms of the Capital Securities pursuant to Condition 7 (*Substitution or Variation*). The implementation of any of the proposals set out in the DP/2018/1 Paper or any other similar such proposals that may be made in the future, including the extent and timing of any such official adoption or implementation, if at all, is uncertain. Accordingly, no assurance can be given as to the future classification of the Capital Securities from an accounting perspective or whether any such change may result in the occurrence of an Accounting Event, thereby providing the Issuer with the option to redeem the Capital Securities or substitute or vary the terms of the Capital Securities pursuant to the Conditions. For a description of the risks related to the early redemption of the Capital Securities, see the Risk Factor entitled “—Citycon May Redeem the Capital Securities Early; Investors Should Consider Reinvestment Risk”.

Citycon May Pay a Minority Dividend to Its Shareholders.

Pursuant to Chapter 13, Section 7 of the Finnish Companies Act (624/2006, as amended) (*osakeyhtiölaki*), a company must distribute at least 50 per cent. of its net profit as dividends if shareholders representing at least 10 per cent. of the shares of the company demand such distribution in the annual general meeting before the annual general meeting makes a decision on the use of distributable profits for the preceding fiscal year. However, the maximum amount distributed under this provision may not exceed 8 per cent. of the aggregate shareholders’ equity of the company. If the Issuer pays such Minority Dividend (as defined in the Conditions) to its shareholders in accordance with such mandatory provisions of the Finnish Companies Act, such distribution shall not constitute a Deferred Interest Payment Event (as defined in the Conditions) and the Issuer will not be obliged to pay deferred interest under the Capital Securities. See “*Description of the Issuer and the Group—Principal Shareholders*”.

The Capital Securities are Perpetual Securities.

The Capital Securities are undated securities in respect of which there is no fixed redemption date by which Citycon would be under an obligation to redeem or repurchase the Capital Securities at any time and the Holders have no right to require redemption of the Capital Securities. Therefore, prospective investors should be aware that they may be required to bear the financial risks of an investment in the Capital Securities for an indefinite period and may not recover their investment in the foreseeable future.

Citycon May Defer Interest Payments.

Citycon may under the Conditions, at any time and in its sole discretion, by giving notice to the Holders not less than seven Business Days before the relevant Interest Payment Date, elect to defer any interest, in whole but not in part, which is otherwise scheduled to be paid on an Interest Payment Date (except for interest payable upon redemption of the Capital Securities).

Any interest not paid on an applicable interest payment date and deferred shall constitute Deferred Interest and shall be paid in whole, but not in part, at any time, at the option of Citycon or on the occurrence of certain mandatory settlement events described in the Conditions.

Any deferral of interest payments will be likely to have an adverse effect on the market price of the Capital Securities. In addition, as a result of such interest deferral provisions of the Capital Securities, the market price of the Capital Securities may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to the above provisions and may be more sensitive generally to adverse changes in Citycon's financial condition.

Citycon May Redeem the Capital Securities Early; Investors Should Consider Reinvestment Risk.

Citycon will have the right to redeem the Capital Securities in whole, but not in part, on any of the 90 days up to and including the First Reset Date or any Interest Payment Date thereafter.

Citycon may also, at its option, redeem the Capital Securities in whole, but not in part, upon the occurrence of an Accounting Event, a Capital Event, a Change of Control Event, a Substantial Repurchase Event, a Tax Deductibility Event, or a Withholding Tax Event or as further described in the Conditions.

In the case of an Accounting Event, a Capital Event or a Tax Deductibility Event, such redemption will be at (i) 101 per cent. of the principal amount of the Capital Securities, where such redemption occurs before the 90th day preceding the First Reset Date or (ii) 100 per cent. of the principal amount of the Capital Securities, where such redemption occurs on or after the 90th day preceding the First Reset Date, together, in each case, with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

In the case of a Withholding Tax Event, a Substantial Repurchase Event or a Change of Control Event, such redemption will be at 100 per cent. of the principal amount of the Capital Securities, together with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

During any period when Citycon may elect to redeem the Capital Securities, the market value of the Capital Securities generally will not rise substantially above the price at which they can be redeemed.

Citycon might redeem the Capital Securities when its cost of borrowing is lower than the interest rate on the Capital Securities. There can be no assurance that, at the relevant time, Holders will be able to reinvest the amounts received upon redemption at a rate that will provide the same return as their investment in the Capital Securities. Potential investors should consider reinvestment risk in light of other investments available at that time.

Substitution or Variation of the Capital Securities.

There is a risk that, after the issue of the Capital Securities, a Tax Deductibility Event, a Withholding Tax Event, a Capital Event or an Accounting Event may occur which would entitle Citycon, without any requirement for the consent or approval of the Holders, to substitute all, but not some only, of the Capital Securities for, or vary the terms of the Capital Securities so that they become or remain, Qualifying Capital Securities (as defined in the Conditions).

Whilst Qualifying Capital Securities are required to have terms which are not materially less favourable to Holders than the terms of the Capital Securities (as reasonably determined by Citycon in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing), there can be no assurance that the Qualifying Capital Securities will not have a significant adverse impact on the price of, and/or the market for, the Capital Securities, nor that there will not be any adverse tax consequences for any Holders of the Capital Securities arising from such substitution or variation.

No Limitation on Issuing or Guaranteeing Debt Ranking Senior to or Pari Passu with the Capital Securities.

There is no restriction in the Conditions on the amount of debt which Citycon may issue or guarantee. Citycon and its subsidiaries and affiliates may incur additional indebtedness or grant guarantees in respect of indebtedness or guarantees of third parties, including indebtedness that ranks *pari passu* with or senior to the Capital Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Holders on an Issuer Winding-up and/or may increase the likelihood of a deferral of interest payments under the Capital Securities.

Holders of the Capital Securities Have Very Limited Rights in Relation to the Enforcement of Payments on the Capital Securities.

If a default is made by the Issuer for a period of three days or more in relation to the payment of any interest, principal or premium in respect of the Capital Securities which is due and payable, the rights of the Holders in respect of the Capital Securities are limited to directing the Trustee to institute proceedings for an Issuer Winding-up, and the Holders (or the Trustee on their behalf) may prove and/or claim in respect of the Capital Securities in an Issuer Winding-up.

Whilst the claims of the Holders (or the Trustee on their behalf) in an Issuer Winding-up are for the principal amount of their Capital Securities together with any Deferred Interest and any other accrued and unpaid interest, such claims will be subordinated as provided above under “—*The Capital Securities are Subordinated Obligations; Accordingly, Claims in Respect of the Capital Securities Would Rank Junior to Claims in Respect of Unsubordinated Obligations of Citycon in the Event of an Issuer Winding-up*”. The Holders (or the Trustee on their behalf) shall not be entitled to accelerate payments of interest or principal under the Capital Securities in any circumstances outside an Issuer Winding-up. Furthermore, whilst the Trustee (if so directed by the Holders in accordance with the provisions of the Conditions and the Trust Deed) may institute other proceedings against the Issuer to enforce the terms of the Capital Securities, the Issuer shall not, by virtue of such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

Accordingly, the Holders’ rights of enforcement in respect of payments under the Capital Securities are very limited.

Fixed Rate Securities Have a Market Risk.

The Capital Securities will bear interest at a fixed rate, reset by reference to a mid-swap rate plus a margin on the First Reset Date for the Capital Securities and on each fifth anniversary of such first reset date. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital market (the **Market Interest Rate**). While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. A change of the Market Interest Rate may cause the price of such security to change. If the Market Interest Rate increases, the price of such security typically falls. If the Market Interest Rate falls, the price of a security with a fixed interest rate typically increases. Potential investors of Capital Securities should be aware that movements of the Market Interest Rate can adversely affect the price of the Capital Securities and can lead to losses for the Holders if they sell such Capital Securities.

Each Reset Interest Rate may be different from the initial interest rate of the Capital Securities and may adversely affect the yield of the Capital Securities.

Reform and Regulation of “Benchmarks”.

So-called benchmarks such as ICE Swap Rate referenced swap rates and the Euro Interbank Offer Rate (**EURIBOR**) which are deemed “benchmarks” (each a **Benchmark** and together, the **Benchmarks**), to which the interest on the Capital Securities during any Reset Period is linked, have become the subject of regulatory scrutiny and recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the value of and the amount payable under the Capital Securities. International proposals for reform of Benchmarks include the European Council’s Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the **Benchmark Regulation**).

Any changes to a Benchmark as a result of the Benchmark Regulation or other initiatives, could have a material adverse effect on the costs of refinancing a Benchmark or the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain Benchmarks, trigger changes in the rules or methodologies used in certain Benchmarks or lead to the

disappearance of certain Benchmarks. Although it is uncertain whether or to what extent any of the abovementioned changes and/or any further changes in the administration or method of determining a Benchmark could have an effect on the value of the Capital Securities, investors should be aware that they face the risk that any changes to the relevant Benchmark may have a material adverse effect on the value of and the amount payable under the Capital Securities.

The Conditions provide that, if a Benchmark Event (which, amongst other events, includes the Original Reference Rate ceasing to exist, be administered or be published) occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate or an Alternative Rate and, in either case, an Adjustment Spread (which could be positive, negative or zero) to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate with the application of an Adjustment Spread to determine the Reset Interest Rate for a Reset Period may result in the Capital Securities performing differently (which may include payment of a lower Reset Interest Rate for such Reset Period) than they would do if the Original Reference Rate were to continue to apply.

Furthermore, if a Successor Rate, Alternative Rate and/or Adjustment Spread, as applicable, is determined by the Independent Adviser, the Conditions provide that the Issuer and the Independent Adviser may agree to vary the Conditions, as necessary, to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread, as applicable, without any requirement for consent or approval of the Holders or the Trustee, in the circumstances and as otherwise set out in the Conditions.

Notwithstanding the occurrence of a Benchmark Event, the Issuer may be unable to appoint an Independent Adviser in accordance with the Conditions, or the Independent Adviser may not be able to determine or select a Successor Rate or Alternative Rate or, in either case, the applicable Adjustment Spread in accordance with the Conditions before the Reset Interest Determination Date in respect of a Reset Period. In such circumstances, the Conditions provide for certain additional fall-back provisions which may result in the 5 Year EUR Mid-Swap Rate (as defined in the Conditions) being set by reference to offered quotations from banks communicated to the Issuer and the Calculation Agent or the last 5 Year EUR Mid-Swap Rate that was available on the Reset Screen Page being used to determine the Reset Interest Rate for a Reset Period.

If the Issuer is unable to appoint an Independent Adviser or the Independent Adviser fails to determine a Successor Rate or Alternative Rate or, in either case, the applicable Adjustment Spread for the life of the Capital Securities, this could result in the Capital Securities, in effect, becoming fixed rate securities.

Any of the foregoing could have an adverse effect on the value or liquidity of, and return on the Capital Securities.

RISKS RELATED TO CAPITAL SECURITIES GENERALLY

Set out below is a description of material risks relating to the Capital Securities generally:

The Claims of Holders of the Capital Securities Are Structurally Subordinated to Those of Certain Other Creditors of Citycon and to Creditors of Citycon's Subsidiaries.

Generally, lenders and trade and other creditors of Citycon's subsidiaries are entitled to payment of their claims from the assets of such subsidiaries before these assets would be available for distribution to Citycon, as direct or indirect shareholder, which would then allow for Citycon to make payments under the Capital Securities. Any debt that Citycon's subsidiaries may incur in the future will also rank structurally senior to Capital Securities.

A significant part of Citycon's assets and revenues are generated by Citycon's subsidiaries. The subsidiaries are legally separated from Citycon and the subsidiaries' ability to make payments to Citycon is restricted by, among other things, the availability of funds, corporate restrictions and local law. Furthermore, in the event of insolvency, liquidation or a similar event relating to one of the subsidiaries, all creditors of such subsidiary would be entitled to payment in full out of the assets of such subsidiary before any entity within the Group, as a shareholder, would be entitled to any payments. Thus, the Capital Securities are structurally subordinated to the liabilities of the subsidiaries of Citycon.

The Market Price of the Capital Securities May Be Volatile.

The market price of the Capital Securities could be subject to significant fluctuations in response to actual or anticipated variations in Citycon's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which Citycon operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of the Capital Securities, as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Capital Securities without regard to Citycon's results of operations, prospects or financial condition. Factors including increased competition or Citycon's operating results, the regulatory environment, general market conditions, natural disasters, terrorist attacks and war may have an adverse effect on the market price of the Capital Securities.

The Conditions of the Capital Securities Contain Provisions Which May Permit Their Modification Without the Consent of All Investors and Confer Significant Discretions on the Trustee, as Applicable, Which May Be Exercised Without the Consent of the Holders and Without Regard to the Individual Interests of Particular Holders.

The Conditions contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may, without the consent of Holders and without regard to the interests of particular Holders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Capital Securities or (ii) determine without the consent of the Holders that any event of default or potential event of default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Capital Securities in place of Citycon, in the circumstances described in the Conditions.

In addition, pursuant to Condition 4(j) (*Benchmark Event*), certain modifications may be made to the interest calculation provisions of the Capital Securities in the circumstances and as otherwise set out in Condition 4(j) (*Benchmark Event*), without the requirement for consent of the Trustee or the Holders

Investors will have to rely on the procedures of Euroclear and Clearstream, Luxembourg

The Capital Securities will be represented by Global Capital Securities except in certain limited circumstances described in the Global Capital Securities. The Global Capital Securities will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Global Capital Securities, investors will not be entitled to receive Capital Securities in definitive form. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Capital Securities. While the Capital Securities are represented by the Global Capital Securities, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg. The Issuer will discharge its payment obligations under the Capital Securities by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Capital Security must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Capital Securities. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Capital Securities.

Holders of beneficial interests in the Global Capital Securities will not have a direct right to vote in respect of the Capital Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Capital Securities will not have a direct right under the Global Capital Securities to take enforcement action against the Issuer in the event of a default under the Capital Securities, but will have to rely upon their rights under the Trust Deed.

The Use of Proceeds of the Capital Securities May Not Meet Investor Expectations.

It is the Issuer's intention to allocate an amount equal to the net proceeds from the issue of the Capital Securities to the financing or refinancing of Green Assets (as defined in the "Use of Proceeds" section) under the Issuer's

Green Financing Framework (as defined in the “*Use of Proceeds*” section). Prospective investors should have regard to the Green Financing Framework available at https://www.citycon.com/sites/default/files/citycon_green_financing_framework.pdf and must determine for themselves the relevance of such information for the purpose of any investment in the Capital Securities together with any other investigation such investor deems necessary.

In particular no assurance is given by the Issuer that the use of such proceeds for any Green Assets will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Green Assets.

Furthermore, it should be noted that there is currently no clearly-defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a “green” or “sustainable” or an equivalently-labelled asset or project or as to what precise attributes are required for a particular project to be defined as “green” or “sustainable” or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any assets, projects or uses the subject of, or related to, any Green Assets will meet any or all investor expectations regarding such “green”, “sustainable” or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any assets, projects or uses the subject of, or related to, any Green Assets.

In connection with the issue of the Capital Securities, the Issuer has appointed Cicero to provide a second opinion (the **Second Opinion**) of the Issuer’s Green Financing Framework. The Second Opinion aims to provide transparency to investors that seek to understand and act upon potential exposure to climate risks and impacts of the Capital Securities issued under the Green Financing Framework. The Second Opinion is only an opinion and not a statement of fact. No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of the Second Opinion which may be made available in connection with the issue of the Capital Securities and in particular with any Green Assets to fulfil any environmental, sustainability, social and/or other criteria. The Second Opinion is not, nor should be deemed to be, a recommendation by the Issuer or any other person to buy, sell or hold any the Capital Securities. The Second Opinion is only current as at the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of the Second Opinion and/or the information contained therein and/or the provider of the Second Opinion for the purpose of any investment in the Capital Securities. Currently, the provider of the Second Opinion is not subject to any specific regulatory or other regime or oversight. Furthermore, the Holders of Capital Securities will have no recourse against the provider of the Second Opinion. A negative change to, or a withdrawal of, the Second Opinion of the Green Financing Framework may affect the value of the Capital Securities and may have consequences for certain investors with portfolio mandates to invest in Green Assets.

In the event that the Capital Securities are listed or admitted to trading on any dedicated “green”, “environmental”, “sustainable” or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Green Assets. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer or any other person that any such listing or admission to trading will be obtained in respect of the Capital Securities or, if obtained, that any such listing or admission to trading will be maintained for so long as any Capital Securities remain outstanding.

While it is the intention of the Issuer to invest an amount equal to the net proceeds from the issue of the Capital Securities into Green Assets, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Green Assets will be capable of being implemented in, or substantially in, the intended manner

and/or in accordance with any timing schedule and that accordingly such amount will be totally or partially disbursed for such Green Assets. Nor can there be any assurance that such Green Assets will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not constitute an event of default under the Capital Securities.

Any such event or failure to invest an amount equal to the net proceeds from the issue of the Capital Securities into Green Assets as aforesaid and/or withdrawal of the Second Opinion attesting that the Issuer is not complying in whole or in part with any matters for which the Second Opinion is opining or certifying on and/or the Capital Securities no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of the Capital Securities and also potentially the value of any other securities of the Issuer which are intended to finance Green Assets and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

The Value of the Capital Securities Could be Adversely Affected By a Change in English Law or Finnish Law or Administrative Practice.

The Conditions of the Capital Securities and any non-contractual obligations arising out of or in connection with such Capital Securities are based on English law in effect as at the date of this Prospectus (other than the Conditions relating to the subordination of the Capital Securities, which are based on and governed by Finnish law).

No assurance can be given as to the impact of any possible judicial decision or change to English law or Finnish law or administrative practice after the date of this Prospectus and any such change could materially adversely impact: the market price and value of any Capital Securities affected by it; Citycon's business, financial condition, results of operations and future prospects; and Citycon's ability to fulfil its obligations under the Capital Securities.

Investors Who Hold Less than the Minimum Specified Denomination May Be Unable to Sell Their Capital Securities and May Be Adversely Affected if Definitive Capital Securities are Subsequently Required to be Issued.

In relation to any issue of Capital Securities which have denominations consisting of a minimum specified denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Capital Securities may be traded in amounts in excess of the minimum specified denomination that are not integral multiples of such minimum specified denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum specified denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Capital Securities at or in excess of the minimum specified denomination such that its holding amounts to a specified denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum specified denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Capital Security in respect of such holding (should definitive Capital Securities be printed) and would need to purchase a principal amount of Capital Securities at or in excess of the minimum specified denomination such that its holding amounts to a specified denomination.

If such Capital Securities in definitive form are issued, holders should be aware that definitive Capital Securities which have a denomination that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

Holders of the Capital Securities Have No Voting Rights.

The Capital Securities are non-voting with respect to general meetings of Citycon. Consequently, the holders of the Capital Securities cannot influence, inter alia, any decisions by Citycon to defer payments or to optionally settle outstanding payments or any other decisions by Citycon's shareholders concerning the capital structure of Citycon.

Risks Arising in Connection with Finnish Insolvency Law.

There are two corporate insolvency regimes under Finnish law for companies facing financial difficulties. The first, bankruptcy (*konkurssi*), is a form of insolvency proceedings covering all the liabilities of the debtor, where the assets of the debtor are used in payment of the claims in bankruptcy as set forth in the Bankruptcy Act (120/2004, as amended) (*Konkurssilaki*). The second, corporate restructuring (*yrittysaneeraus*), in which the purpose of restructuring is to rehabilitate a distressed debtor's viable business, make debt arrangements and provide for the debtor's continued operation as stipulated in the Restructuring of Enterprises Act (47/1993, as amended) (*Laki yrityksen saneerauksesta*).

At the onset of bankruptcy proceedings, the debtor loses its authority over the assets and decision-making of the company. All available assets and legal competence related thereto are transferred to the bankruptcy estate. The creditors ultimately exercise decision-making power in the bankruptcy estate. However, in practice, this power is largely transferred to the bankruptcy administrator. The statutory obligations of the bankruptcy administrator are to represent the estate, and handle its routine administration, draw up the estate inventory and debtor description, scrutinise and sell the assets of the estate and determine whether it is possible to reverse transactions and recover assets, receive documents lodging claims, and draft a proposed distribution list. The administrator takes care of the sale of the assets belonging to the estate.

The creditors have the authority to decide on matters pertaining to the bankruptcy estate, such as e.g. the sale of the bankruptcy estate's assets, the continuation of its business and establishing of a creditors' committee. In bankruptcy proceedings each creditor shall have a general right to vote in the proceedings with a voting strength equal to the creditor's claim in the bankruptcy estate. All decisions, except for a few exceptions, in a bankruptcy estate are made by a majority vote of creditors in accordance with their receivables. However, subordinated creditors would not have a right to vote in any creditor meeting if the assets of the bankruptcy estate are insufficient to repay all senior ranking claims in full, which usually is the case.

In respect of a corporate restructuring, creditors will be divided into classes as stipulated in the Restructuring of Enterprises Act. In a restructuring proceeding, subordinated creditors form their own creditor group. Provisions regarding voting, the voting procedure and its timeline, as well as the majority requirements are stipulated in detail in the Act. It is worth noting that, creditors with the lowest priority are not able to vote if, according to the restructuring programme, creditors with a higher-priority claim do not receive their full payment or their legal position will otherwise worsen. Thus, subordinated creditors are usually not represented in the creditors' committees.

As a result of the limitations on subordinated creditors' rights to vote, Holders in most cases are unable to influence decisions to be taken at any creditors' meeting on matters in a bankruptcy proceeding. This same restriction applies to voting on the restructuring programme.

RISKS RELATED TO THE MARKET GENERALLY

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk specific to the Capital Securities:

An Active Secondary Market in Respect of the Capital Securities May Never Be Established or May Be Illiquid and This Would Adversely Affect the Value at Which an Investor Could Sell His Capital Securities.

Capital Securities may have no established trading market when issued, and one may never develop. If a market for the Capital Securities does develop, it may not be very liquid. In addition, liquidity may be limited if Citycon makes large allocations to a limited number of investors. Therefore, investors may not be able to sell their Capital Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

If An Investor Holds Capital Securities Which Are Not Denominated in the Investor's Home Currency, He Will Be Exposed to Movements in Exchange Rates Adversely Affecting the Value of His Holding. In Addition, the Imposition of Exchange Controls in Relation to any Capital Securities Could Result in an Investor Not Receiving Payments on those Capital Securities.

Citycon will pay principal and interest on the Capital Securities in euros. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than euros. These include the risk that exchange rates may significantly change (including changes due to devaluation of euros or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to euros would decrease (1) the Investor's Currency-equivalent yield on the Capital Securities, (2) the Investor's Currency equivalent value of the principal payable on the Capital Securities and (3) the Investor's Currency equivalent market value of the Capital Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of Citycon to make payments in respect of the Capital Securities. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Credit Ratings Assigned to Citycon or any Capital Securities May Not Reflect All the Risks Associated With an Investment in Those Capital Securities.

One or more independent credit rating agencies may assign credit ratings to Citycon or the Capital Securities. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Capital Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In addition, Moody's, S&P or any other rating agency may change their methodologies or their application for rating securities with features similar to the Capital Securities in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Capital Securities, sometimes called "notching". If the rating agencies were to change their practices or their application for rating such securities in the future and the ratings of the Capital Securities were to be subsequently lowered, this may have a negative impact on the trading price of the Capital Securities. If as a consequence of an amendment, clarification or change in the equity credit criteria of any Rating Agency (as defined in the Conditions), the Capital Securities are no longer eligible for the same or higher category of equity credit attributed to the Capital Securities at the date of their issue (or if equity credit is not assigned on the issue date, at the date when the equity credit is assigned for the first time), the Issuer may redeem the Capital Securities in whole, but not in part, as further described in the Conditions.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus shall be incorporated in, and form part of, this Prospectus:

- (a) the financial statements release including the auditors' report and audited consolidated and non-consolidated annual financial statements for the financial year ended 31 December 2018 of the Issuer (the **2018 Annual Financial Statements**) and including the information set out at the following pages in particular:

Consolidated Statement of Comprehensive Income	Page 45
Consolidated Statement of Financial Position	Page 46
Consolidated Cash Flow Statement	Page 47
Consolidated Statement of Changes in Shareholders' Equity	Page 48
Notes to the Consolidated Financial Statements	Pages 49 to 90
Non-Consolidated Income Statement	Page 91
Non-Consolidated Balance Sheet	Page 92
Non-Consolidated Cash Flow Statement	Page 93
Notes to the Non-Consolidated Financial Statements	Pages 94 to 97
Auditors' report	Pages 99 to 101

- (b) the financial statements release including the auditors' report and audited consolidated and non-consolidated annual financial statements for the financial year ended 31 December 2017 of the Issuer (the **2017 Annual Financial Statements**) and including the information set out at the following pages in particular:

Consolidated Statement of Comprehensive Income	Page 46
Consolidated Statement of Financial Position	Page 47
Consolidated Cash Flow Statement	Page 48
Consolidated Statement of Changes in Shareholders' Equity	Page 49
Notes to the Consolidated Financial Statements	Pages 50 to 90
Non-Consolidated Income Statement	Page 91
Non-Consolidated Balance Sheet	Page 92
Non-Consolidated Cash Flow Statement	Page 93
Notes to the Non-Consolidated Financial Statements	Pages 94 to 97
Auditors' report	Pages 99 to 101

- (c) the quarterly report including the auditors' review report and the unaudited interim consolidated financial statements of the Issuer for the nine months ended 30 September 2019 (the **2019 Group Q3 Financial Statements**) and including the information set out at the following pages in particular:

Condensed Consolidated Statement of Comprehensive Income	Page 19
Condensed Consolidated Statement of Financial Position	Page 20
Condensed Consolidated Cash Flow Statement	Page 21
Condensed Consolidated Statement of Changes in Shareholders' Equity	Page 22
Notes to the Interim Condensed Consolidated Financial Statements	Pages 23 to 31
Auditors' review report	Page 32

Any other information incorporated by reference that is not included in the cross-reference lists above is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of Commission Delegated Regulation (EU) No 2019/980. Any non-incorporated parts of the documents referred to in this Prospectus are either not relevant for an investor or are covered elsewhere in this Prospectus.

Copies of:

- (a) the 2017 Annual Financial Statements are available on the website of the Issuer at:
https://www.citycon.com/sites/default/files/cc_ar_en_all.pdf
- (b) the 2018 Annual Financial Statements are available on the website of the Issuer at:
https://www.citycon.com/sites/default/files/citycon_fs_en_2018_0103.pdf
- (c) the 2019 Q3 Financial Statements are available on the website of the Issuer at:
https://www.citycon.com/sites/default/files/citycon_interim_report_q3_2019.pdf
- (d) the Green Financing Framework is available on the website of the Issuer at:
https://www.citycon.com/sites/default/files/citycon_green_financing_framework.pdf

FORWARD LOOKING STATEMENTS

Some statements in this Prospectus may be deemed to be forward looking statements. Forward looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this Prospectus, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward looking statements. These forward looking statements are contained in the sections entitled "*Risk Factors*", "*Description of the Issuer and the Group*" and other sections of this Prospectus. The Issuer has based these forward looking statements on the current view of their management with respect to future events and financial performance. Although the Issuer believes that the expectations, estimates and projections reflected in its forward looking statements are reasonable as of the date of this Prospectus, if one or more of the risks or uncertainties materialise, including those identified below or which the Issuer has otherwise identified in this Prospectus, or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, the Issuer's actual results of operation may vary from those expected, estimated or predicted.

The risks and uncertainties referred to above include, but are not limited to, those discussed in the section titled "*Risk Factors*" in this Prospectus including the following: economic fluctuations and economic development; the United Kingdom's exit from the European Union; the imbalance of the euro area; the fair value of Citycon's investment properties; the negative impact of increasing internet commerce; property portfolio concentration and dependency upon retail sales; the increased competition in the real estate market; the construction of new retail premises increasing competition for tenants; the objectivity of property valuation statements; the decreasing private consumption and decreasing demand for retail premises; the impact of competition regulations; changes in tax laws and international financial reporting standards; the ability to successfully accomplish Citycon's (re)development projects; exposure to its largest tenants; operational activities costs; risks related terrorist attacks; the ability to identify profitable acquisitions and successfully execute acquisitions; the successful integration of new business; the ability to secure sufficient funds from other members of the Group; risks related to joint ventures; the ability to execute disposals; extension of lease agreements and the terms of the lease agreements; limits on competition and rents levels as a result of market-share concentration in the grocery retail market; expansion of Citycon's business into new geographical areas; the ability to acquire required services; Citycon's exposure to environmental liabilities; effects of climate change; dependence on the management and key personnel; insurance coverage; reputational damage; regulatory and legal risks; credit losses; the ability to meet long term financial targets; Citycon's ability to refinance certain financing arrangements; the ability to secure financing; the exposure to fluctuations in interest rates and exchange rates; counterparty risks; and modifications, waivers and substitution of the Capital Securities.

Any forward looking statements contained in this Prospectus speak only as at the date of this Prospectus. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Prospectus any updates or revisions to any forward looking statements contained in it to reflect any change in expectations or any change in events, conditions or circumstances on which any such forward looking statement is based.

CONDITIONS OF THE CAPITAL SECURITIES

The following, except for paragraphs in italics, is the text of the terms and conditions of the Capital Securities which, subject to modification, will be endorsed on each Capital Security in definitive form (if issued):

The EUR 350,000,000 Subordinated Fixed to Reset Rate 5.25 year Non-Call Undated Capital Securities (the **Capital Securities**, which expression shall, unless the context otherwise requires, include any Further Capital Securities issued pursuant to Condition 18 (*Further Issues*)) of Citycon Oyj (the **Issuer**) are constituted by a trust deed dated 22 November 2019 (the **Trust Deed**) between the Issuer and Deutsche Trustee Company Limited (the **Trustee**, which expression shall include its successor(s) as trustee for the holders of the Capital Securities (the **Holder**s) and the holders of the interest coupons (the **Couponholder**s and the **Coupons**, respectively, which expression shall, unless the context otherwise requires, include the talons (**Talons**) for further Coupons and the holders of the Talons)).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the Agency Agreement dated 22 November 2019 (the **Agency Agreement**) made between the Issuer, Deutsche Bank AG, London Branch as initial principal paying agent and calculation agent (the **Principal Paying Agent**, which expression shall include any successor thereto, and together with any further paying agents as may be appointed under the Agency Agreement from time to time, the **Paying Agents**, and each a **Paying Agent** and the **Calculation Agent**, which expression shall include any successor thereto) and the Trustee are available for inspection during normal business hours by the Holders and the Couponholders at the registered office for the time being of the Trustee, being at the date of issue of the Capital Securities at 1 Great Winchester Street, London EC2N 2DB and at the specified office of each of the Paying Agents. The Holders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

1. FORM, DENOMINATION AND TITLE

(a) Form and Denomination

The Capital Securities are serially numbered and in bearer form in denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000, each with Coupons and a Talon attached at the time of issue. No definitive Capital Securities will be issued with a denomination above EUR 199,000. Capital Securities of one denomination may not be exchanged for Capital Securities of any other denomination.

(b) Title

Title to the Capital Securities, Coupons and Talons will pass by delivery. The Issuer, the Trustee and any Paying Agent will (except as ordered by a court of competent jurisdiction or as otherwise required by law) deem and treat the bearer of any Capital Security, Coupon or Talon as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

2. STATUS

The Capital Securities and Coupons constitute direct, unsecured and subordinated obligations of the Issuer. The rights and claims of the Holders in respect of the Capital Securities and the Couponholders in respect of the Coupons, in each case against the Issuer, are subordinated as described in Condition 3(a) (*Rights on a Winding-Up*).

3. SUBORDINATION AND RIGHTS ON A WINDING-UP

(a) Rights on a Winding-Up

In the event of the voluntary or involuntary liquidation (*selvitystila*) or bankruptcy (*konkurssi*) or a company re-organisation (*yrittysaneeraus*) of the Issuer (each an **Issuer Winding-up**), the Trustee on behalf of the Holders or, in the limited circumstances described in Condition 12(d) (*Rights of Holders*), the Holders, shall, in respect of the Capital Securities and Coupons, have a claim (in lieu of any other amount) for the principal amount of their Capital Securities and any accrued and unpaid interest (including any Deferred Interest) thereon and such claims will rank:

- (i) *pari passu* without any preference among themselves and with any present or future claims in respect of obligations of the Issuer in respect of any Parity Securities;
- (ii) in priority to all present or future claims in respect of (A) any ordinary share capital of the Issuer and (B) any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or to any Parity Security; and
- (iii) junior to any present or future claims in respect of (A) all unsubordinated obligations of the Issuer and (B) all Subordinated Indebtedness.

The Issuer does not intend (without thereby assuming a legal or contractual obligation or restriction) to issue any preference shares that would rank junior to the Capital Securities or to any Parity Securities but senior to the ordinary shares.

Nothing in this Condition 3(a) shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or Agents or the rights and remedies of the Trustee or the Agents in respect thereof.

(b) Set-Off

Subject to applicable law, no Holder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Capital Securities, the Coupons or the Trust Deed and each Holder and Couponholder shall, by virtue of its holding of any Capital Security or Coupon, be deemed to have waived all such rights of set-off, compensation or retention.

(c) Corporate Restructuring

Subject to applicable law, no Holder or Couponholder may exercise, claim or plead any statutory right pursuant to the Finnish Limited Liabilities Companies Act (624/2006, as amended from time to time) (*osakeyhtiölaki*) (the **Companies Act**) to oppose a Corporate Restructuring Event and each Holder and Couponholder shall, by virtue of its holding of any Capital Security or Coupon, be deemed to have waived all such rights in respect of a Corporate Restructuring Event.

4. INTEREST

(a) Interest Payment Dates

The Capital Securities bear interest on their principal amount at the applicable Interest Rate from (and including) 22 November 2019 (the **Issue Date**) up to (but excluding) the date of redemption thereof in accordance with the provisions of this Condition 4.

Subject to Condition 5 (*Optional Interest Deferral*), interest shall be payable on the Capital Securities annually in arrear on 22 February in each year (each an **Interest Payment Date**) from (and including) 22 February 2020 (the **First Interest Payment Date**).

(b) **Interest Accrual**

The Capital Securities (and any unpaid amounts thereon) will cease to bear interest from (and including) the date of redemption thereof pursuant to the relevant paragraph of Condition 6 (*Redemption*) or the date of substitution thereof pursuant to Condition 7 (*Substitution or Variation*), as the case may be, unless, upon due presentation, payment of all unpaid amounts in respect of the Capital Securities is not made, in which event interest shall continue to accrue in respect of the principal amount of, and any other unpaid amounts on, the Capital Securities, both before and after judgment, and shall be payable as provided in these Conditions up to (but excluding) the Relevant Date.

When interest is required to be calculated in respect of a period of less than a full year, such interest shall be calculated on the basis of the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date divided by the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the next (or, as the case may be, the first) scheduled Interest Payment Date (the **day-count fraction**). Where it is necessary to compute an amount of interest in respect of any Capital Security for a period of more than an Interest Period, such interest shall be the aggregate of the interest computed in respect of a full year plus the interest computed in respect of the period exceeding the full year calculated in the manner as aforesaid.

Interest in respect of any Capital Security shall be calculated per EUR 1,000 in principal amount thereof (the **Calculation Amount**). The amount of interest calculated per Calculation Amount for any period shall be equal to the product of the relevant Interest Rate, the Calculation Amount and the day-count fraction for the relevant period and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). The amount of interest payable in respect of a Capital Security shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the denomination of such Capital Security without any further rounding.

(c) **Initial Interest Rate**

The Interest Rate in respect of each Interest Period commencing prior to the First Reset Date is 4.496 per cent. per annum (the **Initial Interest Rate**).

The first payment of interest, to be made on the First Interest Payment Date, will be in respect of the short first period from (and including) the Issue Date to (but excluding) the First Interest Payment Date and will amount to EUR 11.33 per Calculation Amount. The Interest Payment in respect of each Interest Period commencing on or after the First Interest Payment Date and before the First Reset Date will amount to EUR 44.96 per Calculation Amount (and any such Interest Payment may be deferred in accordance with Condition 5 (*Optional Interest Deferral*)).

(d) **Reset Interest Rates**

The Interest Rate in respect of each Interest Period falling in a Reset Period shall be the aggregate of the applicable Margin and the applicable 5 Year EUR Mid-Swap Rate for such Reset Period, all as determined by the Calculation Agent (each a **Reset Interest Rate**).

(e) **Determination of Reset Interest Rates and Calculation of Interest Amounts**

The Calculation Agent shall, at or as soon as practicable after 11.00 a.m. (Central European time) on each Reset Interest Determination Date, determine the Reset Interest Rate in respect of the Reset Period

commencing immediately following such Reset Interest Determination Date and shall calculate the amount of interest which will (subject to deferral in accordance with Condition 5 (*Optional Interest Deferral*)) be payable per Calculation Amount in respect of each such Interest Period (the **Interest Amount**).

(f) **Publication of Reset Interest Rates and Interest Amounts**

Unless the Capital Securities are to be redeemed, the Issuer shall cause notice of each Reset Interest Rate and each related Interest Amount to be given to the Trustee, the Paying Agents, any stock exchange on which the Capital Securities are for the time being listed or admitted to trading and, in accordance with Condition 19 (*Notices*), the Holders, in each case as soon as practicable after its determination but in any event not later than the first Business Day of the relevant Reset Period.

(g) **Calculation Agent**

The Issuer may, with the prior written approval of the Trustee, from time to time replace the Calculation Agent with another reputable independent financial institution of good standing. If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent or fails to determine a Reset Interest Rate or calculate the related Interest Amount or effect the required publication thereof (in each case as required pursuant to these Conditions), the Issuer shall forthwith appoint another independent financial institution approved in writing by the Trustee to act as such in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed as aforesaid. If the Issuer fails to appoint a successor Calculation Agent approved in writing by the Trustee in a timely manner, then the Calculation Agent shall be entitled to appoint as its successor a reputable independent financial institution of good standing which the Issuer and the Trustee shall approve.

(h) **Determinations of Calculation Agent Binding**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 (*Interest*) by the Calculation Agent shall (in the absence of wilful default, fraud or manifest error) be binding on the Issuer, the Calculation Agent, the Trustee, the Paying Agents and all Holders and Couponholders and (in the absence of wilful default and fraud) no liability to the Holders, the Couponholders or the Issuer shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

(i) **Step-Up after Change of Control Event**

Notwithstanding any other provision of this Condition 4 (*Interest*), if the Issuer does not elect to redeem the Capital Securities in accordance with Condition 6(e) (*Redemption for Change of Control Event*) following the occurrence of a Change of Control Event, the then prevailing Interest Rate, and each subsequent Interest Rate otherwise determined in accordance with the provisions of this Condition 4 (*Interest*), in respect of the Capital Securities shall be increased by an additional 5 percentage points per annum with effect from (and including) the day immediately following the Change of Control Step-up Date.

(j) **Benchmark Event**

(i) Notwithstanding the provisions above in this Condition 4 (*Interest*), if, (on or after 22 August 2024), the Issuer (in consultation with the Calculation Agent) determines that a Benchmark Event has occurred in relation to the Original Reference Rate (whether such occurrence is before, on or after 22 August 2024) when any Reset Interest Rate (or any component part

thereof) remains to be determined by reference to the Original Reference Rate, then the following provisions shall apply:

- (A) The Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine (acting in good faith and in a commercially reasonable manner), no later than three Business Days prior to the relevant Reset Interest Determination Date, a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(j)(i)(B) below) and, in either case, an Adjustment Spread if any (in accordance with Condition 4(j)(i)(C) below) and any Benchmark Amendments (in accordance with Condition 4(j)(i)(D) below).

An Independent Adviser appointed pursuant to this Condition shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Calculation Agent, any Paying Agent, the Trustee or the Holders, or the Couponholders for any determination made by it in connection with the operation of this Condition 4(j).

- (B) If:
- (1) the Independent Adviser determines that there is a Successor Rate, then such Successor Rate (as adjusted by the applicable Adjustment Spread as provided in Condition 4(j)(i)(C) below) shall subsequently be used in place of the Original Reference Rate as a component part of determining the relevant Reset Interest Rate(s) for all future payments of interest on the Capital Securities (subject to the subsequent further operation of this Condition 4(j)); or
 - (2) the Independent Adviser determines that there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate (as adjusted by the applicable Adjustment Spread as provided in Condition 4(j)(i)(C) below) shall subsequently be used in place of the Original Reference Rate as a component part of determining the relevant Reset Interest Rate(s) for all future payments of interest on the Capital Securities (subject to the subsequent further operation of this Condition 4(j)); or
 - (3) either (I) the Issuer is unable to appoint an Independent Adviser or (II) a Successor Rate or an Alternative Rate is not determined pursuant to the operation of this Condition 4(j) or, in either case, an applicable Adjustment Spread is not determined pursuant to Condition 4(j)(i)(C) below, three Business Days prior to the Reset Interest Determination Date relating to any applicable Reset Period, the fallback provisions set out in the definitions of 5 Year EUR Mid-Swap Rate and Reset Reference Bank Rate in Condition 23 (*Definitions*) will continue to apply. For the avoidance of doubt, this Condition 4(j)(i)(B) shall apply to the determination of the Reset Interest Rate on the relevant Reset Interest Determination Date only, and the Reset Interest Rate applicable to any subsequent Reset Period(s) is subject to the subsequent operation of, and to adjustment as provided in, this Condition 4(j).
- (C) If a Successor Rate or Alternative Rate is determined in accordance with Condition 4(j)(i)(B) above, the Independent Adviser acting in good faith and in a commercially reasonable manner shall determine an Adjustment Spread (which may be expressed as a specified quantum or a formula or methodology for determining the applicable Adjustment Spread (and, for the avoidance of doubt, an Adjustment Spread may be

positive, negative or zero)) which shall be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Reset Interest Rate by reference to such Successor Rate or Alternative Rate (as applicable), subject to the subsequent further operation and adjustment as provided in this Condition 4(j).

- (D) If any Successor Rate, Alternative Rate and (in either case) the applicable Adjustment Spread is determined in accordance with this Condition 4(j) and the Issuer and the Independent Adviser agree: (I) that amendments to these Conditions and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or (in either case) Adjustment Spread (such amendments, the **Benchmark Amendments**) and (II) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(j)(i)(E) below, without any requirement for the consent or approval of the Holders or the Trustee, vary these Conditions and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 4(j)(i)(D), the Issuer shall comply with the rules of any stock exchange or other relevant authority on or by which the Capital Securities are for the time being listed or admitted to trading.

- (E) The Issuer shall promptly notify the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 19 (*Notices*), the Holders of any Successor Rate, Alternative Rate, the applicable Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4(j). Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer:

- (1) confirming (x) that a Benchmark Event has occurred; (y) the Successor Rate or, as the case may be, the Alternative Rate; and (z) the applicable Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 4(j);
- (2) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or (in either case) Adjustment Spread; and
- (3) certifying that the Issuer has duly consulted with an Independent Adviser with respect to each of the matters above.

The Trustee shall be entitled to rely on such certificate (without enquiry or liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and (in either case) the Adjustment Spread, the Benchmark Amendments (if any) and any such other relevant changes pursuant to this Condition 4(j) specified in such certificate will (in the absence of manifest error in the determination of the Successor Rate or Alternative Rate and (in either case) the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Paying Agents, the Calculation Agent, the Holders and the Couponholders.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by two Authorised Signatories of the Issuer pursuant to this Condition 4(j)(i)(E), the Trustee, the Principal Paying Agent, the Paying Agents and the Calculation Agent shall, (at the Issuer's expense and direction), without any requirement for the consent or approval of the Holders or Couponholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments required to the Trust Deed (including, inter alia, by the execution of a deed supplemental to or amending the Trust Deed), the Agency Agreement and these Conditions and the Trustee, the Principal Paying Agent, the Paying Agents and the Calculation Agent shall not be liable to any party for any consequences thereof, provided that none of the Trustee, the Principal Paying Agent, the Paying Agents and the Calculation Agent shall be obliged so to concur if in its sole opinion doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend rights and/or the protective provisions afforded to it in the Conditions, the Agency Agreement or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed or supplemental agency agreement) in any way.

(F) Without prejudice to the obligations of the Issuer under this Condition 4(j)(i), the Original Reference Rate and the fallback provisions provided for in the definitions of 5 Year EUR Mid-Swap Rate and Reset Reference Bank Rate in Condition 23 (*Definitions*) will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), the applicable Adjustment Spread and Benchmark Amendments, in accordance with this Condition 4(j).

(G) If, in the case of any Benchmark Event, any Successor Rate, Alternative Rate and/or Adjustment Spread is notified to the Calculation Agent and the Paying Agents pursuant to Condition 4(j)(i)(E), and the Calculation Agent or the Paying Agents, as applicable, is in any way uncertain as to the application of such Successor Rate, Alternative Rate and/or Adjustment Spread in the calculation or determination of any Reset Interest Rate, it shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent or the Paying Agents, as applicable, in writing (which direction may be by way of a written determination of an Independent Adviser) as to which course of action to adopt in the application of such Successor Rate, Alternative Rate and/or Adjustment Spread in the determination of such Reset Interest Rate. If the Calculation Agent or Paying Agents, as applicable, is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent or Paying Agents, as applicable shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so. For the avoidance of doubt, for the period that the Calculation Agent or the Paying Agents, as applicable remains uncertain of the application of the Successor Rate, Alternative Rate and/or Adjustment Spread in the calculation or determination of any Reset Interest Rate, the Original Reference Rate and the fallback provisions provided for in the definitions of 5 Year EUR Mid-Swap Rate and Reset Reference Bank Rate in Condition 23 (*Definitions*) will continue to apply.

(ii) As used in this Condition 4(j):

Adjustment Spread means either a spread (which may be positive or negative or zero), or the formula or methodology for calculating a spread, in either case, which is to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) in the case of an Alternative Rate, or (where (A) above does not apply) in the case of a Successor Rate, is in customary market usage in the international debt capital markets for transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (C) (if the Independent Adviser determines that neither (A) nor (B) above applies) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

Alternative Rate means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with this Condition 4(j) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for resetting 5 year periods in euro or, if the Independent Adviser determines there is no such rate, such other rate as the Independent Adviser acting in good faith and in a commercially reasonable manner determines is most comparable to the Original Reference Rate;

Benchmark Amendments has the meaning specified in Condition 4(j)(i)(D);

Benchmark Event means:

- (A) the Original Reference Rate ceasing to be published for at least five Business Days or ceasing to exist or be administered;
- (B) the later of (I) the making of a public statement by the administrator or an insolvency official with jurisdiction over the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (II) the date falling six months prior to the specified date referred to in (B)(I) above;
- (C) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued;
- (D) the later of (I) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (II) the date falling six months prior to the specified date referred to in (D)(I) above;
- (E) the later of (I) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (II) the date falling six months prior to the specified date referred to in (E)(I) above;
- (F) it has, or will prior to the next Reset Interest Determination Date, become unlawful for the Issuer, the Calculation Agent, any Paying Agent or any other party to calculate

any payments due to be made to any Holder using the Original Reference Rate; and/or

- (G) the making of a public statement by the supervisor of the administrator of the Original Reference Rate announcing that such Original Reference Rate is no longer representative or may no longer be used;

Independent Adviser means an independent financial institution of international repute or an independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer under Condition 4(j)(i) at its own expense and with prior notification to the Trustee;

Original Reference Rate means the rate described in the first paragraph of the definition of 5 Year EUR Mid-Swap Rate in Condition 23 (*Definitions*) (provided that if, following one or more Benchmark Events, such 5 Year EUR Mid-Swap Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate, the term “Original Reference Rate” shall after such replacement mean the Successor Rate or Alternative Rate then used for making interest determination);

Relevant Nominating Body means, in respect of the Original Reference Rate:

- (A) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate; or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (I) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the Original Reference Rate relates, (II) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate, (III) a group of the aforementioned central banks or other supervisory authorities, or (IV) the Financial Stability Board or any part thereof; and

Successor Rate means a successor to or replacement of the Original Reference Rate which is provided by law or regulation applicable to indebtedness denominated in the currency to which the Original Reference Rate relates and/or formally recommended by any Relevant Nominating Body.

5. OPTIONAL INTEREST DEFERRAL

(a) Deferral of Interest Payments

The Issuer may, at any time and at its sole discretion, elect to defer any Interest Payment, in whole but not in part, which is otherwise scheduled to be paid on an Interest Payment Date (except on any Interest Payment Date on which the Capital Securities are to be redeemed) by giving notice (a **Deferral Notice**) of such election to the Holders in accordance with Condition 19 (*Notices*), the Trustee (in a certificate signed by two Authorised Signatories) and to the Principal Paying Agent not less than seven Business Days prior to the relevant Interest Payment Date.

Any Interest Payment so deferred pursuant to this Condition 5(a) (*Deferral of Interest Payments*) shall, from (and including) the Interest Payment Date on which such Interest Payment would (but for its deferral) have been payable to (but excluding) the date on which it is paid in full, itself bear interest at the Interest Rate prevailing from time to time (which interest shall compound on each subsequent Interest Payment Date on which such interest remains unpaid) and, for so long as the same remains

unpaid, such deferred interest (together with the interest accrued thereon) shall constitute **Deferred Interest**. Unless the context otherwise requires all references herein to interest shall be deemed to include Deferred Interest.

The deferral of an Interest Payment in accordance with this Condition 5(a) (*Deferral of Interest Payments*) shall not constitute a default by the Issuer under the Capital Securities or the Trust Deed or for any other purpose.

(b) **Settlement of Deferred Interest**

(i) **Optional Settlement**

Deferred Interest may be paid (in whole but not in part) at any time at the option of the Issuer following delivery of a notice to such effect given by the Issuer to the Holders in accordance with Condition 19 (*Notices*), the Trustee and the Principal Paying Agent not less than seven Business Days prior to the date (to be specified in such notice) on which the Issuer will pay such Deferred Interest.

(ii) **Mandatory Settlement**

The Issuer shall pay any Deferred Interest, in whole but not in part, on the first to occur of the following dates:

- (A) the 10th Business Day following the date on which a Deferred Interest Payment Event occurs;
- (B) any Interest Payment Date in respect of which the Issuer does not elect to defer the interest accrued in respect of the relevant Interest Period; and
- (C) the date on which the Capital Securities are redeemed or repaid in accordance with Condition 6 (Redemption) or Condition 12 (*Default and Enforcement*).

Notice of any Deferred Interest Payment Event shall be given by the Issuer to the Holders in accordance with Condition 19 (*Notices*), the Trustee (in a certificate signed by two Authorised Signatories) and to the Principal Paying Agent within three Business Days of such event.

If none of the events referred to in this Condition 5(b) takes place prior to the calendar day which is the fifth anniversary of the Interest Payment Date on which any of the then outstanding Deferred Interest payments was initially deferred, it is the intention, though not an obligation, of the Issuer to pay all outstanding Deferred Interest payments in full on the next following Interest Payment Date.

6. REDEMPTION

(a) **No Fixed Redemption Date**

The Capital Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 3 (*Subordination and Rights on a Winding-Up*)) only have the right to repay them in accordance with the following provisions of this Condition 6 (*Redemption*).

(b) **Issuer's Call Option**

The Issuer may, by giving not less than 15 nor more than 30 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 19 (*Notices*), the Holders (which notice shall

be irrevocable and shall specify the date fixed for redemption) redeem all (but not some only) of the Capital Securities on (a) any of the 90 days up to and including the First Reset Date or (b) on any Interest Payment Date thereafter at their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the specified redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

(c) **Redemption upon a Tax Deductibility Event, a Capital Event or an Accounting Event**

If a Tax Deductibility Event, a Capital Event or an Accounting Event has occurred and is continuing, the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 19 (*Notices*), the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 8 (*Preconditions to Special Event Redemption, Change of Control Redemption, Substitution or Variation*), redeem all, but not some only, of the Capital Securities at any time at an amount equal to:

- (i) 101 per cent. of their principal amount, where such redemption occurs before the date falling 90 days prior to the First Reset Date; or
- (ii) 100 per cent. of their principal amount, where such redemption occurs on or after the date falling 90 days prior to the First Reset Date,

together, in each case, with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the specified redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

(d) **Redemption upon a Withholding Tax Event or a Substantial Repurchase Event**

If a Withholding Tax Event has occurred and is continuing, or if a Substantial Repurchase Event has occurred, the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 19 (*Notices*), the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 8 (*Preconditions to Special Event Redemption, Change of Control Redemption, Substitution or Variation*), redeem all, but not some only, of the Capital Securities at any time at their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the specified redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

(e) **Redemption for Change of Control Event**

If a Change of Control Event occurs on or after the Issue Date the Issuer may, at the earliest on the last day of the Exercise Period, and upon giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Capital Securities at an amount equal to 100 per cent. of their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the specified redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

7. SUBSTITUTION OR VARIATION

If at any time an Accounting Event, a Capital Event, a Tax Deductibility Event or a Withholding Tax Event has occurred on or after the Issue Date and is continuing, then the Issuer may, subject to Condition 8 (*Preconditions to Special Event Redemption, Change of Control Redemption, Substitution or Variation*) (without any requirement for the consent or approval of the Holders or Couponholders) and subject to its having satisfied the Trustee immediately prior to the giving of any notice referred to herein that the provisions of this Condition 7 have been complied with, having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 19 (*Notices*), to the Holders (which notice shall be irrevocable), at any time either:

- (a) substitute all, but not some only, of the Capital Securities for Qualifying Capital Securities; or
- (b) vary the terms of the Capital Securities with the effect that they remain or become, as the case may be, Qualifying Capital Securities,

and the Trustee shall (subject to the following provisions of this Condition 7 and subject to the receipt by it of the certificate by two Authorised Signatories of the Issuer referred to in Condition 8 below) agree to such substitution or variation.

Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Capital Securities in accordance with this Condition 7.

The Trustee shall (at the expense of the Issuer) use reasonable endeavours to assist the Issuer in the substitution of the Capital Securities for, or the variation of the terms of the Capital Securities so that they remain or, as the case may be, become, Qualifying Capital Securities, provided that the Trustee shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of the proposed Qualifying Capital Securities, or the participation in or assistance with such substitution or variation, would expose the Trustee to any liability or impose, in the Trustee's opinion, more onerous obligations upon it or reduce its protections. If the Trustee does not participate or assist as provided above, the Issuer may redeem the Capital Securities as provided in Condition 6 (*Redemption*).

In connection with any substitution or variation in accordance with this Condition 7, the Issuer shall comply with the rules of any stock exchange on which the Capital Securities are for the time being listed or admitted to trading.

8. PRECONDITIONS TO SPECIAL EVENT REDEMPTION, CHANGE OF CONTROL REDEMPTION, SUBSTITUTION OR VARIATION

Prior to the publication of any notice of redemption pursuant to Condition 6 (*Redemption*) (other than redemption pursuant to Condition 6(b) (*Issuer's Call Option*)) or any notice of substitution or variation pursuant to Condition 7 (*Substitution or Variation*), the Issuer shall deliver to the Trustee:

- (a) a certificate signed by two Authorised Signatories of the Issuer stating:
 - (i) that the relevant requirement or circumstance giving rise to the right to redeem, substitute or vary (as the case may be) the Capital Securities is satisfied;
 - (ii) in the case of a Withholding Tax Event, that the Issuer is unable to avoid paying additional amounts pursuant to and in accordance with Condition 11 (*Taxation*) by taking measures reasonably available to it; and
 - (iii) in the case of a substitution or variation pursuant to Condition 7 (*Substitution or Variation*), that:

- (A) the Issuer has determined that the terms of the Qualifying Capital Securities are not materially less favourable to Holders than the terms of the Capital Securities and that determination was reasonably reached by the Issuer in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing;
 - (B) the criteria specified in paragraphs (a) to (i) of the definition of Qualifying Capital Securities will be satisfied by the Qualifying Capital Securities upon issue; and
 - (C) the relevant substitution or variation (as the case may be) will not result in the occurrence of a Special Event;
- (b) in the case of a Tax Deductibility Event or a Withholding Tax Event, an opinion of counsel to the Issuer in Finland (of recognised standing and experienced in such matters) addressed to the Trustee to the effect that a Tax Deductibility Event or a Withholding Tax Event (as applicable) has occurred and is continuing; and
 - (c) in the case of an Accounting Event only, a copy of a letter or report from a recognised international accounting firm confirming that an Accounting Event has occurred.

The Trustee may rely absolutely upon and shall be entitled to accept such certificate and any such opinion, letter or report without any liability to any person for so doing and without any further inquiry as sufficient evidence of the satisfaction of the criteria set out in such paragraphs, in which event it shall be conclusive and binding on the Holders and the Couponholders.

Any redemption of the Capital Securities in accordance with Condition 6 (*Redemption*) shall be conditional on all Deferred Interest being paid in full in accordance with the provisions of Condition 5(b)(ii) (*Mandatory Settlement*) on or prior to the date of such redemption.

The Trustee is under no obligation to ascertain whether any Special Event, Change of Control Event or any event which could lead to the occurrence of, or could constitute, any such Special Event or Change of Control Event has occurred and, until it shall have actual knowledge or express notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no such Special Event or Change of Control Event or such other event has occurred.

9. PURCHASES AND CANCELLATION

(a) Purchase

Each of the Issuer and any of its Subsidiaries may at any time purchase or procure others to purchase beneficially for its account any or all Capital Securities in the open market or otherwise and at any price. In each case, purchases of Capital Securities will be made together with all unmatured Coupons and Talons appertaining thereto.

All Capital Securities purchased by the Issuer or any of its Subsidiaries may, at the option of the Issuer or such Subsidiary, be held, reissued, resold or surrendered for cancellation (together with all unmatured Coupons and all unexchanged Talons attached to them) to a Paying Agent.

(b) Cancellation

All Capital Securities which are redeemed pursuant to Condition 6 (*Redemption*) or substituted pursuant to Condition 7 (*Substitution or Variation*) and all Capital Securities purchased and surrendered for cancellation pursuant to Condition 9(a) (*Purchase*) (in each case, together with all

unmatured Coupons and unexchanged Talons relating thereto) will be cancelled and may not be reissued or resold.

10. PAYMENTS

(a) Method of Payment

- (i) Payments of principal, premium and interest will be made against presentation and surrender of Capital Securities or the appropriate Coupons (as the case may be) at the specified office of any of the Paying Agents except that payments of interest in respect of any period not ending on an Interest Payment Date will only be made against presentation and either surrender or endorsement (as appropriate) of the relevant Capital Securities. Such payments will be made by transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with a bank in a city in which banks have access to the TARGET System.
- (ii) Upon the due date for redemption of any Capital Security, unexpired Coupons relating to such Capital Security (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Capital Security is presented for redemption without all unexpired Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (iii) On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Capital Securities, the Talon forming part of such Coupon sheet may be surrendered at the specified office of any of the Paying Agents in exchange for a further Coupon sheet (to include another Talon for a further Coupon sheet, if appropriate) (but excluding any Coupons that may have become void pursuant to Condition 13 (*Prescription*)).

(b) Payments on business days

If the due date for payment of any amount in respect of any Capital Security or Coupon is not a business day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding business day and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, **business day** means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation, London and Helsinki and, in the case of payment by transfer to a Euro account as referred to above, is a day on which the TARGET System is operating.

(c) Payments subject to Fiscal Laws

All payments in respect of the Capital Securities are subject in all cases to any (i) applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*) and (ii) withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 11 (*Taxation*)) any law implementing an intergovernmental approach thereto (**FATCA Withholding**).

(d) **Interpretation of Principal, Premium and Interest**

References in these Conditions to principal, premium, Interest Payments, Deferred Interest and/or any other amount in respect of interest shall be deemed to include any additional amounts which may become payable pursuant to Condition 11 (*Taxation*).

11. TAXATION

All payments of principal, premium and interest (including Deferred Interest) in respect of the Capital Securities and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges (**Taxes**) of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Finland or any political subdivision thereof or any authority therein or thereof having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal, premium and interest (including Deferred Interest) on the Capital Securities and Coupons, unless the withholding or deduction of such Taxes is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Holders and the Couponholders after such withholding or deduction of such amounts as would have been receivable by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Capital Security or Coupon:

- (a) presented for payment in the Republic of Finland; or
- (b) held by or on behalf of, a Holder who is liable for the Taxes in respect of such Capital Security or Coupon by reason of having some connection with the Republic of Finland other than the mere holding of such Capital Security or Coupon; or
- (c) presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder or Couponholder would have been entitled to additional amounts on presenting the same for payment on the last day of such period of 30 days.

12. DEFAULT AND ENFORCEMENT

(a) **Proceedings**

Without prejudice to the Issuer's right to defer the payment of interest under Condition 5(a) (*Deferral of Interest Payments*), if a default is made by the Issuer for a period of three days or more in relation to the payment of any interest, principal or premium in respect of the Capital Securities which is due and payable, then the Issuer shall, without notice from the Trustee, be deemed to be in default under the Trust Deed, the Capital Securities and the Coupons and the Trustee at its discretion may, and if so requested in writing by the Holders of at least one-fifth in principal amount of the Capital Securities then outstanding or if so directed by an Extraordinary Resolution shall (subject to Condition 12(c) (*Entitlement of the Trustee*)), institute proceedings for an Issuer Winding-up, subject to applicable law.

In the event of an Issuer Winding-up, (whether instituted by the Trustee as aforesaid or otherwise), the Trustee may, and if so requested in writing by the holders of at least one-fifth in principal amount of the Capital Securities then outstanding or if so directed by an Extraordinary Resolution shall (subject to Condition 12(c) (*Entitlement of the Trustee*)), prove and/or claim in such Issuer Winding-up in respect of the Capital Securities, such claim being for such amount, and being subordinated in such manner, as is provided under Condition 3(a) (*Rights on a Winding-Up*).

(b) **Enforcement**

The Trustee may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed, the Capital Securities or the Coupons but in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(c) **Entitlement of the Trustee**

The Trustee shall not be bound to take any of the actions referred to in Condition 12(a) (*Proceedings*) or Condition 12(b) (*Enforcement*) above to enforce the terms of the Trust Deed, the Capital Securities or the Coupons or any other action, step or proceeding under or pursuant to the Trust Deed or the Capital Securities or the Coupons unless (i) it shall have been so requested by an Extraordinary Resolution of the Holders or in writing by the holders of at least one-fifth in principal amount of the Capital Securities then outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

(d) **Rights of Holders**

No Holder or Couponholder shall be entitled to proceed directly against the Issuer or to institute proceedings for an Issuer Winding-up and/or prove and/or claim in an Issuer Winding-up unless the Trustee, having become so bound to proceed or prove and/or claim in such Issuer Winding-up, fails or is unable to do so within 60 days and such failure or inability shall be continuing. In that case, each Holder and Couponholder shall have only such rights against the Issuer in respect of such Holder's or Couponholder's Capital Securities or Coupons (as the case may be) as those which the Trustee is entitled to exercise on behalf of such Holder or Couponholder, as set out in this Condition 12 (*Default and Enforcement*).

(e) **Extent of Holders' Remedy**

No remedy against the Issuer, other than as referred to in this Condition 12 (*Default and Enforcement*), shall be available to the Trustee or the Holders, or Couponholders, whether for the recovery of amounts owing in respect of the Capital Securities, the Coupons or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Capital Securities, the Coupons or the Trust Deed.

13. PRESCRIPTION

Claims against the Issuer in respect of the Capital Securities and Coupons (which for this purpose shall not include Talons) will become void unless presented for payment or made, as the case may be, within a period of 10 years in the case of Capital Securities (in respect of claims relating to principal and premium) and five years in the case of Coupons (in respect of claims relating to interest, including Deferred Interest) from the Relevant Date relating thereto. There shall be no prescription period for Talons but there shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim in respect of which would be void pursuant to this Condition 13 (*Prescription*) or Condition 10(a)(iii).

14. REPLACEMENT OF CAPITAL SECURITIES, COUPONS AND TALONS

If any Capital Security, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Principal Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Holders in

accordance with Condition 19 (*Notices*), on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Capital Security, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Capital Securities, Coupons or further Coupons) and otherwise as the Issuer may reasonably require.

Mutilated or defaced Capital Securities, Coupons or Talons must be surrendered before replacements will be issued.

15. AGENTS

The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents, provided that:

- (a) the Issuer shall at all times maintain a paying agent; and
- (b) so long as the Capital Securities are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent having a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

Notice of any such termination or appointment and of any change in the specified offices of the Paying Agents shall promptly be given to the Holders in accordance with Condition 19 (*Notices*).

If the Calculation Agent or the Principal Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Agency Agreement (as the case may be), the Issuer shall appoint, on terms acceptable to the Trustee, an independent financial institution acceptable to the Trustee to act as such in its place.

16. MEETINGS OF HOLDERS; MODIFICATION AND WAIVER

(a) Meetings of Holders

The Trust Deed contains provisions for convening meetings of Holders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of the Capital Securities, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Trustee (subject to being indemnified and/or secured and/or pre-funded to its satisfaction) upon the request in writing of Holders holding not less than ten per cent. of the aggregate principal amount of the outstanding Capital Securities. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing more than 50 per cent. of the aggregate principal amount of the outstanding Capital Securities or, at any adjourned meeting, one or more persons being or representing Holders whatever the principal amount of the Capital Securities so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Capital Securities or Coupons (including, *inter alia*, the provisions regarding subordination referred to in Condition 3 (*Subordination and Rights on a Winding Up*), the terms concerning currency and due dates for payment of principal, premium or interest (including Deferred Interest) in respect of the Capital Securities and reducing or cancelling the principal amount of any Capital Securities, any premium or any Interest Rate) or certain of the provisions of the Trust Deed, the necessary quorum for passing an Extraordinary

Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the nominal amount of the Capital Securities for the time being outstanding. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Holders and Couponholders, whether or not they are present at any meeting and whether or not they voted on the resolution.

The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast, (ii) a resolution in writing signed by or on behalf of the Holders representing not less than three-fourths in nominal amount of the Capital Securities for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing systems by or on behalf of the Holders representing not less than three-fourths in nominal amount of the Capital Securities for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Holders.

The agreement or approval of the Holders shall not be required in the case of any variation of these Conditions required to be made in the circumstances described in Condition 7 (*Substitution or Variation*) in connection with the substitution or variation of the terms of the Capital Securities so that they remain or become Qualifying Capital Securities.

(b) Modification and Waiver

The Trustee may, without the consent of the Holders, agree to (i) any modification of any of the provisions of these Conditions or any provision of the Trust Deed or the Agency Agreement which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification to (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach by the Issuer of, any of these Conditions or of the provisions of the Trust Deed or the Agency Agreement which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Holders (which will not include, for the avoidance of doubt, any provision entitling the Holders to institute proceedings for an Issuer Winding-up in circumstances which are more extensive than those set out in Condition 12 (*Default and Enforcement*)). In addition, the Trustee shall be obliged to concur with the Issuer in effecting any Benchmark Amendments in the circumstances and on the basis set out in Condition 4(j)(i)(E) without the consent or approval of the Holders or Couponholders subject to the provisions therewith. Any such modification, authorisation or waiver shall be binding on the Holders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Holders in accordance with Condition 19 (*Notices*), as soon as practicable.

In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, but without limitation, any modification, waiver, authorisation, determination or substitution pursuant to Condition 17 (*Issuer Substitution*)), the Trustee shall have regard to the interests of the Holders as a class and, in particular, but without limitation, shall not have regard to the consequences of such exercise of its trusts, powers, authorities or discretions for individual Holders and Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Holder or Couponholder be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders or Couponholders, except to the extent already provided in Condition 11 (*Taxation*) and/or any undertaking given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

17. ISSUER SUBSTITUTION

The Trustee may, without the consent of the Holders or the Couponholders, agree with the Issuer to the substitution on a subordinated basis equivalent to that referred to in Conditions 2 (*Status*) and 3 (*Subordination and Rights on a Winding-Up*) in place of the Issuer (or of any previous substitute under

this Condition 17 (*Issuer Substitution*)) as the principal debtor under the Capital Securities, the Coupons and the Trust Deed of any company being a Subsidiary of the Issuer subject to:

- (a) the Capital Securities being unconditionally and irrevocably guaranteed by the Issuer on the same subordinated basis as the Capital Securities under Condition 3 (*Subordination and Rights on a Winding-Up*);
- (b) the Trustee being satisfied that the substitution is not materially prejudicial to the interests of the Holders; and
- (c) certain other conditions set out in the Trust Deed being complied with.

Any substitution effected in accordance with this Condition 17 (*Issuer Substitution*) shall be binding on the Holders and the Couponholders.

The Issuer will give notice of any substitution pursuant to this Condition 17 (*Issuer Substitution*) to the Holders in accordance with Condition 19 (*Notices*) as soon as reasonably practicable (and in any event within 10 days) following such substitution.

18. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Holders or the Couponholders, create and issue further Capital Securities having the same terms and conditions as the Capital Securities in all respects (or in all respects except for the first payment of interest) so that the same shall be consolidated and form a single series with the Capital Securities (**Further Capital Securities**).

19. NOTICES

All notices regarding the Capital Securities shall be validly given if published (i) in a leading newspaper having general circulation in London (which is expected to be the *Financial Times* or, if this is not possible, in one other English language daily newspaper approved by the Trustee with general circulation in Europe) and (ii) if and for so long as the Capital Securities are admitted to trading on Euronext Dublin and the rules of Euronext Dublin so require, publication will also be made in a leading daily newspaper having general circulation in the Republic of Ireland (which is expected to be the *Irish Times*). Any such notice will be deemed to have been given on the date of the first publication in the required newspaper or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

20. INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances including provisions relieving it from instituting proceedings or taking any other steps or actions to enforce repayment unless indemnified and/or secured and/or prefunded to its satisfaction.

21. GOVERNING LAW AND JURISDICTION

(a) Governing Law

The Trust Deed, the Capital Securities, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with any of them, are governed by, and shall be construed in accordance with, English law, other than the provisions of Condition 3(a) and (c) (*Subordination and Rights on a Winding-Up*), Clause 8 of the Trust Deed and any non-contractual obligations arising out of

or in connection with them which are governed by, and shall be construed in accordance with, the laws of Finland.

(b) **Jurisdiction**

- (i) Subject to subclause (iii) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Capital Securities, the Coupons or the Talons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Capital Securities and/or the Coupons (a **Dispute**) and accordingly each of the Issuer and the Trustee and any Holders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (ii) For the purposes of this Condition 21(b), the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (iii) To the extent allowed by law, the Trustee, the Holders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

(c) **Appointment of Process Agent**

The Issuer has in the Trust Deed appointed Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London EC2V 7EX at its registered office for the time being, as its agent for service of process in England and has agreed that, in the event of the same being unable or unwilling for any reason so to act, it will immediately appoint another person approved by the Trustee as its agent for service of process in England in respect of any Proceeding. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

22. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Capital Securities under the Contracts (Rights of Third Parties) Act 1999.

23. DEFINITIONS

In these Conditions:

5 Year EUR Mid-Swap Rate means, with respect to a Reset Period:

- (a) the mid swap rate for euro swap transactions with a maturity of five years (**5 Year EUR Mid-Swap**), as published on Reuters screen ICESWAP2/EURSFIXA under FIXED VS. 6M EURIBOR (or such other page or service as may replace it for the purposes of displaying European swap rates of leading reference banks for swaps in Euro) (in each case, the **Reset Screen Page**), as at approximately 11.00 a.m. (Central European time) on the Reset Interest Determination Date applicable to such Reset Period; or
- (b) if, on the Reset Interest Determination Date applicable to such Reset Period, the 5 Year EUR Mid-Swap Rate does not appear on the Reset Screen Page, the 5 Year EUR Mid-Swap Rate will be the Reset Reference Bank Rate on such Reset Interest Determination Date. If (a) at least three quotations are provided, the 5 Year EUR Mid-Swap Rate will be calculated by the Calculation Agent on the basis of the arithmetic mean (or, if only three quotations are provided, the median) of the quotations provided, eliminating the highest quotation (or, in the

event of equality one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest); (b) only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided; (c) only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided; and (d) no quotations are provided, the Reset Reference Bank Rate for the relevant period will be: (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Date, the Reset Reference Bank Rate in respect of the immediately preceding Reset Period, or (ii) in the case of the Reset Period commencing on the First Reset Date, -0.225 per cent. which represents the 5 Year EUR Mid-Swap Rate at pricing;

the **5 year Swap Rate Quotations** means, in relation to any Reset Period, the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 Day Count Basis) of a fixed-for-floating euro interest rate swap which (i) has a term of 5 years commencing on the relevant Reset Date, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on the basis of the actual number of days elapsed and a year of 360 days);

2030 Step-up Date means 22 February 2030;

2045 Step-up Date means 22 February 2045;

an **Accounting Event** shall be deemed to occur if, a change in accounting rules or methodology (or the application thereof) is officially adopted by the relevant accounting standards board on or after the Issue Date, and as a result of such adopted change in accounting rules or methodology (or application thereof) the obligations of the Issuer under the Capital Securities may not or may no longer, from the implementation date of the relevant new rules or methodology, be recorded as “equity” in full pursuant to IFRS or any other accounting standards that replace IFRS for the preparation of the Issuer’s audited annual, semi-annual or quarterly consolidated financial statements in accordance with Finnish company law;

Agency Agreement has the meaning given in the preamble of the Conditions;

Agents means the Paying Agents, the Calculation Agent or any successor thereto appointed in accordance with the Agency Agreement;

Authorised Signatory means any person who (a) is a Director or the Secretary of the Issuer or (b) has been notified by the Issuer in writing to the Trustee as being duly authorised to sign documents and to do other acts and things on behalf of the Issuer for the purposes of the Trust Deed or these Conditions;

Business Day means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in London and on which the TARGET System is open;

Calculation Agent means Deutsche Bank AG, London Branch, or any successor appointed in accordance with the Agency Agreement;

Calculation Amount has the meaning given to it in Condition 4(b) (*Interest Accrual*);

a **Capital Event** shall be deemed to occur if the Issuer has received confirmation from any Rating Agency, providing a solicited rating at the invitation or with the consent of the Issuer, either directly or via a publication by such Rating Agency, that an amendment, clarification, interpretation or change has occurred in the equity credit criteria (or such similar nomenclature as may be used by that Rating Agency from time to time to describe the degree to which the terms of an instrument are supportive of

the Issuers senior obligations) of such Rating Agency effective after the Issue Date (or effective after the date when equity credit is assigned for the first time, as applicable) and this has resulted in lower equity credit for the Capital Securities (or, if the Capital Securities have been fully or partially re-financed since the Issue Date and are no longer eligible for equity credit, would have resulted in lower equity credit for the Capital Securities had such Capital Securities not been re-financed) than the equity credit assigned on the Issue Date (or if equity credit is not assigned on the Issue Date, at the date when the equity credit is assigned for the first time);

Capital Securities has the meaning given in the preamble to the Conditions;

a **Change of Control Event** will be deemed to occur if:

- (a) any person or any persons acting in concert, other than the Existing Holders or a holding company whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer and/or any direct or indirect holding company of the Issuer, shall acquire a controlling interest in (A) shares in the stated capital of the Issuer carrying more than 45 per cent. of the voting rights represented by the shares of the Issuer (being voting rights which are capable of being exercised at a general meeting of the Issuer) where as a result of such acquisition, such person will have an interest that is greater than that of the Existing Holders at the time of such acquisition or (B) shares in the stated capital of the Issuer carrying more than 50 per cent. of the voting rights represented by the shares of the Issuer (being votes which are capable of being cast at a general meeting of the Issuer) (each such event being, a **Change of Control**); and
- (b) on the date (the **Relevant Announcement Date**) that is the earlier of (1) the date of the first public announcement of the relevant Change of Control and (2) the date of the earliest Relevant Potential Change of Control Announcement (as defined below) (if any):
 - (i) the Issuer's senior unsecured obligations, or any senior unsecured obligations guaranteed by the Issuer, carry an investment grade credit rating (BBB-, or its equivalent, or better) (an **Investment Grade Rating**) from one or more Rating Agencies and, within the Change of Control Period, any such Rating Agency downgrades its rating of the Issuer's senior unsecured obligations, or any senior unsecured obligations guaranteed by the Issuer, to a non-investment grade credit rating (BB+, or its equivalent, or worse) or withdraws its rating of the Issuer's senior unsecured obligations, or any senior unsecured obligations guaranteed by the Issuer, and such rating is not within the Change of Control Period restored to an Investment Grade Rating by one or more such Rating Agencies or replaced by an Investment Grade Rating of another Rating Agency; or
 - (ii) the Issuer's senior unsecured obligations, or any senior unsecured obligations guaranteed by the Issuer, do not carry an Investment Grade Rating from at least one Rating Agency and the Issuer is not able to acquire and maintain thereafter an Investment Grade Rating during the Change of Control Period from at least one Rating Agency; and
- (c) in making any decision to downgrade or withdraw a credit rating pursuant to paragraph (a) above or to decline to confer an Investment Grade Rating, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement.

Change of Control Period means the period commencing on the Relevant Announcement Date and ending 180 days after the Change of Control (or such longer period for which the Issuer's senior

unsecured obligations, or any senior unsecured obligations guaranteed by the Issuer, are under consideration (such consideration having been announced publicly within the period ending 180 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 180 days after the public announcement of such consideration);

Change of Control Step-up Date shall be the date immediately following the expiry of the Exercise Period;

Code has the meaning given to it in Condition 10(c) (*Payments subject to Fiscal Laws*);

Companies Act means the Finnish Limited Liabilities Companies Act (624/2006, as amended from time to time) (*osakeyhtiölaki*);

Conditions means these terms and conditions of the Capital Securities, as amended from time to time;

continuing is an event or failure that has not been waived or remedied;

Corporate Restructuring Event means any reduction of share capital pursuant to Chapter 14 of the Companies Act, amendment of the Issuer's articles of association pursuant to Chapter 14, Section 7 of the Companies Act or merger or demerger pursuant to Chapters 16 and 17 of the Companies Act.

Coupon has the meaning given in the preamble to the Conditions;

Couponholders has the meaning given in the preamble to the Conditions;

day-count fraction has the meaning given in Condition 4(b) (*Interest Accrual*);

Deferral Notice has the meaning given in Condition 5(a) (*Deferral of Interest Payments*);

Deferred Interest has the meaning given in Condition 5(a) (*Deferral of Interest Payments*);

A Deferred Interest Payment Event means any one or more of the following events:

- (a) declaration or payment of any distribution or dividend or any other payment made by the Issuer on its share capital or any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities;
- (b) declaration or payment of any distribution or dividend or any other payment made by the Issuer or any Subsidiary of the Issuer, as the case may be, on any Parity Securities or the Capital Securities;
- (c) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of any shares of the Issuer or any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities; and/or
- (d) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of the Capital Securities or to any Parity Securities,

save for:

- (i) in each case, any compulsory distribution, dividend, other payment, redemption, repurchase, repayment, cancellation, reduction or other acquisition required by the terms of such securities or by mandatory operation of applicable law including, without limitation, a Minority Dividend;

- (ii) in the case of (c) above only, any redemption, repurchase, repayment, cancellation, reduction or other acquisition that is executed in connection with, or for the purpose of (1) any reduction of the quota value of the share capital of the Issuer without a corresponding return of cash, capital or assets to shareholders of the Issuer or (2) any share buyback programme then in force and duly approved by the shareholders' general meeting of the Issuer or the relevant Subsidiary of the Issuer (as applicable) or any existing or future stock option plan or free share allocation plan or other incentive plan, in all cases, reserved for directors, officers and/or employees of the Issuer or the relevant Subsidiary of the Issuer or any associated hedging transaction; and
- (iii) in the case of (d) above only, any redemption, repurchase, repayment, cancellation, reduction or other acquisition executed in whole or in part in the form of a public tender offer or public exchange offer at a consideration per Capital Security or per Parity Security below its par value;

EUR and/or **euro** means the lawful currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended;

EURIBOR means the month Euro Interbank Offered Rate;

Exercise Period means the period from the date on which the Change of Control Event occurred to the day which is the earlier of (a) 60 days after such date and (b) the last day on which holders of senior indebtedness of the Issuer, which have a right to put (a **Put Option**) such senior indebtedness for redemption exercisable upon the occurrence of a Change of Control Event (howsoever described), and to the extent they have exercised such Put Option within any applicable put option redemption period (howsoever described), have received the redemption proceeds;

Existing Holders means, individually or jointly, any and all of (i) Gazit-Globe Ltd., and (ii) any person or persons from time to time controlling, controlled by or under common control with Gazit-Globe Ltd., including (a) any person or persons that acquires a controlling interest in any of the persons referred to in (i) and (ii) above or (b) any person that succeeds to any of the persons referred to in (i) and (ii) above by way of a merger, liquidation, dissolution, reorganisation or otherwise. For the purposes of this definition, **control** is deemed to be the ownership of or ability to direct 30 per cent. or more of the equity share capital of a person;

Extraordinary Resolution has the meaning given in the Trust Deed;

FATCA Withholding has the meaning given in Condition 10(c) (*Payments subject to Fiscal Laws*);

First Interest Payment Date has the meaning given to it in Condition 4(a) (*Interest Payment Dates*);

First Reset Date means 22 February 2025;

Further Capital Securities has the meaning given to it in Condition 18 (*Further Issues*);

Holders has the meaning given in the preamble to these Conditions;

IFRS means International Financial Reporting Standards issued by the International Accounting Standards Board (**IASB**) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time);

Initial Interest Rate has the meaning given in Condition 4(c) (*Initial Interest Rate*);

Interest Amount has the meaning given in Condition 4(e) (*Determination of Reset Interest Rates and Calculation of Interest Amounts*);

Interest Payment means, in respect of the payment of interest on an Interest Payment Date, the amount of interest payable on the presentation and surrender of the Coupon for the relevant Interest Period in accordance with Condition 4 (*Interest*);

Interest Payment Date has the meaning given in Condition 4(a) (*Interest Payment Dates*);

Interest Period means the period from (and including) the Issue Date to (but excluding) the First Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date;

Interest Rate means the Initial Interest Rate or the relevant Reset Interest Rate, as the case may be;

Issue Date has the meaning given in Condition 4(a) (*Interest Payment Dates*);

Issuer has the meaning given in the preamble to these Conditions;

Issuer Winding-up has the meaning given in Condition 3(a) (*Rights on a Winding-Up*);

Margin means:

- (a) in respect of the period from (and including) the First Reset Date to (but excluding) the 2030 Step-up Date, 4.711 per cent.;
- (b) in respect of each Reset Period from (and including) the 2030 Step-up Date to (but excluding) the 2045 Step-up Date, 4.961 per cent.; and
- (c) in respect of each Reset Period from (and including) the 2045 Step-up Date, 5.711 per cent.;

Minority Dividend means a distribution of dividends on the ordinary shares of the Issuer, (i) not exceeding the limits provided by Chapter 13 Section 7 of the Companies Act, (ii) paid pursuant to a resolution which the Issuer was required to take upon a demand made by shareholders representing the minority thresholds provided by Chapter 13 Section 7 of the Companies Act before the annual general meeting makes a decision on the use of distributable profits for the preceding fiscal year and (iii) made in the circumstances where no distribution of dividends has been proposed by the board of directors to the annual general meeting of the Issuer for that fiscal year;

Moody's means Moody's Investors Services Ltd;

Parity Securities or **Parity Security** means any obligations of:

- (a) the Issuer, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Capital Securities; and
- (b) any Subsidiary of the Issuer having the benefit of a guarantee or support agreement from the Issuer which ranks or is expressed to rank *pari passu* with the Capital Securities;

Paying Agent has the meaning given in the preamble to these Conditions;

Principal Paying Agent has the meaning given in the preamble to these Conditions;

Qualifying Capital Securities means securities that contain terms not materially less favourable to Holders than the terms of the Capital Securities (as reasonably determined by the Issuer in consultation

with an independent investment bank, independent financial adviser or legal counsel of international standing) and provided that a certification to such effect (in accordance with Condition 8 (*Preconditions to Special Event Redemption, Change of Control Redemption, Substitution or Variation*)) shall have been delivered to the Trustee prior to the substitution or variation of the Capital Securities, provided that:

- (a) they shall be issued by the Issuer or by any wholly-owned direct or indirect finance Subsidiary of the Issuer with a guarantee from the Issuer; and
- (b) they (and/or, as appropriate, the guarantee as aforesaid) shall rank *pari passu* on an Issuer Winding-up with the ranking of the Capital Securities; and
- (c) they shall contain terms which provide for the same interest rate from time to time applying to the Capital Securities and preserve the same Interest Payment Dates; and
- (d) they shall preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Capital Securities, including (without limitation) as to timing of, and amounts payable upon, such redemption; and
- (e) they shall preserve any existing rights under the Capital Securities to any accrued interest, any Deferred Interest and any other amounts payable under the Capital Securities which, in each case, has accrued to Holders and not been paid; and
- (f) they shall not contain terms providing for the mandatory deferral or cancellation of interest and shall not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares; and
- (g) they shall, immediately after such exchange or variation, be assigned at least the same credit rating(s) by the same Rating Agencies as may have been assigned to the Capital Securities immediately prior to such exchange or variation (if any); and
- (h) they shall otherwise contain substantially identical terms (as reasonably determined by the Issuer) to the Capital Securities, save where any modifications to such terms are required to be made to avoid the occurrence or effect of, an Accounting Event, a Capital Event, a Tax Deductibility Event or, as the case may be, a Withholding Tax Event; and
- (i) they shall be listed and admitted to trading on a regulated market for the purposes of Directive 2014/65/EU as selected by the Issuer and approved by the Trustee;

Rating Agency means Moody's, S&P or any of their respective successors or any other internationally recognised rating agency (a **Substitute Rating Agency**) substituted for any of them by the Issuer from time to time;

Relevant Date means:

- (a) in respect of any payment other than a sum to be paid by the Issuer in an Issuer Winding-up, the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been duly received by the Principal Paying Agent or the Trustee on or prior to such date, the Relevant Date means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Holders by or on behalf of the Issuer or the Trustee in accordance with Condition 19 (*Notices*); and

- (b) in respect of any sum to be paid by or on behalf of the Issuer in an Issuer Winding-up, the date which is one day prior to the date on which an order is made or a resolution is passed for such Issuer Winding-up;

Relevant Potential Change of Control Announcement means any public announcement or statement by the Issuer or Citycon Treasury B.V. (as the case may be), any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs.

Reset Date means the First Reset Date and each fifth anniversary thereof;

Reset Interest Determination Date means, with respect to a Reset Period, the day falling two Business Days prior to the Reset Date on which such Reset Period commences;

Reset Interest Rate has the meaning given in Condition 4(d) (*Reset Interest Rates*);

Reset Period means each period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date thereafter;

Reset Reference Bank Rate means the percentage rate calculated by the Calculation Agent in accordance with these Conditions on the basis of the 5 year Swap Rate Quotations provided by the Reset Reference Banks to the Issuer and the Calculation Agent at approximately 11:00 a.m. (Central European time) on the relevant Reset Interest Determination Date;

Reset Reference Banks means five major banks in the European Interbank market selected by the Issuer (or an independent investment bank, commercial bank or stockbroker appointed by the Issuer);

S&P means S&P Global Ratings Europe Limited;

Special Event means any of an Accounting Event, a Capital Event, a Substantial Repurchase Event, a Tax Deductibility Event, a Withholding Tax Event, or any combination of the foregoing;

Subordinated Indebtedness means any obligation of the Issuer, whether or not having a fixed maturity, which by its terms is, or is expressed to be, or pursuant to applicable Finnish law is subordinated in the event of an Issuer Winding-up to the claims of all unsubordinated creditors of the Issuer but senior to the Capital Securities or to the obligations of the Issuer in respect of any Parity Securities;

Subsidiary means any company (i) in which the Issuer holds a majority of the voting rights or (ii) of which the Issuer is a member and has the right to appoint or remove a majority of the board of directors or (iii) of which the Issuer is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of the Issuer;

a **Substantial Repurchase Event** shall be deemed to occur if the Issuer and/or any of its Subsidiaries repurchases and cancels or has at any time repurchased and cancelled, a principal amount of Capital Securities equal to or greater than 75 per cent. of the aggregate principal amount of the Capital Securities initially issued (which shall include, for these purposes, any Further Capital Securities);

TARGET System means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto;

Talons has the meaning given in the preamble to these Conditions;

Tax Deductibility Event means that, as a result of a Tax Law Change, the Issuer is no longer entitled to claim a deduction in respect of payments relating to the Capital Securities in computing its taxation liabilities for Finnish tax purposes (a **Tax Deduction**) or the amount of any Tax Deduction is materially reduced and, in either case, in circumstances where unsubordinated debt obligations of the Issuer continue to be fully or partly tax deductible for such purposes;

Tax Law Change means (a) any amendment to, clarification of, or change in, the laws or treaties (or any regulations thereunder) of Finland, or any political subdivision or any authority thereof or therein having the power to tax, affecting taxation, (b) any governmental action (c) or any amendment to, clarification of, or change in the application, official position or the official published interpretation of such law, treaty (or regulations thereunder) or governmental action or any official published interpretation, decision or pronouncement that provides for a position with respect to such law, treaty (or regulations thereunder) or governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body in Finland, irrespective of the manner in which such amendment, clarification, change, action, pronouncement, interpretation or decision is made known, which amendment, clarification or change is effective or such governmental action, pronouncement, interpretation or decision is announced on or after the Issue Date;

Taxes has the meaning given in Condition 11 (*Taxation*);

Trust Deed has the meaning given in the preamble to these Conditions;

Trustee has the meaning given in the preamble to these Conditions; and

a **Withholding Tax Event** shall be deemed to occur if, as a result of any Tax Law Change, in making any payments on the Capital Securities, the Issuer has paid or will or would on the next Interest Payment Date be required to pay additional amounts on the Capital Securities pursuant to Condition 11 (*Taxation*) and the Issuer cannot avoid the foregoing by taking measures reasonably available to it.

The following text in italics does not form part of the Conditions:

(i) Intention to retain an investment grade credit profile

In the event that the Issuer's financial profile materially deteriorates such that it risks its credit rating being downgraded to sub investment grade by any solicited rating agency, the Issuer intends (without thereby assuming a legal obligation) to take one or more measures to support the credit profile and retain its investment grade credit rating. These measures may include asset sales, further equity issuance, discontinuation of certain businesses, suspension of ordinary dividends, suspension of any share buy-backs and/or changes to the Issuer's other financial policies.

(ii) Replacement capital intention

The Issuer intends (without thereby assuming any legal or contractual obligation) that it will only redeem or repurchase Capital Securities to the extent that the equity credit initially assigned to the Capital Securities to be redeemed or repurchased does not exceed the equity credit resulting from the sale or issuance by the Issuer or any subsidiary of the Issuer of securities to third party purchasers (other than subsidiaries of the Issuer).

The foregoing shall not apply if:

- (a) the issuer rating assigned by S&P to the Issuer is at least 'BBB-' (or such similar nomenclature then used by S&P) and the Issuer is of the view that such rating would not fall below this level as a result of such redemption or repurchase; or*
- (b) the Capital Securities are not assigned any category of equity credit (or such similar nomenclature then used by S&P) at the time of such redemption or repurchase; or*
- (c) the Capital Securities are redeemed pursuant to a Tax Deductibility Event, an Accounting Event, a Withholding Tax Event, a Change of Control Event, a Substantial Repurchase Event or a Capital Event; or*
- (d) less than (x) 10 per cent. of the aggregate principal amount of the Capital Securities originally issued is repurchased in any period of 12 consecutive months or (y) 25 per cent. of the aggregate principal amount of the Capital Securities originally issued is repurchased in any period of 10 consecutive years; or*
- (e) such replacement would cause the Issuer's outstanding hybrid capital which is assigned equity credit by S&P to exceed the maximum aggregate principal amount of hybrid capital which S&P, under its then prevailing methodology, would assign equity credit to, based on the Issuer's adjusted total capitalisation; or*
- (f) if such redemption or repurchase occurs on or after the 2045 Step-up Date.*

SUMMARY OF PROVISIONS RELATING TO THE CAPITAL SECURITIES IN GLOBAL FORM

Global Capital Securities and Definitive Capital Securities

The Capital Securities will initially be represented by a temporary global capital security (the **Temporary Global Capital Security**) which will be deposited on or around the Issue Date with a common depository for Euroclear and Clearstream, Luxembourg.

The Temporary Global Capital Security will be exchangeable in whole or in part for interests in a permanent global capital security (the **Permanent Global Capital Security** and, together with the Temporary Global Capital Security, the **Global Capital Securities**) not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Capital Security unless exchange for interests in the Permanent Global Capital Security is improperly withheld or refused. In addition, interest payments in respect of the Temporary Global Capital Security cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Capital Security will become exchangeable in whole, but not in part, for Capital Securities in definitive form (the **Definitive Capital Securities**) in the denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000, at the request of the bearer of the Permanent Global Capital Security against presentation and surrender of the Permanent Global Capital Security to the Principal Paying Agent if either of the following events (each, an **Exchange Event**) occurs: (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 12(a) (*Proceedings*) occurs.

Whenever the Permanent Global Capital Security is to be exchanged for Definitive Capital Securities, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Capital Securities, duly authenticated and with Coupons (and, if applicable a Talon) attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Capital Security to the bearer of the Permanent Global Capital Security against the surrender of the Permanent Global Capital Security to or to the order of the Principal Paying Agent within 30 days of the occurrence of the relevant Exchange Event.

Modifications to the Terms of the Capital Securities Whilst in Global Form

In addition, the Temporary Global Capital Security and the Permanent Global Capital Security will contain provisions which modify the Conditions as they apply to the Capital Securities for so long as they are represented by the Temporary Global Capital Security and/or the Permanent Global Capital Security. The following is a summary of certain of those provisions:

Payments

All payments in respect of the Temporary Global Capital Security and the Permanent Global Capital Security will be made to, or to the order of, the bearer of the same against presentation and (in the case of payment of principal in full with all Deferred Interest and any other interest accrued thereon) surrender of the Temporary Global Capital Security or (as the case may be) the Permanent Global Capital Security to any Paying Agent, and each payment so made will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the relevant amount so paid on the Capital Securities.

On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Capital Security or the Permanent Global Capital Security, the Issuer shall procure that the payment is noted in a schedule thereto.

Calculation of interest

For so long as all of the Capital Securities are represented by the Temporary Global Capital Security and/or the Permanent Global Capital Security (as the case may be), interest shall be calculated in respect of the entire principal amount of Capital Securities represented by the Temporary Global Capital Security and/or the

Permanent Global Capital Security (as the case may be) and not per Calculation Amount as provided in Condition 4(b) (*Interest Accrual*).

Transfers

Transfers of book-entry interests in the Capital Securities will be effected through the records of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants in accordance with their respective rules and procedures.

Redemption and cancellation

Any redemption or purchase and cancellation of any Capital Securities will be effected by a corresponding reduction in the nominal amount of the Temporary Global Capital Security or Permanent Global Capital Security representing such Capital Securities.

Notices

For so long as all of the Capital Securities are represented by the Temporary Global Capital Security and/or the Permanent Global Capital Security (as the case may be) and the same are deposited with a common depository for Euroclear and Clearstream, Luxembourg, notices to Holders may be given, in lieu of publication as provided in Condition 19 (*Notices*), by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for onwards transmission to the Holders and, in any case, such notice shall be deemed to have been given to the Holders on the date of delivery of the notice to Euroclear and Clearstream, Luxembourg.

For so long as such Capital Securities are admitted to listing and/or trading on any market or stock exchange, notice shall also be given in such manner as may be required or permitted by the rules of such market or stock exchange.

Clearing systems

References herein to Euroclear and Clearstream, Luxembourg shall include any successor or other clearing system approved by the Trustee in which the Capital Securities may be cleared and/or traded from time to time.

USE OF PROCEEDS

The net proceeds from the issuance of the Capital Securities, after the deduction of underwriting discounts and expenses associated with the offering, are expected to be approximately EUR 348,250,000. The Issuer intends to allocate an amount equal to net proceeds from the issuance of the Capital Securities to the financing or refinancing of new or existing assets, developments or projects (**Green Assets**) that meet the green financing framework requirements adopted by Citycon (**Green Financing Framework**).

Pending the allocation of an amount equal to the net proceeds to Green Assets, the Issuer expects to apply a portion of the net proceeds of the issue of the Capital Securities (i) to pay the purchase price for any of the EUR 500 million 3.75 per cent. notes due 2020 issued by the Issuer (**2020 Notes**), EUR 350 million 2.50 per cent. guaranteed notes due 2024 issued by Citycon Treasury B.V (**2024 Notes**) and EUR 300 million 2.375 per cent. guaranteed notes due 2022 issued by Citycon Treasury B.V (**2022 Notes**, and together with the 2024 Notes and the 2020 Notes, the **Tender Offer Notes**) that are validly tendered and accepted for purchase in the tender offers that the Issuer launched on 7 November 2019, (ii) to the repayment and repurchase of the existing indebtedness of the Group, including the NOK 1,250 million senior unsecured notes due 2021 issued by Citycon Treasury B.V. and (iii) for general corporate purposes (including investments, acquisitions and development projects).

Citycon's Green Financing Framework reflects good practices for supporting the transition to a sustainable and low carbon economy through the development of Green Assets in one or more of the following areas:

- Green buildings
- Energy efficiency
- Renewable energy
- Waste management

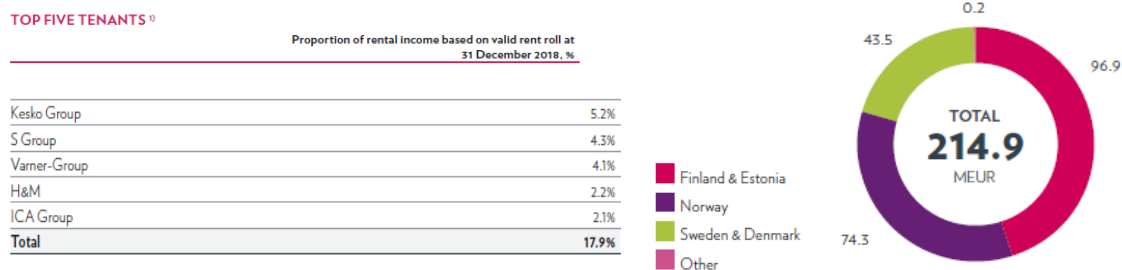
DESCRIPTION OF THE ISSUER AND THE GROUP

Overview

Citycon is a leading owner, manager and developer of urban grocery-anchored shopping centres in the Nordic and Baltic region, with assets under management totalling approximately EUR 4.4 billion at 30 September 2019 (including the fair value of investment properties and Kista Galleria (on a 50 per cent. basis)) and a market capitalisation of approximately EUR 1.7 billion at 30 September 2019. Headquartered in Espoo (Helsinki Metropolitan Area), Finland, Citycon is the number one shopping centre owner in Finland and among the market leaders in Norway, Sweden and Estonia.⁸ Citycon has also established a foothold in Denmark. On 30 September 2019, Citycon owned 38⁹ shopping centres and one other retail property and rented one shopping centre in Norway.

Citycon focuses on leading shopping centres in the largest cities in the Nordics. The vast majority of Citycon's properties are urban, grocery-anchored and well connected to public transport. The shopping centres are located close to residential areas and office locations and, therefore, are easily accessible. Citycon actively (re)develops its properties to improve their vitality and competitiveness. Large, well-established shopping centres represent the core of Citycon's property portfolio and the seven largest assets account for 50 per cent. of its portfolio. In addition to wholly-owned properties, Citycon may be a co-owner of properties with joint venture partners. This ownership structure is selected from time to time for the largest investments to free up capital for, amongst other things, the (re)development of other properties in Citycon's portfolio.

Citycon's shopping centres are typically grocery-anchored and the major tenants include specialty and grocery chains as well as cafés and restaurants, banks and financial institutions, fashion tenants and municipal and other public administration. Citycon's five largest tenants (by rental income) and shopping centre rental income by segment as at 31 December 2018 are illustrated in the below figures:



Citycon's business operations are divided into three business units: Finland and Estonia, Norway, and Sweden and Denmark. Each business unit is further divided into clusters. In the cluster organisational model, shopping centres are combined to form entities that are led by commercial directors. As of 30 September 2019, the Finnish and Estonian unit was composed of two clusters, the Norwegian unit of three clusters and the Swedish and Danish unit of two clusters. The clusters are supported by centralised leasing, development, marketing and finance teams.

For the financial year ended 31 December 2018, Citycon's operating profit was EUR 104.7 million. As of 30 September 2019, Citycon had 241 full-time employees of whom 96 worked in Norway, 50 in Finland and Estonia, 58 in Sweden and Denmark, and 37 in Group Functions.

Citycon has investment-grade credit ratings from S&P (BBB-, outlook negative) and Moody's (Baa3, outlook stable).

Citycon is a public limited company incorporated on 13 April 1988 under the laws of Finland with registration number 0699505-3, legal entity identifier (LEI): 549300P8N0P6KDGJT206, and Citycon's shares have been

⁸ Source: Company reports, Pangea Property Partners analysis as per December 2018 and Finish Shopping Centres 2018.

⁹ Including Kista Galleria, assuming that the ownership is 50 per cent.

listed on the Helsinki stock exchange (now Nasdaq Helsinki Ltd., the **Helsinki Stock Exchange**) since November 1988. Citycon's registered office is located at Suomenlahdentie 1, 02230 Espoo Finland and its telephone number is +358 207 664 400.

Operational History

Citycon was established in 1988 by the Insurance Company Sampo Pension Ltd, Imatran Voima Oy, Rakennustoimisto A. Puolimatka Oy and Postipankki. During the same year, Citycon was listed on the Helsinki Stock Exchange. Initially, Citycon's business focused on office premises.

In 1998, Citycon's business concept was modified and the focus was shifted to Finnish retail properties. Citycon acquired retail properties throughout Finland from Kesko Corporation, Merita Real Estate Ltd and Nova Life Insurance Company Ltd.

Citycon almost doubled its property portfolio in 1999 through acquisitions, including acquiring majority stakes in 11 shopping centres in Finland and minority stakes in Koskikeskus, Tampere and Jyväskylä, Jyväskylä. As a result of the acquisitions, the sellers, including Nordea, Kesko and Sampo with their group companies, became significant shareholders of Citycon.

In 2003, Citycon refined its business strategy to include development of properties in addition to owning, leasing and managing retail premises. The ownership base of Citycon changed significantly as the former major owners Kesko, Nordea and Sampo sold their shareholdings and international investors became the largest group of owners in Citycon.

The expansion outside Finland began in 2005 when Citycon acquired its first properties in Sweden and Estonia. Citycon acquired 75 per cent. of the Åkersberga Centrum shopping centre in Sweden in July 2005, and, Citycon also expanded its operations into Estonia, acquiring Tallinn's Rocca al Mare shopping centre.

In 2006, Citycon continued its expansion into new market areas when it purchased the Mandarinas shopping centre in the capital of Lithuania, Vilnius. New properties were also acquired in Finland, Sweden and Estonia during 2007. In 2007, Citycon also completed the acquisition of Iso Omena shopping centre in Espoo.

In 2008, Citycon redefined the focus in its growth strategy and started to put more emphasis on the (re)development of existing shopping centres instead of new acquisitions. Of these (re)development projects, the Trio shopping centre in Lahti was opened to the public in its entirety at the end of 2008, and the extension project of the Rocca al Mare shopping centre in Tallinn as well as the new shopping centre Liljeholmstorget Galleria in Stockholm were completed in 2009.

In 2010, Citycon continued (re)developing its existing shopping centres, the most important projects being the Åkersberga Centrum in the Greater Stockholm Area, Espoontori in Espoo and Forum in Jyväskylä. In addition, Citycon began construction in Myllypuro, Helsinki, and Martinlaakso, Vantaa, with the purpose of rebuilding the old-fashioned retail centres into modern shopping centres.

During 2011, Citycon acquired two shopping centres, Högdalen Centrum in Stockholm and Kristiine Keskus in Tallinn. Citycon also launched the (re)development of the Koskikeskus shopping centre in Tampere, (re)development and extension project of the Magistral shopping centre in Tallinn and the refurbishment of Åkermytan Centrum in Stockholm. In July 2011, Citycon introduced its clarified strategy, with a stronger focus on growth in its core business. In addition to the existing operating countries, the other Nordic and Baltic countries, namely Norway, Denmark and Latvia, were included in the strategy. Supermarket and shop properties were defined as non-core properties with the aim to dispose of such assets within the coming years.

During 2012, Citycon acquired the shopping centre Arabia in Helsinki and the shopping centre Albertslund Centrum in the Greater Copenhagen area, which was Citycon's first acquisition in Denmark.

In 2013, Citycon and CPPIB jointly acquired the Kista Galleria shopping centre in Stockholm. Citycon also started the extension and (re)development of its largest shopping centre in Finland, Iso Omena in Espoo. The estimated cost for the project including partial (re)development of the existing shopping centre amounted to

approximately EUR 250 million. In 2013, Citycon received investment grade ratings from both S&P and Moody's.

In 2014, Citycon continued updating its property portfolio in line with its strategy. Citycon acquired GIC's 40 per cent. stake in the Iso Omena shopping centre in Espoo, increasing Citycon's stake in the centre to 100 per cent. Citycon also joined forces with NCC to build Mölndal Galleria shopping centre in Gothenburg and continued its disposal strategy by divesting non-core assets, including the Mandarinas shopping centre in Vilnius.

In 2015, Citycon acquired Sektor Gruppen in Norway. Through the acquisition of Sektor Gruppen, Citycon gained exposure throughout the entire Nordic region, while increasing its assets under management by nearly 50 per cent., from EUR 3.4 billion to EUR 4.9 billion. In 2015, the extension and (re)development project of shopping centre IsoKristiina, located in Lappeenranta, Finland, was also completed.

In August 2016, Citycon opened the first part of the shopping centre Iso Omena's extension in Espoo, Helsinki area. In April 2017, the second and final phase of the extension and (re)development of Iso Omena was completed and opened to customers. Iso Omena is currently almost fully leased and it has about 220 different shops and services. Iso Omena has over 100,000 square metres (sq.m.) of gross leasable area, of which retail premises cover 85,000 sq.m.

In 2017, Citycon acquired the first and second part of the shopping centre Straedet in Køge in the greater Copenhagen area for approximately EUR 12.5 million and EUR 60 million, respectively. In 2018, Citycon acquired the final part for EUR 9 million. The shopping centre has a gross leasable area of approximately 18,900 sq.m., is comprised of 40 retail units, cafés and restaurants and is anchored by two grocery retailers, fashion stores such as H&M and a cinema. Citycon continued its disposal strategy during 2017 and disposed non-core shopping centres in Finland, Sweden and Norway for a combined EUR 325 million.

In September 2018, Citycon opened the EUR 120 million Mölndal Galleria in the Greater Gothenburg area, which consists of two floors and 24,000 sq.m. of retail, groceries, food & beverage and services. The Mölndal Galleria is the first brand new shopping centre in the Greater Gothenburg Area in over 12 years, and will serve Mölndal's growing population of approximately 45,000. In the same year, Citycon divested five secondary assets in Finland, Norway and Sweden for EUR 96 million, improving the average asset quality of its asset portfolio.

In May 2019, Citycon entered into preliminary agreements to sell two land plots in Vuosaari, Helsinki for a total value of EUR 9.4 million. The divestments will be completed following the approval of the zoning. The divestments reflect Citycon's strategy to focus on larger, urban and grocery-anchored shopping centres in the Nordics.

In June 2019, Citycon announced that it had signed an agreement to sell two shopping centres in Finland for approximately EUR 77 million to a Nordic real estate investor NREP. According to the agreement, Citycon will divest shopping centre Arabia in Helsinki and shopping centre Duo in Tampere. The transaction closed during the second quarter of 2019. The proceeds from the transaction were mainly used to repay debt.

In September 2019, Citycon announced its long-term densification plans at its Capital Markets Day. The company's aim is to become more of an urban mixed-use developer and owner in the long-term. Citycon already has some residential exposure, but has significant potential in its portfolio to build more residential.

Vision, Mission, Strategy and Values

Citycon's strategy is supported by Citycon's vision, mission and values.

Vision

Citycon wants to be the household name for Nordic shopping centres. In September 2019, Citycon announced it was looking to become more of an urban mixed-use developer and owner by densifying the areas around its shopping centres.

Mission

Citycon's mission is to offer the best retail space and everyday shopping experiences in urban shopping centres in the Nordics.

Strategy

Citycon's strategy is to be a pan-Nordic retail real estate player focused on urban, grocery-anchored shopping centres in the best locations in the Nordics. Citycon aims to create value by owning, managing and developing the centres based on the needs of the surrounding community. Citycon's strategy is based on these three pillars:

Right assets

- Focusing on necessity-based, multifunctional shopping centres connected to public transport in growing urban areas. Citycon will look into the densification opportunities in its portfolio to become more of a mixed-use property owner.

Retail experts

- Using and developing Citycon's retail expertise at each stage of the shopping centre value chain in order to create pleasant shopping experiences and sustainable solutions for tenants and visitors.

Strong capital base

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

Everyday shopping in urban crosspoints

Citycon's community-oriented shopping centres are located in the largest and fastest growing cities in the Nordics and placed in urban environments close to where customers live and work and with a direct connection to public transport, health care and municipal services. Citycon's shopping centres have a necessity-based nature as they are typically anchored by grocery stores and other daily shopping. The centres are typically dominant in their catchment areas and they create natural, attractive urban venues that cater to all of their customers' daily needs. Citycon enriches and creates value for the societies in which it operates, by creating a vivid and vibrant community hub indoor and outdoor. Citycon is also investigating mixed-use densification opportunities in its portfolio to further strengthen its shopping centres and to tie them even closer to the surrounding community.

Expertise in building attractive and multifunctional shopping centres

Citycon's in-depth expertise in all parts of shopping centre value creation – owning, managing and developing – combined with strong local market knowledge and understanding of the customer's needs enables Citycon to build attractive mixed-use shopping centres in the region where retailers can thrive. Citycon's platform of daily shopping centres makes it an ideal partner for local and international retailers wanting to increase their presence in the region.

Growth strategy and joint ventures

An integral part of Citycon's growth strategy has been property acquisitions, through which Citycon has grown in Finland and expanded its operations into Sweden, Norway, Estonia and Denmark. In accordance with its strategy, Citycon has divested non-core properties in Norway, Finland, Sweden, Estonia and Lithuania in order to be able to better focus on core shopping centres. Non-core properties comprise of smaller shopping centres in non-growing areas outside the largest cities in the region. Citycon intends to continue the divestment of its non-core properties to further improve the average quality and size of the property portfolio and strengthen the balance sheet. Additionally, Citycon continuously monitors the real estate market for prospective acquisitions. In addition to independent acquisitions, Citycon's strategy includes building joint venture partnerships with top-quality Finnish and international players in selected core properties and Citycon is actively looking at such opportunities.

Efficient portfolio financing

Citycon focuses on having a strong capital base with an appropriate gearing level, low cost of debt and flexible access to debt financing supported by investment-grade credit ratings. Sufficient and attractively-priced financing gives Citycon the capacity and flexibility to deliver on its strategy and to buy, sell or develop when opportunities arise. Long-term joint venture partnerships extend Citycon's capital base, spread the risk and leverage the expertise.

Responsible shopping centre management at the heart of Citycon's operations

Citycon believes that operating sustainably is a key cornerstone in creating long-term value and hence it is committed to sustainable development, social responsibility and contribution to the surrounding community in everything it does.

Values

Citycon's values act as a compass for Citycon's actions:

Passionate

- Dedicated to retail
- Drive results
- Take ownership and responsibility
- Take pride in Citycon's work

Solution-oriented

- Deliver customer convenience
- Hands-on and action-oriented
- Dedicated to long-term value creation
- Forward-looking

Together One

- One Citycon, One Brand
- Work together, pulling in the same direction
- Encourage, challenge and support each other
- A valuable member of the community

Competitive Strengths

Citycon's strategy is built on the following key competitive strengths:

Leading Market Position in Core Markets

Citycon is a leading retail real estate company with meaningful scale in Finland, Norway, Sweden and Estonia. Citycon's strength lies in its ability to efficiently provide the same quality service to customers in multiple locations and countries through centralising certain core functions while at the same time decentralising other functions, as appropriate.

Operational Focus on Urban Locations in Capital and Major Nordic Cities

Approximately 85 per cent. of properties owned by Citycon are located in capital or second largest cities and 70 per cent. located in capital cities. In such areas, the growth of the population and the income level have traditionally supported retail trade and in addition, the liquidity of the real estate market has typically been good in these areas. Citycon's focus on grocery-anchored daily shopping in urban locations drives strong footfall.

Strong and Stable Cash Flow

Citycon's current property portfolio and rental agreement structure provide a solid basis for a stable cash flow and net rental revenue based on high occupancy rate and favourable average remaining length of the lease portfolio, which on 30 September 2019 was 3.4 years. The economic occupancy rate¹⁰ of Citycon's properties has been on a level that Citycon deems to be good in the past five years at around 95–97 per cent., and on 30 September 2019, it was 95.3 per cent.¹¹

Expertise in all Aspects of Shopping Centre Management

Citycon's strategy is to own, manage and develop shopping centres. This broad expertise provides Citycon with the opportunity to take a holistic approach in shopping centre management. Citycon seeks to generate long-term earnings growth and enhanced portfolio value through operational improvement and (re)development operations. Management's development experience together with a leading position in the Nordic shopping centre market enables early identification of development potential in Citycon's existing and potential new properties. Citycon also actively looks at densification opportunities in the portfolio to incorporate mixed-use elements into its shopping centres.

Experienced Management

Citycon's management has a wide-ranging experience in the real estate market, shopping centre management and financing matters. Members of the Corporate Management Committee have long-term experience in leasing, maintenance and development of retail premises. Management believes that this experience and knowledge enables Citycon to win new customers as well as carry out successful development projects and property acquisition.

Citycon's Business

Citycon takes care of the general administration, commercial management, leasing and marketing of its shopping centres and other retail properties by way of its personnel operating on the premises. Citycon also develops its shopping centres continuously through its property development operation, which is responsible for the adjustment planning of the shopping centres and extension, improvement and repair construction. Where needed, Citycon's property development operation is also responsible for land acquisition, guidance and development of commercial and operational planning, such as zoning negotiations, communication with authorities and management of property development projects. Citycon outsources various functions, mainly cleaning, security services, and in many cases also technical management. These services are provided by large companies that are active in most or all of Citycon's markets and they are retained after tendering. These tender processes typically result in asking at least three comparable offers for the services in question.

Investment Criteria

Citycon's shopping centres have a necessity-based nature as they are typically anchored by grocery stores and other daily shopping stores and services. According to Citycon's investment criteria, the centres have strong positions in their catchment areas and create natural, attractive urban venues that cater to all of the customer's daily needs.

Citycon makes its investment decisions based on the following criteria:

- Capital regions or second-largest cities, urban and unique locations

¹⁰ Economic occupancy rate is measured in rental income instead of sq. m.

¹¹ Including Kista Galleria 50 per cent.

- Strong population growth and natural footfall
- Integrated with public transportation
- Diversified tenant mix with more than retail: health care and municipal services
- Necessity-based and dominant in catchment area
- Value creation potential
- Capital expenditure requirements
- Size >20,000 sq.m.

Citycon as Developer

A core part of Citycon's strategy is to actively develop its shopping centres either via (re)developments or expansion. The objective is always to increase the commercial attractiveness and competitiveness of the shopping centre and thereby generate stronger rental growth while consolidating market value. As with acquisitions, Citycon is selective in (re)development projects and manages them via strict financial and leasing criteria. Key criteria for Citycon's (re)development projects are:

- ≥ 150 bps over required valuation yield
- 60 per cent. pre-leasing target

Citycon is an active owner and long-term developer. Citycon assesses the impact of its investments on the well-being of the immediate area, including:

- Jobs
- Local procurement
- Environmental impact of construction

In its developing activities, Citycon adopts a "No green-field developments"-principle, concentrating on selected (re)developments and extensions of existing assets with a proven track record dominant in catchment areas, strong demographics in cities with population growth, grocery-anchored/necessity-based, and urban.

Environment

Environmental responsibility and the sustainable development of Citycon's business are of great significance in Citycon's operations. According to Citycon's management, Citycon's operations do not involve any significant environmental issues that may affect Citycon's ability to utilise its tangible fixed assets.

Intellectual Property Rights

Citycon is a real estate company specialising in retail premises. Except for the registration of Citycon names, logos, domain names, trademarks and domains of the group companies, Citycon has not registered and does not own or licence intellectual property rights that would be material to its operations. Intellectual property rights do not materially affect Citycon's business or profitability.

Insurance

Citycon maintains customary insurance coverage to cover claims and liabilities potentially arising from its business. Citycon's properties are all insured with a full value property damage insurance which Citycon's management believes is consistent with market practice, including business interruption insurance and third-party liability insurance to cover damages to third parties. In addition, Citycon has obtained, amongst others, Directors' and Officers' liability insurance policy, and statutory employee insurance policies. Insurance policies are subject to customary limitations, as a result of which a policy might not cover all the damages suffered.

Please see “*Risk Factors—Risks Relating to Citycon and Its Business—Citycon’s Insurance Coverage May Prove to Be Inadequate*”.

Employees

As of 30 September 2019, Citycon had 241 full-time employees of whom 96 worked in Norway, 50 in Finland and Estonia, 58 in Sweden and Denmark, and 37 in Group Functions. As of the end of 2018, Citycon employed 254 persons, of whom 111 were in Norway, 45 were in Finland and Estonia, 55 were in Sweden and Denmark, and 43 in were in Group functions.

For information on Citycon’s incentive plans concerning some of the employees, please see “—*Directors, Corporate Governance and Management of the Issuer—Employee Share Plans*” below.

Legal Proceedings

Citycon has not, during the previous twelve months preceding the date of this Prospectus, had any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Citycon is aware), which may have, or have had in the recent past significant effects on Citycon’s and/or its subsidiaries’ financial position or profitability. Citycon’s management is not aware of any facts or circumstances that could reasonably be expected to lead to any material claims being made against Citycon or any of its subsidiaries in the foreseeable future.

Legal Structure

Citycon Oyj is the parent company of the Group. As of 30 September 2019, Citycon had a total of 89 subsidiaries, 23 associated or joint venture companies and no minority companies with less than 20 per cent. minority ownership in its operating countries. The Finnish subsidiaries and associated or joint venture companies are mainly mutual real estate companies through which Citycon holds its property portfolio. Most of Citycon’s subsidiaries abroad are legally structured as limited liability companies. A list of Citycon’s subsidiaries and associated or joint venture companies as of 31 December 2018 is set forth in Citycon’s financial statements for 2018, which are incorporated into this Prospectus by reference.

A mutual real estate company is an independent legal entity, the rights and obligations of which are independent from the rights and obligations of shareholders. It is responsible for all obligations and costs, such as taxes, insurance and administration expenses, and transfers these obligations and costs to shareholders to be paid by them in the form of consideration. A shareholder administers specified premises in a property owned by the mutual real estate company, and the rental income accrued is the shareholder’s direct income and does not transfer through the mutual real estate company.

Related-Party Transactions

The Group’s related parties comprise the parent company Citycon Oyj and its subsidiaries, associated or joint venture companies, members of the Board of Directors, CEO, other Corporate Management Committee members, as well as its largest shareholder Gazit-Globe Ltd., which on 30 September 2019 owned approximately 48.6 per cent. of all the shares and votes in Citycon.

The related-party transactions concluded by Citycon in 2019 (up to the date of this Prospectus) include payments by the group companies to each other for fees such as maintenance and financial charges, interest expenses, loan repayments and other administrative service charges. Furthermore, on 7 February 2019, Citycon entered into a consultancy agreement with Starkitect Studio Inc., a company owned and managed by a member of the Board of Directors, Mr. Ofer Stark, to provide consultancy services consisting of acting as an independent consultant to Citycon assisting the Citycon management in the Lippulaiva shopping centre development project. The period of the consultancy agreement was 7 February – 7 August 2019 and the total value was EUR 67,200.

On 12 December 2018, Citycon adopted the CEO restricted share plan 2018-2021, which includes three vesting periods ending on 15 November 2019, 2020 or 2021. With the adoption of the CEO restricted share plan 2018-2021, the CEO is no longer included in any other long-term incentive schemes.

The rewards to be paid on the basis of the plan correspond to the value of a total of 120,000 Citycon shares including also the cash proportion to be used for taxes and tax-related costs. The rewards from the plan will be paid in three equal instalments, partly in the company's shares and partly in cash, after the end of each vesting period, unless the CEO has terminated his director contract.

The terms and conditions of the CEO restricted share plan 2018-2021 are materially in line with the terms and conditions of the company's restricted share plan 2018-2020.

Reporting to and Transactions with Gazit-Globe Ltd.

Gazit-Globe Ltd. has announced that it has applied IFRS in its financial reporting since 2007. According to IFRS, a company may exercise a controlling interest in another company even if its shareholding in that company does not exceed 50 per cent. Gazit-Globe Ltd. holds the view that it exercises controlling interest, as defined in IFRS, in Citycon based on the fact that it has been able to exercise controlling interest in Citycon's General Meetings of Shareholders pursuant to its shareholding. In accordance with a disclosure 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 figures into its own IFRS financial statements.

No significant transactions have been concluded between Citycon and Gazit-Globe Ltd. in 2019 as at the date of this Prospectus.

Principal Shareholders

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

The following table sets forth certain beneficial ownership information regarding the holders of 5 per cent. or more of Citycon's share capital and the number and percentage owned by such shareholders as of 30 September 2019. In the year ended 31 December 2017, the Issuer received one flagging notice pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act. On 28 April 2017 Alecta pensionsförsäkring, ömsesidigt notified that its ownership in the Issuer had increased above 5 per cent. threshold. According to the notification the Swedish Alecta pensionsförsäkring, ömsesidigt's holdings in Citycon represent 5.10 per cent. of the total number of shares and voting rights in Citycon. The Issuer has received no flagging notice from the beneficial owners listed below since 28 April 2017.

Name of beneficial owner	Number of shares	Total percentage of shares beneficially owned (per cent.)
Gazit Globe Ltd.	86,497,174	48.6
CPP Investment Board European Holdings S.à r.l.	29,498,893	15.0
Ilmarinen Mutual Pension Insurance Company.....	12,694,139	7.1
Alecta pensionsförsäkring, ömsesidigt	9,075,000	5.1
Total	137,765,206	75.8

Dividend Payouts

The following table sets forth the dividend and equity pay return paid to Citycon's shareholders and the distribution per share for the years 2014 to 2018.

Year	Dividend and equity return paid to shareholders (EUR)	Distribution per share
2018.....	115,699,041.6	0.13
2017.....	115,699,041.6	0.13
2016.....	133,498,894.2	0.15
2015.....	88,999,262.9	0.15
2014.....	66,193,201.8	0.15

DIRECTORS, CORPORATE GOVERNANCE AND MANAGEMENT OF THE ISSUER

Board Members

The table below sets forth details of the current members of the board of directors of the Issuer (the **Board of Directors**). The annual general meeting (**AGM**) held on 13 March 2019 resolved the number of members of the Board of Directors to be nine.

Name	Year of Birth	Position
Chaim Katzman	1949	Chairman
Bernd Knobloch.....	1951	Deputy Chairman
Arnold L. de Haan	1954	Director
Alexandre Koifman	1953	Director
David Lukes.....	1970	Director
Andrea Orlandi	1971	Director
Per-Anders Ovin.....	1956	Director
Ofer Stark	1972	Director
Ariella Zochovitzky	1957	Director

The business address of each of the members of the Board of Directors is Suomenlahdentie 1, FI-02230 Espoo, Finland.

Chaim Katzman

Mr. Katzman performs the role of chairman of the Board of Directors, a position he has held since 2010. Mr. Katzman founded Norstar Holdings Inc. (formerly Gazit Inc.) of which he is the controlling shareholder and chairman of the board of directors. In addition, he is founder, CEO and executive chairman of the board of directors of Gazit-Globe Ltd. Mr. Katzman is also chairman of the board of directors of First Capital Realty Inc. since 2000, chairman of the board of directors of Atrium European Real Estate Ltd. since 2008, and vice chairman of the board of directors of Regency Centers Corporation since 2017.

Bernd Knobloch

Mr. Knobloch has been a member of the Board of Directors since 2012 and has served as deputy chairman since 2013. Prior to joining the Issuer, Mr. Knobloch was a management board member of Commerzbank AG between 2006 and 2008, chairman of the management board of Eurohypo AG between 2004 and 2008 and held various senior positions at Frankfurter Hypothekenbank AG, Frankfurter Hypotheken Centralboden AG and Eurohypo Aktiengesellschaft Europaeische Hypothekenbank der Deutschen Bank between 1992 and 2002. In addition to his role with the Issuer, Mr. Knobloch holds non-executive positions with Palatium Investment Management Ltd., Johann Wolfgang Goethe University, Staedelsches Kunstinstitut, Hertie Foundation and Urban Land Institute.

Arnold L. de Haan

Mr. de Haan has been a member of the Board of Directors since 2014. Mr. de Haan is founder and managing director of Boishaen B.V. since 2008. Prior to joining the Issuer, Mr. de Haan has held positions with Hofirma BV, MeyerBergman European Retail Partners, Multi Corporation, Commerz Grundbesitz Group, Commerz Grundbesitz Investmentgesellschaft mbH, European Metropolitan Property Services, Vaste Waarden Nederland, Mountleigh International Plc. and Interned Holding N.V. Mr. de Haan also holds a non-executive directorship with HRO.

Alexandre Koifman

Mr. Koifman has been a member of the Board of Directors since 2019. Mr. Koifman is the founder and principal of Koifman Capital Advisors SARL and has been the managing director of Efficient Frontiers Investing SA since 2018. Mr. Kofiman has previously held the role of managing director at Bedrock SA and of partner at Universal Management Services Limited.

David Lukes

Mr. Lukes has been a member of the Board of Directors since March 2017 and acts as the chief executive officer of DDR Corporation. Prior to joining the Issuer, he held the position of chief executive officer and president of Equity One, Inc. between 2014 and 2017, chief executive officer and president of Seritage Realty Trust from 2012 to 2014, chief executive officer and president of Mall Properties, Inc. from 2010 to 2012, and president and chief operating officer of Kimco Realty Corporation from 2002 to 2010.

Andrea Orlandi

Mr. Orlandi has been a member of the Board of Directors since 2014. In addition to his role with the Issuer, Mr. Orlandi currently serves as the managing director, head of real estate investments (Europe) of Canada Pension Plan Investment Board. Prior to his current role, Mr. Orlandi held the position of director of Canada Pension Plan Investment Board since 2011 and served as the director and chief investment officer for Europe of AREA Property Partners and the principal of O'Connor Capital Partners as well as held various roles within Merrill Lynch. Mr. Orlandi holds non-executive positions on the boards of Credit Asset Management Ltd., Hermes Central London LP and Sprep Pte. Ltd.

Per-Anders Ovin

Mr. Ovin has been a member of the Board of Directors since 2013. In addition to his role with the Issuer, he is chairman of the board, partner and owner of Mengus Stockholm AB since 2005 and owner of Marrakech Design / Ovin Consulting AB since 2003. He has also held several non-executive positions at other firms, including Kungsleden AB, Prosperity Quest II Limited, EDX London Ltd, and Catella Kapitalförvaltning AB.

Ofer Stark

Mr. Stark has been a member of the Board of Directors since 20 March 2018. In addition to his role as director of the Issuer, Mr. Stark has been the founder and principal of Starkitect Studio since 2008, and co-founder and principal of PrimeMed Realty LLC. since 2017. Prior to his current role, Mr. Stark has served at STA Architectural Group and Ford Farewell Mills & Gatsch Architects.

Ariella Zochovitzky

Ms. Zochovitzky has been a member of the Board of Directors since 2009. In addition to her role with the Issuer, she has been general manager and partner of C.I.G. Consultant Investments Group Ltd. since 2001 and general manager and partner of C.I.G. Zochovitzky Ltd. since 2012. Ms. Zochovitzky holds and has held non-executive positions with a number of companies, including Oil Refineries Ltd. in 2013, Dorad Energy Ltd. between 2011 and 2012, Bithach Haklai Central Cooperative Society Ltd. between 2010 and 2016, Acad Equipment and Properties (1979) Ltd. and Acad Building and Investments Ltd. between 2009 and 2011, U. Dori Group Ltd. between 2008 and 2012, New Makefet Pension Funds Management Inc. (Generali Group) between 2006 and 2015, BATM Advanced Communications Limited between 2004 and 2010 and Elco Holdings Ltd. between 2003 and 2009.

Management of the Group

Citycon has a corporate management committee (the **Corporate Management Committee**) comprising at least three members. The Board of Directors is responsible for appointing members of the Corporate Management Committee upon the proposal of the Issuer's chief executive officer (the **CEO**). The CEO convenes the Corporate Management Committee whenever he or she deems necessary and chairs its meetings. The Corporate Management Committee typically convenes every three weeks.

Members of the Corporate Management Committee are:

Name	Year of Birth	Position
F. Scott Ball.....	1961	CEO and Chairman of the Corporate Management Committee
Eero Sihvonen	1957	Chief Financial Officer, Executive Vice President
Henrica Ginström	1983	Chief Operating Officer
Erik Lennhammar	1974	Chief Development Officer

The business address of each member of the Corporate Management Committee, except as otherwise disclosed below, is Suomenlahdentie 1, FI-02230 Espoo, Finland.

F. Scott Ball

Mr. Ball has been CEO of the Issuer and the chairman of the Corporate Management Committee since January 2019. Previously, he served as president and chief operating officer at Starwood Retail Partners prior to which he held several leadership positions, including at Oxford Properties in Canada, and at The Mills Corporation and at The Rouse Company in the U.S. He holds a bachelor’s degree in Business Administration from LaSalle University in Louisiana and is a long-time active member of the International Council of Shopping Centers (ICSC) and Urban Land Institute (ULI).

Eero Sihvonen

Mr. Sihvonen is the Issuer’s chief financial officer and executive vice president and has been a member of the Corporate Management Committee since 2005. Prior to joining the Issuer, he was a vice president, group treasury, of Dynea Group between 1999 and 2005 and held various positions in Neste Group from 1981, including chief financial officer of the chemicals division between 1997 and 1999. In addition to his role with the Issuer, he has been a member of the board of directors of RAKLI, The Finnish Association of Building Owners and Construction Clients, between 2011 and 2013 and has been a deputy member for RAKLI since 2013 and a member of the advisory council to Nordea Bank’s large corporate customers unit.

Henrica Ginström

Ms. Ginström is chief operating officer at the Issuer and has been a member of the Corporate Management Committee since January 2019. She has been with Citycon since 2011, holding various positions including commercial director in Norway and vice president of investor relations and communications. She holds a master’s degree in Technology from Aalto University School of Science and Technology in Helsinki and a second master’s degree in Economics from the Hanken School of Economics, also in Helsinki.

Erik Lennhammar

Mr. Lennhammar is chief development officer at the Issuer. He has been a member of the Corporate Management Committee since August 2019. Prior to joining the Issuer, he served as senior portfolio manager of Nuveen Real Estate, and has held several property development leadership at Steen&Ström and NCC. Mr. Lennhammar holds a bachelor’s degree in Engineering from KHT Royal Institute of Technology, Stockholm Sweden.

Corporate Governance

The Issuer’s corporate governance principles are based on the laws of Finland, the Issuer’s Articles of Association, the Corporate Governance Code 2015 and 2020 (announced on 15 November 2019 and entering into force on 1 January 2020) (the **Finnish Corporate Governance Code**) and the rules and regulations issued by the Helsinki Stock Exchange and the Finnish Financial Supervisory Authority. Corporate governance for the Issuer’s subsidiaries is also governed by the laws of the country in which the subsidiary is domiciled, and by each subsidiary’s Articles of Association.

The Issuer complies with the Finnish Corporate Governance Code without exception. The Finnish Corporate Governance Code is available on the Securities Market Association's website at www.cgfinland.fi. The Finnish Corporate Governance Code is accompanied by the Issuer's Corporate Governance Guidelines.

The Issuer issues a corporate governance statement for each financial year concurrently with the publication of the Issuer's financial statements and the report by the Board of Directors in compliance with the Finnish Corporate Governance Code. The corporate governance statement for the financial year 2018 was issued on 7 February 2019.

Shareholder Meetings

In accordance with the Issuer's Articles of Association, the AGM shall be held annually within six months following the end of the financial period on a date determined by the Board of Directors. An extraordinary general meeting shall be held for addressing a specific issue if shareholders holding at least 10 per cent. of the shares in the Issuer so demand in writing and whenever deemed necessary for decision-making.

Board of Directors

The Issuer's administration and the proper management of its business is arranged by the Board of Directors, which comprises a minimum of five (5) and a maximum of ten (10) members, as decided by a general meeting of shareholders. The Board members' term of office ends at the closing of the first AGM following their election.

The Board of Directors elects from among its members a chairman and one or several deputy chairmen. A Board meeting has a quorum if more than half of the Board members are present.

The Board of Directors may set up committees from among its members. Since 21 March 2013 the Board committees have been: Audit and Governance Committee, Nomination and Remuneration Committee and Strategy and Investment Committee.

Management Remuneration and Benefits

Board of Directors

The AGM confirms the remuneration of the members of the Board of Directors each year in advance, based on a proposal by the Board of Directors' Nomination and Remuneration Committee. The remuneration is paid in cash. The Board has, however, issued a recommendation to its members to use a portion of the Board members' annual fees to acquire the Issuer's shares. A Board member has the option to refuse any annual fees and/or meeting fees. The members of Citycon's Board of Directors do not participate in the Issuer's share related incentive schemes and none of them has an employment or service contract with the Issuer.

The AGM of 2019 decided that the Chairman of the Board of Directors shall be paid an annual fee of EUR 160,000, Deputy Chairman EUR 70,000 and ordinary members of the Board of Directors EUR 50,000. The Chairmen of the Board of Directors' committees shall be paid an additional annual fee of EUR 5,000. In addition, the AGM decided that Chairmen of the meetings of the Board's committees shall be paid a meeting fee of EUR 800 and other Board and committee members EUR 600 per meeting with the exception of the Chairman of the Board, who shall be paid no meeting fees. It was further decided that members of the Board of Directors be compensated accrued travel and lodging expenses as well as other potential costs related to Board and committee work.

The members of Citycon's Board of Directors were paid a total of EUR 614,408 in 2018 and EUR 692,600 in 2017. These sums consist of annual and meeting fees for work on the Board of Directors and in its committees.

Corporate Management Committee

The Board of Directors confirms the CEO's salary and other benefits and, on the proposal of the CEO, also decides on the salaries and benefits of senior executives. In addition, the Board of Directors decides on the Issuer's short and long term remuneration schemes and the amount of remuneration payable under these schemes. Remuneration of the CEO and other members of the Corporate Management Committee consists of a

fixed monthly salary and fringe benefits as well as an annual performance bonus. In addition, the shares in the CEO restricted share plan are eligible for dividend equivalent before their vesting date. At the full discretion of the Board of Directors, the CEO may be awarded an annual performance bonus up to a maximum EUR 540,000 based on the achievement of annual CEO bonus targets. As for other executives, the maximum amount payable based on the annual performance bonus scheme is between 50 and 60 per cent. of the gross annual salary of the member of the Corporate Management Committee.

The total remuneration, benefits and cash bonuses paid to the CEO and the other members of the Corporate Management Committee in 2018 amounted to EUR 2.5 million, as compared to EUR 2.7 million in 2017.

The CEO's service contract remains in force until 14 November 2021, unless earlier terminated. The termination notice period is six months, both for the Issuer and the CEO. Severance pay is twelve monthly base salaries if Citycon terminates the contract and in the event of certain corporate events twenty-four monthly base salaries and benefits, including bonus.

The CEO also participates in the CEO Restricted Share Plan 2018-2021, which includes three vesting periods ending on 15 November 2019, 2020 and 2021. The rewards to be paid on the basis of the plan correspond to the value of a total of 120,000 shares including also the cash proportion to be used for taxes and tax-related costs. The rewards from the plan will be paid in three equal instalments, partly in the company's shares and partly in cash, after the end of each vesting period, unless the CEO has terminated his director contract.

The statutory and additional pension expenses of the Corporate Management Committee amounted to approximately EUR 0.4 million in 2018 and approximately EUR 0.4 million in 2017.

Employee Share Plans

Matching Share Plan 2018–2020 and Restricted Share Plan 2018–2020

In 2018, the Board of Directors approved two share-based incentive plans for the Group key employees, a matching share plan 2018–2020 (the **Matching Share Plan 2018–2020**) and a restricted share plan 2018–2020 (the **Restricted Share Plan 2018–2020**). The Matching Share Plan 2018–2020 is directed to the CEO and the other members of the Corporate Management Committee. The rewards to be paid on the basis of the Matching Share Plan 2018–2020 from the matching period 2018–2019 correspond to the value of an approximate maximum total of 40,000 of Citycon shares and from the matching period 2019–2020 to the value of approximate maximum total of 21,300 Citycon shares, excluding the cash proportion to be used for taxes and tax-related costs arising from the reward to the participant. The Restricted Share Plan 2018–2020 is directed to selected key employees. The rewards to be paid on the basis of the Restricted Share Plan 2018–2020 in 2018–2020 correspond to the value of an approximate maximum total of 40,000 of Citycon shares including also the cash proportion to be used for taxes and tax-related costs.

Performance Share Plan 2015 and Restricted Share Plan 2015

With authorisation by the AGM, the Board of Directors decided on 10 February 2015 to approve two share-based incentive plans for Citycon's key employees, a Performance Share Plan 2015 and a Restricted Share Plan 2015. The aim of the plans is to combine the objectives of the shareholders and the key employees in order to increase the value of Citycon in the long-term, to bind the key employees to Citycon, and to offer them competitive reward plans based on earning and accumulating Citycon's shares. As a consequence of the rights issue carried out in June-July 2015 and to allow inclusion of new key employees into the performance share plan 2015 in February 2016 (the **Performance Share Plan 2015**), the Board of Directors of the Issuer adjusted the amount of the maximum reward under the Performance Share Plan 2015 in accordance with the terms and conditions of the plan. Based on these adjustments that became effective as of 14 July 2015 and 10 February 2016, the maximum total number of shares that can be granted under the Performance Share Plan 2015 is 860,000 (reflecting the reverse share split), including also the proportion to be paid in cash. Following the Board of Directors' decision in March 2017 to adjust the amount of the maximum reward under the restricted share plan 2015 (the **Restricted Share Plan 2015**) and extend the allocation period under the plan in accordance with the terms and conditions of the plan, the rewards to be paid on the basis of the Restricted Share Plan 2015 may be allocated in 2015–2018 and correspond to the value of an approximate maximum total of 140,000

Citycon's shares (reflecting the reverse share split), including also the cash proportion to be used for taxes and tax-related costs.

On 8 May 2019, 15,702 own shares (reflecting the reverse share split) held by the Issuer were conveyed in a directed share issue without consideration to two former management members for payment of rewards earned under Matching Share Plan 2018–2020, in accordance with the terms and conditions of the former management members' respective termination agreements. On 8 May 2019, 20,000 own shares held by the Issuer were conveyed in a directed share issue without consideration to three former management members for payment of rewards earned under the Restricted Share Plan 2018–2020, in accordance with the terms and conditions of the respective above mentioned termination agreements. In addition, on 8 May 2019, 25,000 own shares (reflecting the reverse share split) held by the Issuer were conveyed in a directed share issue without consideration to two former management members as a severance payment in accordance with the terms and conditions of the above mentioned respective termination agreements.

Conflicts of Interest

According to the Board of Directors' independence assessment conducted on 13 March 2019, all Directors are independent of Citycon, with the exception of Mr. Ofer Stark. Ofer Stark was considered not to be independent of the company due to the Consultancy Agreement between Starkitect Studios Inc. and Citycon. Furthermore, the Board of Directors considered that Arnold de Haan, Bernd Knobloch, David Lukes, Per-Anders Ovin, Ariella Zochovitzky and Alexandre Koifman are independent of significant shareholders. Since Chaim Katzman and Ofer Stark are in the service of or act as consultant to Citycon's main shareholder, Gazit-Globe Ltd. or its affiliated companies, they are not independent of significant shareholders. Since Andrea Orlandi is employed by CPPIB, which wholly owns CPPIBE, a significant shareholder in Citycon, he is not independent of significant shareholders.

Except as discussed immediately above, there is no actual or potential conflict of interests between the duties of any of the members of the Board of Directors or any of the members of the Corporate Management Committee and their respective private interests and/or other duties.

The Governance Agreement regulates certain matters relating to the Issuer. However, except in relation to matters addressed in the Governance Agreement, there are no measures to regulate the exercise by Gazit-Globe Ltd. of its position of control. Under the Governance Agreement there are measures in place ensuring that Gazit-Globe Ltd. does not abuse its position of control. The Governance Agreement stipulates that Gazit-Globe Ltd. shall act in good faith in matters relating to Citycon and use its best efforts to ensure that the composition of the Citycon's Board of Directors is at all times in compliance with the recommendations set out in the Finnish Corporate Governance Code with respect to the independence of directors, both in relation to Citycon and its significant shareholders.

CITYCON'S PROPERTY PORTFOLIO IN BRIEF AND INVESTMENTS, DIVESTMENTS AND DEVELOPMENT PROJECTS

Overview

On 30 September 2019, Citycon owned a total of 37 shopping centres: 12 in Finland and Estonia, 15 in Norway, and 10 in Sweden and Denmark. In addition to shopping centres, Citycon owns one other retail property in the Finnish and Estonian unit, owns one shopping centre property through a joint venture, Kista Galleria in Sweden and rents one shopping centre in Norway. The total leasable area of the aforementioned properties amounted to 1,125,440 sq. m. on 30 September 2019.

Fair Value of Investment Properties

The fair value of the Issuer's investment property portfolio as of 30 September 2019 was EUR 4,105.9 million. The Finnish and Estonian properties accounted for EUR 1,794.3 million (45 per cent.), the Norwegian properties accounted for EUR 1,330.7 million (32 per cent.), and the Swedish and Danish properties EUR 928.7 million (23 per cent.).

In accordance with IFRS and International Accounting Standards (IAS), investment properties are measured at fair value for every IFRS-based balance sheet. In recent years, an evaluation of investment properties has been conducted quarterly by an external appraiser. From 2017 onwards external valuations have been conducted semi-annually while Citycon measures internally the fair value of properties in the first and third quarters. The internal valuations are based on the yields and market rent indications provided by the external property appraiser. In addition, the external property appraiser conducts the fair value evaluation of all properties under development and the initial fair value evaluation of new acquisitions. Both the external and internal valuations are compliant with IFRS accounting standards and International Valuation Standards Council valuation standards and guidance. The valuation is primarily carried out as a cash flow analysis of the net operating income for a period of ten years according to which the basic cash flow is determined by valid lease agreements and property operating expenses valid at the time of valuation. From 2011 to 2017, Citycon's property valuation was conducted by the global property specialist JLL (former Jones Lang LaSalle) and from 30 June 2017 onwards the external property valuations have been conducted by the global property specialist CBRE. On 31 December 2018, the average yield requirement by CBRE for Citycon's whole property portfolio amounted to 5.4 per cent, which represents no change from 31 December 2017, in which the average yield requirement by CBRE amounted to 5.4 per cent. On 30 September 2019, the weighted average net yield requirement for properties in Finland and Estonia, Norway, and Sweden and Denmark was 5.5 per cent., 5.4 per cent., and 5.3 per cent., respectively. On 30 September 2019, the weighted average net yield requirement for Citycon's investment properties was 5.4 per cent. The table below describes the fair value of Citycon's investment properties as at 30 September 2019, 30 June 2019, 31 March 2019, 31 December 2018 and 30 September 2018 and according to (i) valuation statements issued by the external appraisals and (ii) Citycon's consolidated statement of financial position.

<u>Value Date</u>	<u>Date of Valuation Statement/Advisory</u>	<u>Fair Value According to Valuation Statement (EUR million)</u>	<u>Fair Value in Consolidated Statement of Financial Position (EUR million)</u>
30 September 2018 ¹	4 October 2018	-	4,183.4
31 December 2018 ²	4 January 2019	4,193	4,131.3
31 March 2019 ¹	4 April 2019	-	4,213.5
30 June 2019 ²	3 July 2019	4,117	4,149.8
30 September 2019 ¹	10 October 2019	-	4,105.9

- 1 The fair value of investment properties has been measured internally for the interim reporting.
- 2 The fair value measurement for the financial statements for 2018 was conducted by external appraiser, CBRE.

The fair value of Citycon's investment properties in the consolidated statement of financial position equals the property portfolio's total value according to the externally or internally conducted valuation plus the value of new properties acquired during the reporting quarter, investments in development projects under planning and transfer into investment properties held for sale. Citycon's consolidated statement of financial position can include a separate line item 'Investment properties held-for-sale', which includes such investment properties where a sale is deemed highly probable or a disposal agreement has been signed but the transactions has not been completed on the reporting date.

At 31 December 2018, the fair value of the Issuer's property portfolio totalled EUR 4,131.3 million, a decrease of EUR 52.1 million from the value at the end of 2017 (EUR 4,183.4 million). Property disposals and transfers from investment properties to investment properties held for sale decreased the fair value by EUR 144.4 million while the acquisitions and investments increased the fair value by EUR 210.6 million. Changes in exchange rates also resulted in a decrease in the fair value by EUR 45.9 million and fair value losses by EUR 72.5 million.

At 30 September 2019, the fair value of Citycon's property portfolio totalled EUR 4,105.9 million. The fair value of investment properties decreased by EUR 25.4 million compared to 31 December 2018 (EUR 4,131.3 million) due to fair value losses of EUR 64.7 million and changes in exchange rates decreased value by EUR 27.7 million. Furthermore, investment properties decreased as one property was moved to investment properties held for sale. However, the adoption of IFRS 16 increased the value of investment properties by EUR 52.2 million and investments increased the fair value by EUR 61.7 million.

The table below sets out the lease portfolio summary for the financial years indicated.

Lease Portfolio Summary	2016	2017	2018¹
Number of leases started during the period	1,356	1,255	1,183
Total area of leases started, sq. m.	270,839	259,053	186,576
Occupancy rate at end of the period (economic), per cent.....	96.3	96.0	96.4
Average remaining length of lease portfolio at the end of the period, years.....	3.3	3.5	3.4

1 The Lease Portfolio for 2018 includes Estonia.

As of 30 September 2019, Citycon's property portfolio in Finland and Estonia consisted of 12 shopping centres and one other property with a total gross leasable area owned by Citycon of 403,390 sq. m.

Shopping Centres

As of 30 September 2019, Citycon owned 12 shopping centres in Finland and Estonia which had a gross leasable area of approximately 401,150 sq. m.

The following table summarises shopping centres owned by Citycon in Finland and Estonia as of 31 December 2018.

Citycon's Shopping Centres Finland	Location	Gross Leasable Area Total, sq. m.	Retail Gross Leasable Area Total, sq. m.	Sales, EUR million (2018)¹	Footfall, million (2018)¹	Holding of Shares, per cent. (2018)²
Helsinki metropolitan area						
Arabia	Helsinki	15,800	13,300	52.4	3.1	100 ³
Columbus.....	Helsinki	20,800	19,000	76.4	6.6	100
Heikintori.....	Espoo	6,200	4,500	n/a	n/a	68.7
Iso Omena.....	Espoo	100,900	84,400	314.4	20.0	100
Isomyyri.....	Vantaa	11,700	8,300	15.2	n/a	⁴
Pikkulaiva	Espoo	8,300	8,100	60.0	2.4	100
Myyrmani	Vantaa	40,400	31,100		8.2	100

Other areas in Finland

Trio	Lahti	45,800	26,900	41.3	5.1	89.5 ⁵
IsoKristiina	Lappeenranta	17,050	12,800	37.3	2.1	50
IsoKarhu	Pori	14,700	12,700	15.2	2.1	100
Koskikeskus...	Tampere	33,100	28,600	105.4	5.7	100
Duo	Tampere	13,100	11,700	57.4	4.4	100 ⁶
Estonia						
Kristine Keskus	Tallin	44,000	43,500	94.2	6.5	100
Rocca el Mare	Tallin	57,600	56,600	111.8	5.2	100
Total		429,450	361,500	1.111.4	71.6	

- 1 The figures include estimates. Including Kista Galleria 50 per cent.
- 2 Parking facilities generally excluded.
- 3 Arabia was sold in 2019
- 4 Myyrmäen Kauppakeskus 78.6 per cent., Lieskujan Autopaikat Oy 35.7 per cent.
- 5 Lahden Trio 89.5 per cent., Lahden Hansa 100 per cent., Hansaparkki 36 per cent.
- 6 Duo was sold in 2019.

Other Properties

In addition to shopping centres, on 30 September 2019 Citycon owned one other property in the Finnish and Estonian unit with a gross leasable area of 2,240 sq. m. This property amounted to approximately 0.1 per cent. of the fair value of the total property portfolio in Finland and Estonia.

Lease Portfolio – Finland & Estonia

The reported net rental income for the financial year 2018 amounted to EUR 96.9 million and decreased by a total of EUR 10.0 million, or 9.4 per cent., from the previous year. The decrease was mainly a result of successful divestments of non-core assets in 2017 and 2018, which lowered net rental income by EUR 12.1 million. This was partly offset by the completed (re)development project of Iso Omena, which increased net rental income. Net rental income from the like-for-like portfolio decreased by 4.2 per cent. due to the competitive market environment outside Helsinki metropolitan area which put pressure on rents and increased vacancy. The Finnish and Estonian like-for-like portfolio accounted for 48 per cent. out of total Finnish and Estonian portfolio measured by net rental income.

During the nine months ended 30 September 2019, the net rental income from Finnish and Estonian operations decreased by 2.5 per cent. in comparison to the corresponding period in 2018 and totalled EUR 71.1 million, due to planned divestments of non-core assets in 2018 and the second quarter of 2019. This was partly offset by positive impact from the like-for-like portfolio, which increased by 0.5 per cent. due to higher turnover-based rents, as well as ongoing (re)development projects. Net rental income in Finland and Estonia accounted in 2018 for 45.1 per cent. and for the nine months ended 30 September 2019 for 43.3 per cent. of Citycon's total net rental income for the respective period.

The table below sets out the occupancy rates in Finland for the financial years indicated.

Occupancy Rates	2016¹	2017²	2018²
Occupancy rate at end of the period (economic), per cent.	92.8	93.8	95.3

- 1 Occupancy rate does not include Estonia.
- 2 Occupancy rate includes Estonia.

Financial Performance	Finland			Finland and Estonia		
	2016	2017	2018	2018	Q3- 2018	Q3-2019
Gross rental income, EUR million ¹	94.4	94.2	80.8	102.8	77.3	74.2
Net rental income, EUR million	87.8	84.7	75.0	96.9	72.9	71.1
Net fair value gains/losses on investment property, EUR million	-33.2	-44.7	-51.1	-58.8	-47.8	-32.6
Operating profit/loss, EUR million.....	55.1	32.9	17.7	31.4	20.9	38.1
Capital expenditure, EUR million	220.3	100.1	43.1	54.9	36.2	42.6
Fair value of investment properties, EUR million	1,831.7	1,652.6	1,527.6	1,837.7	1,830.7	1,794.3
Yield requirement, per cent.	5.6	5.3	-	5.5	5.5	5.5

1 Citycon changed the format of its income statement to reclassify maintenance rents from the gross rental income to service charges, which is now reflected in the 2016, 2017 and 2018 figures.

Property Portfolio – Norway

As of 30 September 2019, Citycon's property portfolio in Norway consisted of 15 shopping centres and one rented shopping centre with a total gross leasable area of 406,100 sq. m.

Shopping Centres

As of 30 September 2019, Citycon's property portfolio in Norway consisted of 15 fully owned shopping centres which had a total gross leasable area of 392,100 sq. m. In addition, Citycon rents one shopping centre and a gross leasable area of 14,000 sq. m.

The following table summarises Citycon's shopping centres in Norway as of 31 December 2018.

Citycon's Shopping Centres Norway	Location	Gross Leasable Area Total, sq. m.	Retail Gross Leasable Area Total, sq. m.	Sales, EUR million (2018) ¹	Footfall, million (2018) ¹	Holding of Shares, per cent. (2018)
Oslo area						
Buskerud Storsenter.....	Krokstadelva	30,900	27,900	96.9	2.7	100
Kolbotn Torg	Kolbotn	17,800	16,200	59.7	2.0	100
Liertoppen Kjøpesenter	Lierskogen	25,700	23,600	83.8	2.0	100
Linderud Senter	Oslo	20,900	16,000	59.3	2.2	100
Magasinet Drammen.....	Drammen	15,100	9,400	24.8	2.6	100
NAF-Huset ²	Oslo	4,200	3,800	24.8	n/a	Rented
Trekanten.....	Asker	23,700	16,800	69.6	3.2	100
Other areas in Norway						
Down Town.....	Porsgrunn	37,000	31,500	60.3	1.9	100
Herkules	Skien	49,300	42,600	118.1	3.3	100
Kilden Kjøpesenter	Stavanger	23,100	18,200	64.8	1.5	100
Kongssenteret	Kongsvinger	18,300	16,200	37.5	1.2	100
Kremmertorget	Elverum	19,400	16,500	36.3	1.1	100
Oasen Kjøpesenter.....	Fyllingsdalen	57,000	23,500	96.3	4.3	100
Sjøsidan	Horten	11,200	10,200	27.8	1.0	100
Solsiden ²	Trondheim	14,000	13,100	53.0	2.3	Rented
Stopp Tune.....	Sarpsborg	12,100	11,100	27.5	0.9	100
Storbyen.....	Sarpsborg	25,500	22,600	57.9	2.7	100
Total		405,200	319,200	998.5	34.7	

1 The figures include estimates.

2 Rented property. Lease Agreement ended as of 31 December 2018.

Lease Portfolio – Norway

In 2018, Citycon's Norwegian operations contributed gross rental income of EUR 84.7 million and net rental income of EUR 74.3 million to Citycon's results. Citycon's net rental income from Norwegian operations decreased by 6.7 per cent. compared to the previous year (EUR 79.6 million). This is mainly due to planned divestments of non-core assets in late 2017 and in 2018. In addition, net rental income for the like-for-like portfolio increased by EUR 0.7 million, or 1.1 per cent. driven mainly by higher parking income, rent indexations and lower repair expenses.

During the nine months ended 30 September 2019, the net rental income from Norwegian operations increased by 2.5 per cent., as compared to the corresponding period in 2018, and totalled EUR 57.0 million due the application of IFRS 16 from the start of 2019. Planned divestments of non-core assets in 2018, a weaker NOK compared to the previous year and slightly lower net rental income from ongoing (re)development projects impacted net rental income negatively. Net rental income in Norway accounted in 2018 for 34.6 per cent. and for the nine months ended 30 September 2019 for 34.7 per cent. of Citycon's total net rental income for the respective period.

The table below sets out the occupancy rates in Norway for the financial years indicated.

Occupancy Rates	2016	2017	2018
Occupancy rate at end of the period (economic), per cent.	98.7	98.4	98.0

Financial Performance	2016	2017	2018	Q3- 2018	Q3- 2019
Gross rental income, EUR million.....	85.3	91.5	84.7	64.0	61.1
Net rental income, EUR million	74.0	79.6	74.3	55.6	57.0
Net fair value gains/losses on investment property, EUR million	19.8	-22.2	-22.2	-47.8	-22.5
Operating profit/loss, EUR million.....	85.1	40.8	39.8	27.0	32.8
Capital expenditure, EUR million	45.7	84.9	21.1	13.0	14.4
Fair value of investment properties, EUR million ...	1,412.8	1,346.9	1,328.6	1,390.3	1,330.7
Yield requirement, per cent.	5.3	5.4	5.4	5.4	5.4

- 1 Citycon changed the format of its income statement to reclassify maintenance rents from the gross rental income to service charges, which is now reflected in the 2016, 2017 and 2018 figures.

Property Portfolio – Sweden and Denmark

As of 30 September 2019, Citycon's investment properties in Sweden and Denmark consisted of 10 shopping centres with a gross leasable area of 268,800 sq. m. In addition, Citycon owns 50 per cent. of Kista Galleria shopping centre. Including Citycon's 50 per cent. of Kista Galleria, the total leasable area of the 11 shopping centres 315,950 sq. m.

Shopping Centres

The following table summarises Citycon's shopping centres in Sweden and Denmark as of 31 December 2018.

Citycon's Shopping Centres Sweden and Denmark	Location	Gross Leasable Area Total, sq. m.	Retail Gross Leasable Area Total, sq. m.	Sales, EUR million (2018) ¹	Footfall, million (2018) ¹	Holding of Shares (2018), per cent.
Greater Stockholm area						
Åkersberga Centrum	Åkersberga	28,300	22,900	73.4	6.1	100
Jakobsbergs Centrum	Järfälla	42,800	25,900	60.7	6.0	100
Fruängen Centrum ...	Hägerstern	14,700	7,400	30.1	n/a	100
Tumba Centrum	Botkyrka	23,200	13,000	46.4	3.9	100
Liljeholmstorget						
Galleria	Stockholm	41,100	27,200	155.8	9.8	100
Högdalen Centrum...	Bandhagen	19,900	14,400	57.7	n/a	100
Kista Galleria ²	Stockholm	46,300	28,200	163.0	9.0	50
Other areas in Sweden						
Stenungstorg	Stenungsund	35,500	22,000	60.8	3.3	100
Mölndals Galleria	Mölndal	26,400	24,400	19.4	1.1	100
Denmark						
Albertslund Centrum	Copenhagen	18,800	14,200	36.7	5.0	100
Straedet	Køge	18,900	18,000	21.2	n/a	100
Total		295,450	217,300	725.2	44.2	

1 The figures include estimates.

2 Kista Galleria figures regarding the leasable area are presented as 50 per cent. Citycon owns a 50 per cent. share of Kista Galleria.

Lease Portfolio – Sweden and Denmark

Citycon has strengthened its position in the Swedish shopping centre market following the completion of Liljeholmstorget shopping centre in 2009, the extension of Åkersberga Centrum shopping centre in 2010, the acquisition of Högdalen Centrum in 2011, the acquisition of Kista Galleria in 2013 and the joint venture with NCC Property Development Oy for the recent (re)development of Mölndal Galleria in Gothenburg. In July 2012, Citycon acquired Albertslund Centrum in Albertslund, greater Copenhagen area in Denmark.

In 2018, the net rental income from Swedish and Danish operations increased by EUR 2.2 million, or 5.3 per cent., to EUR 43.5 million (EUR 41.3 million in 2017) mainly due to the acquisition of shopping centre Straedet in Denmark, the (re)development project in Mölndal and stable like-for-like growth. Like-for-like portfolio grew by 1.7 per cent., primarily due to renegotiated lease agreements, growth in service charges and rent indexations.

During the nine months ended 30 September 2019, the net rental income from Swedish and Danish operations increased strongly by 10.2 per cent. to EUR 35.7 million due to the successful opening of a development project in Mölndal in September 2018. On the other hand, divestment of a non-core asset in 2018, and weaker SEK compared to previous year reduced the net rental income. Net rental income in Sweden and Denmark accounted in 2018 for 20.2 per cent. and for the nine months ended 30 September 2019 for 21.7 per cent. of Citycon's total net rental income for the respective period.

The table below sets out the occupancy rates in Sweden and Denmark for the financial years indicated.

Occupancy Rates	2016	2017	2018		
Occupancy rate at end of the period (economic), per cent.	97.6	96.3	96.0		
Financial Performance	2016	2017	2018	Q3-2018	Q3-2019
Gross rental income, EUR million ¹	48.6	49.0	49.5	36.5	39.9
Net rental income, EUR million ...	40.1	41.3	43.5	32.4	35.7
Net fair value gains/losses on investment property, EUR million	40.5	30.6	8.5	14.2	-9.7
Operating profit/loss, EUR million	78.1	77.6	49.3	45.5	23.9
Capital expenditure, EUR million	45.7	109.0	91.7	87.3	10.1
Fair value of investment properties, EUR million	784.5	877.9	964.9	962.4	928.7
Yield requirement, per cent.	5.2	5.2	5.2	5.2	5.3

1 Citycon changed the format of its income statement to reclassify maintenance rents from the gross rental income to service charges, which is now reflected in the 2016, 2017 and 2018 figures.

Property Investments, Divestments and Development Projects

An integral part of Citycon's growth strategy has been property acquisitions, through which Citycon has grown in Finland and expanded its operations into Norway, Sweden, Denmark and Estonia. Alongside its property portfolio's growth, Citycon has concentrated on the development of its existing shopping centres. Citycon continuously monitors the real estate market for prospective acquisitions. In accordance with its strategy, Citycon has divested non-core properties in Finland, Norway, Sweden, Estonia and Lithuania in order to be able to better focus on core shopping centres. Citycon intends to continue the divestment of its non-core properties to improve the property portfolio.

In addition to independent acquisitions, Citycon's strategy includes building joint venture partnerships with top-quality Finnish and international players in selected core properties. At the end of 2017, Citycon had three main joint venture partners with CPPIB as a 50 per cent. owner in Kista Galleria shopping centre in Sweden and NCC Property Development acting as Citycon's development partner in the Mölndal Galleria project. NCC Property Development's share in Iso Omena was purchased by Citycon in August 2016. In addition, Ilmarinen is a 50 per cent. owner of IsoKristiina shopping centre in Finland. In Norway, Citycon is a 20 per cent. owner of three shopping centres along with Partners Group. In addition, in Norway, Citycon is involved in three residential projects together with developers of residential units through the joint venture partnerships Klosterfoss Utvikling AS, Sandstranda Bolig AS and Dr Juells Park AS. Citycon may also divest to an external investor part of any of its properties that are not considered part of the core business.

In December 2014, the Mandarinas shopping centre in Lithuania was sold for approximately EUR 12.5 million, representing a close to 10 per cent. premium to valuation. In line with Citycon's divestment strategy, in 2014 a portfolio of six Finnish supermarkets and retail units was divested for EUR 6.7 million along with four other single supermarket and retail properties and one non-core shopping centre.

In October 2014, Citycon acquired GIC's 40 per cent. minority stake in the Iso Omena shopping centre in Espoo, Finland and thus gained 100 per cent. ownership of the property. Citycon completed the extension of Iso Omena and partial (re)development of the existing centre in April 2017. The extension integrates the new Matinkylä metro station and bus terminal.

On 14 July 2015 Citycon acquired Sektor Gruppen, the second largest shopping centre owner and manager in Norway, and accomplished full Nordic coverage. Through the acquisition of Sektor Gruppen Citycon improved the quality of its property portfolio by adding 20 fully owned centres and achieving presence in all of the Scandinavian countries.

Citycon continues to build its platform in Denmark and has in January 2015 signed an agreement with TK Development regarding the future purchase of the Straedet project in Køge in the greater Copenhagen area. TK Development is developing an urban, grocery-anchored open-air shopping centre in the heart of Køge, next to the train station. Citycon will acquire the property in phases at completion based on a fixed 6.25 per cent. net initial yield. The purchase price is estimated to be approximately EUR 75 million. TK Development started the construction during the first quarter of 2015 and the project is scheduled to open in phases with final completion in the second quarter of 2018.

In June 2015, Citycon entered into contracts to divest two small non-core properties located in Finland and Sweden at a total sales price of approximately EUR 14 million. In July 2015, Citycon signed an agreement to sell the non-core shopping centre Strömpilen in Umeå, Sweden, at a sales price of approximately EUR 39 million and an agreement to sell a portfolio of 13 non-core grocery store properties in Finland which have a total value of approximately EUR 76 million. In July 2015, Citycon also divested the non-core shopping centre Galleria in Oulu, Finland, and the Citytalo property next to Galleria, at a total sales price of EUR 13 million.

In 2016, Citycon made several divestments of its Estonian and Finnish portfolio. On 29 February 2016, Citycon divested the shopping centre Magistral in Tallinn, Estonia at a price of EUR 24 million. On 29 April 2016, Citycon further divested five supermarkets and retail properties in Finland, which included Sinikalliontie, Kontulan Asemakeskus, Lentolan Perusyhtiö, Lillinkulma and Länsi-Keskus, at a total sale price of EUR 74 million. These retail properties had a gross leasable area of 46,800 sq. m. In August 2016, Citycon purchased NCC Property Development's share in the shopping centre Iso Omena extension for approximately EUR 80 million. Citycon is now the sole owner of the Iso Omena shopping centre.

In 2017, Citycon acquired an office building adjacent to Citycon's Oasen shopping centre in Bergen for EUR 78.0 million and invested approximately EUR 85 million in (re)development projects such as Iso Omena and Mölndal Galleria. Citycon also signed a contract to divest shopping centre Lietorvet in Skien, Norway, for approximately EUR 13 million and the divestment was completed on 7 July 2017. During the last quarter of 2017, Citycon acquired the second and the largest part of shopping centre Straedet in Køge in the greater Copenhagen area for approximately EUR 60 million. The final part of the centre is expected to be acquired during the second quarter of 2018 for approximately EUR 3 million. In 2017, Citycon continued to implement its divestment strategy and divested 13 non-core properties and residential building rights for a total value of approximately EUR 325 million. For instance, in November 2017 Citycon successfully closed the divestment transaction of a property portfolio including five shopping centres in Finland. During the first quarter of 2018, Citycon continued to implement its divestment strategy and divested shopping centre Åkermyntan along with residential building rights for a total value of approximately EUR 30 million.

In 2018, Citycon opened its EUR 120 million Mölndal Galleria in Greater Gothenburg area, which consists of two floors and 24,000 sq.m. of retail, groceries, food & beverage and services. The Mölndal Galleria is the first brand new shopping centre in the Greater Gothenburg Area in over 12 years, and will serve Mölndal's growing population of approximately 45,000. In the same year, Citycon divested five secondary assets in Finland, Norway and Sweden for EUR 96 million, improving the average asset quality of its asset portfolio.

In May 2019, we entered into preliminary agreements to sell two land plots in Vuosaari, Helsinki for a total value of EUR 9.4 million. The divestments will be completed following the approval of the zoning. The divestments reflect Citycon's strategy to focus on larger, urban and grocery-anchored shopping centres in the Nordics.

In June 2019, we announced that Citycon had signed an agreement to sell two shopping centres in Finland for approximately EUR 77 million to a Nordic real estate investor NREP. According to the agreement, Citycon will divest shopping centre Arabia in Helsinki and shopping centre Duo in Tampere. The transaction closed during the second quarter of 2019. The proceeds from the transaction were mainly used to repay debt.

The table below presents the Issuer's divestments as of 30 September 2019.

Divestments	Location	Date	Gross leasable area, sq. m.	Price, MEUR
Two land plots next to Columbus shopping centre.....	Helsinki, Finland	22 February & 2 May 2019	-	9.4 ¹
Arabia & Duo		13 June 2019		77.0
Arabia	Helsinki, Finland		15,800	
Duo	Tampere, Finland		13,100	
Divestments, Total			28,900	86.4

1 The total value of preliminary agreements is approximately MEUR 9.4. Both transactions will take place after the zoning has been approved.

Since the strategy update in 2011, Citycon has divested 70 non-core properties, five residential portfolios and two land plots for a total value of EUR 864 million. Strengthening the balance sheet remains a key priority and Citycon will continue its capital recycling actions going forward. Citycon plans to continue to improve the quality of its portfolio and will be a net seller going-forward. In addition to non-core divestments, Citycon is also considering entering into JV agreements at some of its shopping centres

(Re)development Projects in Progress

Citycon divides its investment properties into two categories: Investment Properties under Construction and Operative Investment Properties. As 30 September 2019, the first mentioned category includes the shopping centre Lippulaiva in Finland. The previous shopping centre Lippulaiva was demolished during the last quarter of 2017 and Citycon expects to open a new shopping centre in spring 2022, which will be fully integrated with the new metro station.

The table below presents the Issuer's development projects approved by the Board of Directors that were in progress as of 30 September 2019. The Issuer intends to finance the investments in progress through cash flow from the business and a combination of debt and equity financing.

Property	Location	Area before/after, sq. m	Estimated total project investment (EUR million)	Actual gross capital investments by 30 September 2019 (EUR million)	Estimated final year of completion
Lippulaiva.....	Helsinki area, Finland	19,200/44,300	TBC ¹	108.3	2022

1 Negotiations regarding the construction of the main part of shopping centre are on-going. Impact on expected investment to be confirmed after the agreement has been signed.

(Re)development Projects under Consideration

In addition to the above presented development projects already decided by the Issuer's Board of Directors, there are (re)development projects under consideration whose planning process has not yet arrived at the decision stage or that do not require the decision of the Board, for example because of the size of the project. All projects under consideration may change, for example due to circumstances relating to city planning and zoning.

Due to the market uncertainty, the initiation of planned projects will be carefully evaluated against strict pre-leasing criteria.

The most significant (re)development and extension projects under consideration by Citycon are of Kista Galleria and Liljeholmstorget in Stockholm, Oasen in Bergen and Trekanten in Oslo where Citycon is connecting the property to the metro station in order to create seamless connections with public transportation and additional space for new retail, groceries and services. The Trekanten plan also includes building rights for residential and offices. Citycon also has on-going refurbishment projects such as Kristiine Keskus in Estonia.

TAXATION

Tax legislation, including in the country where the investor is domiciled or tax resident and in the Issuer's country of incorporation, may have an impact on the income that an investor receives from the Capital Securities.

Finnish Tax Considerations

General

The following is a general description of certain Finnish tax consequences relating to receipt of principal, interest and capital gains in respect of the Capital Securities. This summary is based on the laws and regulations in full force and effect in Finland as at the date of this Prospectus, which may be subject to change in the future, potentially with retroactive effect. Investors should be aware that the comments below are of a general nature and do not constitute legal or tax advice and should not be understood as such. The comments below relate only to the position of persons who are the absolute beneficial owners of the Capital Securities and Coupons. Holders or prospective holders of Capital Securities are therefore advised to consult their own qualified tax advisors so as to determine, in the light of their individual situation, the tax consequences of the acquisition, holding, redemption, sale or other disposition of the Capital Securities and Coupons.

Non-Resident Holders of Capital Securities and Coupons

Payments made by or on behalf of the Issuer to persons not resident in Finland for tax purposes and who do not engage in trade or business through a permanent establishment or a fixed place of business in Finland may be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic of Finland or by any municipality or other political subdivision or taxing authority thereof or therein.

Resident Holders of Capital Securities and Coupons

Taxable income is determined separately for business income, personal income and agricultural income. The taxable income of limited liability companies and cooperatives will however be determined only under the business income source starting from 1 January 2020, while the other sources of income are removed from these entities. Repayments of principal on the Capital Securities as well as the redemption or other sale of the Capital Securities are treated as disposals (partial or full, depending on the case) of the Capital Securities, potentially resulting in taxation on the capital gains/losses, as explained below.

(a) *Corporates*

For Finnish resident corporate entities, and entities not resident in Finland for tax purposes but who engage in trade or business through a permanent establishment or a fixed place of business in Finland, interest income and capital gains relating to the Capital Securities are generally taxed at a flat rate of 20 per cent. (the current rate in 2019). The remaining acquisition cost in taxation of the Capital Securities is regarded as tax-deductible expenditure upon disposal of the Capital Securities. Losses resulting from the disposal of the Capital Securities in the context of business activity can be set off against income from the same income source during the year of the disposal and ten subsequent tax years.

Due to the removal of the system of three categories of income (business, personal, and agricultural income), applicable from 1 January 2020, limited liability companies and cooperatives will only retain their business income source, under which all of their taxable income will be determined. For these entities, the law amendment broadens the deductibility of losses resulting from the disposal of Capital Securities which were previously taxed in the personal income source: after the amendment, the losses should be deductible against all business income during the year of disposal and ten subsequent tax years in the same way as above. Please note the amendment is not applicable to e.g., partnerships.

Payments made to corporates resident in Finland for tax purposes are made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental

charges of whatever nature imposed or levied by or on behalf of the Republic of Finland or by any municipality or other political subdivision or taxing authority thereof or therein.

(b) *Individuals and Estates*

For a private person (and an estate of a deceased person) who is resident in Finland for tax purposes and is taxed in accordance with the Income Tax Act (1535/1992, as amended), interest income and capital gains relating to the Capital Securities (including payments made by the Issuer) are generally taxed at the current (2019) capital income tax rate of 30 per cent. up to EUR 30,000 and 34 per cent. for any amounts exceeding EUR 30,000. Capital gains are tax-exempt if all taxable sales prices received during a tax year in aggregate do not exceed EUR 1,000. Correspondingly, capital losses are not deductible if the related acquisition costs in a tax year in aggregate do not exceed EUR 1,000. Capital gains or losses are calculated by deducting the aggregate of the acquisition cost and the expenses related to acquiring the gain or loss from the sale price. Alternatively, instead of applying the actual acquisition cost, individuals and estates can apply a “presumed acquisition cost,” in which case no additional actual expenses can be deducted. The presumed acquisition cost is 20 per cent. (and if the Capital Securities have been owned for a period of at least ten years, 40 per cent.) of the sales price. Capital losses resulting from the disposal of such Capital Securities, which do not belong to the business activities of individuals or estates, can generally be set off against capital income from non-business activities (primarily from other taxable capital gains and secondarily from other taxable capital income) derived during the tax year of the disposal and five subsequent years.

Note that the separate tax rules applicable to Finnish resident private individuals taxed in accordance with the Business Income Tax Act (360/1968, as amended) are not dealt with in this description.

Payments of interest or interest compensation (secondary market compensation, in Finnish “*jälkemarkkinahyvitys*”) made to individuals or estates are generally subject to advance withholding of income tax according to the Prepayment Act (*Ennakkoperintälaki 1118/1996*, as amended). The withholding liability should primarily lie with any paying agent or other intermediary (such as a financial institution) effecting the payment to the holder of Capital Securities or Coupons, if the paying agent or intermediary is resident in Finland for tax purposes or the payment is made through a Finnish permanent establishment of a non-resident paying agent or intermediary.

The Act on Withholding on Interest Income (*Laki korkotulon lähdeverosta 1341/1990*, as amended) is not applicable to payments made under the Capital Securities or the Coupons.

Gift and Inheritance Tax

Unless an applicable international tax treaty states otherwise, gift or inheritance taxes will arise in Finland with respect to a transfer of the Capital Securities by way of gift by, or on the death of, a holder of such Capital Securities, in case the donor/deceased person or the donee/beneficiary was a resident of Finland at the time of the gift/death. Subject to certain restrictions, the Finnish inheritance and gift tax act allows crediting the gift or inheritance tax, paid for the same property in some other country in case the donee/beneficiary is a resident in Finland. For the purposes of Finnish gift and inheritance taxes, a person who has his/her permanent home and dwelling in Finland, is deemed resident in Finland.

Transfer Taxation

A transfer of the Capital Securities or Coupons is not subject to Finnish transfer taxation.

Value Added Tax (VAT)

No Finnish VAT will be payable by the holders of the Capital Securities on (i) any payment in consideration for the issue of the Capital Securities or (ii) the payment of interest or principal by the Issuer under the Capital Securities.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined in FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Finland) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Capital Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Capital Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to foreign passthru payments on instruments such as Capital Securities, such withholding would not apply before the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Capital Securities.

The Proposed Financial Transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). On 16 March 2016, Estonia formally withdrew from enhanced cooperation on FTT leaving ten remaining participating Member States.

The Commission's Proposal has very broad scope and could, if introduced in its published form, apply to certain dealings in Capital Securities (including secondary market transactions) in certain circumstances. The issuance and subscription of Capital Securities should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Capital Securities where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The EU Economic and Financial Affairs Council indicated in a report dated 14 June 2019 that participating Member States are discussing the option of adopting a common FTT based on France's domestic model of the financial transaction tax, which would apply initially to certain listed company shares and may therefore not apply to dealings in the Capital Securities. However, no final agreement has been reached yet.

The FTT proposal (including whether or not it comes into effect as proposed or at all) remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or certain of the participating Member States may decide to withdraw. Prospective holders of the Capital Securities are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Citigroup Global Markets Limited, Danske Bank A/S, Swedbank AB (publ) and UBS Europe SE (together, the **Joint Bookrunners**) have, pursuant to a Subscription Agreement (the **Subscription Agreement**) dated 20 November 2019, jointly and severally agreed to subscribe or procure subscribers for the Capital Securities at the issue price of 100.00 per cent. of the principal amount of Capital Securities. The Issuer has agreed to pay the Joint Bookrunners a combined management and underwriting commission, will reimburse the Joint Bookrunners in respect of certain of their expenses, and has also agreed to indemnify the Joint Bookrunners against certain liabilities, incurred in connection with the issue of the Capital Securities. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

United States

The Capital Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Capital Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Joint Bookrunner has represented and agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Capital Securities (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Capital Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Capital Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Capital Securities within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Prohibition of Sales to EEA Retail Investors

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Capital Securities to any retail investor in the European Economic Area. For the purposes of this provision the expression retail investor means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or
- (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Each Joint Bookrunner has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Capital Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Capital Securities in, from or otherwise involving the United Kingdom.

The Republic of Finland

Each Joint Bookrunner has agreed that it will not publicly offer the Capital Securities or bring the Capital Securities into general circulation in the Republic of Finland other than in compliance with all applicable provisions of the laws of the Republic of Finland and especially in compliance with the Finnish Securities Market Act (*Arvopaperimarkkinalaki* (746/2012, as amended)) and any regulation made thereunder, as supplemented and amended from time to time

Singapore

Each Joint Bookrunner has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Bookrunner has represented, warranted and agreed that it has not offered or sold any Capital Securities or caused the Capital Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Capital Securities or cause the Capital Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Capital Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the **SFA**)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Capital Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (ii) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (iii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Capital Securities pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) as specified in Section 276(7) of the SFA; or

as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Belgium

Each Joint Bookrunner has represented and agreed that the offering of Capital Securities may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Capital Securities, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Capital Securities, directly or indirectly, to any Belgian Consumer.

The Kingdom of Sweden

This document has not been approved by or registered with the Swedish Financial Supervisory Authority (*Finansiinspektionen*) pursuant to the Swedish Financial Instruments Trading Act (*Lag (1991:980) om handel med finansiella instrument*). Each Joint Bookrunner has agreed that it will not market or offer the Capital Securities in Sweden other than in circumstances that are deemed not to be an offer to the public in Sweden which would result in a requirement to prepare a prospectus in Sweden under the Financial Instruments Trading Act (1991:980) (*Lag (1991:980) om handel med finansiella instrument*).

Japan

The Capital Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Joint Bookrunner has represented and agreed, that it will not offer or sell any Capital Securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

No action has been taken by the Issuer or any of the Joint Bookrunners that would, or is intended to, permit a public offer of the Capital Securities in any country or jurisdiction, where any such action for that purpose is required. Accordingly, each Joint Bookrunner has undertaken that it will not, directly or indirectly, offer or sell any Capital Securities or distribute or publish any Prospectus, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Capital Securities by it will be made on the same terms.

GENERAL INFORMATION

Authorisation

The issue of the Capital Securities was authorised by a resolution of the Board of the Issuer passed on 23 October 2019.

Listing of Capital Securities

Application has been made to Euronext Dublin for the Capital Securities to be admitted to the Official List and to trading on the Regulated Market; however, no assurance can be given that such application will be accepted. It is expected that admission of the Capital Securities to the Official List and to trading on the Regulated Market will be granted on or about 22 November 2019, subject only to the issue of the Capital Securities.

The total expenses related to the admission to trading of the Capital Securities are expected to be approximately EUR 5,000.

Applicable Finnish Law

In Finland, Citycon Oyj is subject to various Finnish laws and regulations, including but not limited to the Finnish Limited Liability Companies Act (624/2006, as amended), the Finnish Accounting Act (1336/1997, as amended), the Finnish Securities Markets Act (746/2012, as amended) and the Finnish Penal Code (39/1889, as amended), as well as various rules and regulations of Finnish authorities and non-governmental bodies (including but not limited to the Finnish Financial Supervisory Authority, the Finnish Competition and Consumer Authority, Nasdaq Helsinki Ltd stock exchange and the Finnish Securities Market Association). Citycon Oyj is also subject to regional and supranational regulations, most notably EU legislation. This list of laws and regulations does not aim to be comprehensive and lists only some general legislation applicable to Citycon Oyj.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Capital Securities and is not itself seeking admission of the Capital Securities to the Official List of Euronext Dublin or to trading on the Regulated Market for the purposes of the Prospectus Regulation.

Documents Available

For as long as the Capital Securities are listed on the Official List of Euronext Dublin and admitted to trading on the Regulated Market, copies of the following documents will be available for inspection from <https://www.citycon.com/investors/financing/bond-issues>:

- (a) the constitutional documents the Issuer (with an English translation thereof);
- (b) the audited consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2018 and 31 December 2017, in each case, together with the auditors' reports in connection therewith. The Issuer currently prepares audited consolidated accounts on an annual basis;
- (c) the most recently published financial statements of the Issuer, together with any audit or review reports prepared in connection therewith. The Issuer currently prepares unaudited consolidated interim accounts on a quarterly basis; and
- (d) the Trust Deed and the Agency Agreement.

This Prospectus will be published on the website of Euronext Dublin at www.ise.ie and will be available at <https://www.citycon.com/investors/financing/bond-issues>.

Clearing Systems

The Capital Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for this issue is XS2079413527 and the Common Code is 207941352.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Significant or Material Change

There has been (i) no significant change in the financial performance or trading position of the Issuer since 30 September 2019 and (ii) there has been no material adverse change in the financial position or prospects of the Issuer or the Group since 31 December 2018.

Litigation

Neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Prospectus which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Auditors

The auditors of the Issuer are Ernst & Young Oy, members of the Finnish Institute of Authorised Public Accountants, who have audited the Issuer's financial statements as at and for each of the years ended 31 December 2017 and 31 December 2018, in accordance with good auditing practice in Finland, and have issued unqualified audit reports in respect of those financial statements.

Joint Bookrunners Transacting with the Issuer

In the ordinary course of their business activities the Joint Bookrunners and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. The Joint Bookrunners or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Bookrunners and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Capital Securities. Any such short positions could adversely affect future trading prices of Capital Securities. The Joint Bookrunners and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. In addition, Danske Bank A/S and UBS Europe SE have been appointed as dealer managers for the tender offers in respect of the Tender Offer Notes.

Yield

For the period from (and including) the Issue Date to (but excluding) the First Reset Date, the yield on the Capital Securities is 4.500 per cent. per annum.

The yield is calculated at the Issue Date on the basis of the Issue Price of the Capital Securities. It is not an indication of future yield.

Interests of Natural and Legal Persons Involved in the Issue of the Capital Securities

Save for the commissions described under "*Subscription and Sale*", so far as the Issuer is aware, no person involved in the issue of the Capital Securities has an interest material to the offer.

Language of this Prospectus

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

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