



H1 | 2020

HALF-YEARLY REPORT
JANUARY—JUNE

CITYCON H1/2020: CITYCON'S STRATEGY VALIDATED IN THE FACE OF THE PANDEMIC

- Rent collection remained strong being 93% in H1 validating Citycon's strategy
- After a drop in March and in April, footfall numbers are returning to normal levels being 95% at the end of July, and all tenants are currently open for business
- Although tenant sales decreased, average consumer spending in our centres was higher than in 2019
- COVID-19 increased pressure on real estate valuations and fair values declined by 2.1% from year-end 2019
- Successful issuance of a 200 MEUR tap bond further improved liquidity
- Investment grade credit rating now from all three major credit rating agencies
- NOK and SEK exchange rates recovered from Q1 lows (NOK +19% and SEK +8%) – however, exchange rates continued to negatively affect the result

APRIL–JUNE 2020

- Net rental income was EUR 50.2 million (Q2/2019: 56.1). Net rental income was negatively impacted by COVID-19 pandemic through discounts granted to tenants as well as decreased turnover based rents and parking income. The acquisition of SP11 in Norway, closed in February 2020, increased net rental income by EUR 2.3 million. This was offset by impact of weaker currencies and divestments made in 2019 that reduced net rental income by EUR 2.3 million and EUR 1.2 million respectively.
- EPRA Earnings decreased to EUR 36.3 million (38.7) as result of a decrease in net rental income, currency changes, lower share of profit of joint ventures and associated companies. EPRA Earnings per share (basic) was EUR 0.204 (0.217), negative impact from weaker currencies being EUR 0.0105 per share.
- Adjusted EPRA earnings was EUR 32.2 million (38.7) due to hybrid bond coupons.
- IFRS-based earnings per share was EUR -0.23 (0.04) as a result of higher fair value losses, lower net rental income and hybrid bond coupons and expenses.

JANUARY–JUNE 2020

- Net rental income was EUR 102.6 million (H1/2019: 109.7). Acquisitions increased NRI by EUR 4.1 million, while divestments and weaker SEK and NOK decreased net rental income by EUR 2.4 million and by EUR 3.9 million respectively. Impact of COVID-19 pandemic was mostly materialized during the second quarter.
- EPRA Earnings decreased to EUR 71.0 million (74.5) as result of lower net rental income, currency changes, lower share of profit of joint ventures and associated companies. EPRA Earnings per share (basic) was EUR 0.399 (0.418), negative impact from weaker currencies being EUR 0.018 per share.
- Adjusted EPRA earnings decreased to EUR 63.0 million (74.5) due to hybrid bond coupons
- IFRS earnings per share was EUR -0.17 (0.12) as a result of higher fair value losses, lower net rental income and hybrid bond coupons and expenses.

KEY FIGURES

		Q2/2020	Q2/2019	%	Comparable change % ¹⁾	Q1-Q2 /2020	Q1-Q2 /2019	%	Comparable change % ¹⁾	2019
Net rental income	MEUR	50.2	56.1	-10.6%	-6.7%	102.6	109.7	-6.5%	-3.1%	217.4
Direct Operating profit ²⁾	MEUR	44.0	50.7	-13.3%	-9.1%	90.2	98.4	-8.4%	-4.7%	193.5
IFRS Earnings per share (basic) ³⁾	EUR	-0.23	0.04	-	-	-0.17	0.12	-	-	0.04
Fair value of investment properties	MEUR	4,170.4	4,149.8	0.5%	-	4,170.4	4,149.8	0.5%	-	4,160.2
Loan to Value (LTV) ²⁾	%	46.2	48.9	-5.5%	-	46.2	48.9	-5.5%	-	42.4
EPRA based key figures²⁾										
EPRA Earnings	MEUR	36.3	38.7	-6.2%	5.1%	71.0	74.5	-4.6%	2.6%	145.6
Adjusted EPRA Earnings ³⁾		32.2	38.7	-16.7%	-6.6%	63.0	74.5	-15.4%	-9.1%	143.9
EPRA Earnings per share (basic)	EUR	0.204	0.217	-6.2%	5.1%	0.399	0.418	-4.6%	2.6%	0.818
Adjusted EPRA Earnings per share (basic) ³⁾		0.181	0.217	-16.7%	-6.6%	0.354	0.418	-15.4%	-9.1%	0.809
EPRA NAV per share	EUR	11.33	12.77	-11.3%	-	11.33	12.77	-11.3%	-	12.28

¹⁾ Change from previous year (comparable exchange rates). Change-% is calculated from exact figures.

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

³⁾ The adjusted key figure includes hybrid bond coupons and amortized fees.

OUTLOOK FOR THE YEAR 2020 SPECIFIED

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

The outlook assumes that there are no major changes in macroeconomic factors and that there will not be a second wave of COVID-19 with restrictions resulting in significant store closures. These estimates are based on the existing property portfolio as well as on the prevailing level of inflation, the EUR-SEK and EUR-NOK exchange rates, and current interest rates. Premises taken offline for planned or ongoing (re)development projects reduce net rental income during the year.

Previous Outlook

On 26 March 2020, Citycon Oyj assessed that its prospects for 2020 have weakened and the company withdrew its guidance for 2020 issued on 6 February 2020.

CEO F. SCOTT BALL:

"The current operating environment validated the stability of the markets Citycon operates within as well as our strategy that focuses on community based urban hubs. Our tenant mix, that is heavily reliant on municipality and grocery anchor tenants, brings resilience to our portfolio which was reflected in our Q2 results.

Our centres located in the Nordics remained open throughout the quarter. The legitimate government restrictions temporarily affected our footfall. We were pleased to see that while footfall declined, average spend per consumer increased in our centres. Acknowledging the large variance in resilience across tenant sectors, however, we offered certain short-term easements to some tenants suffering the most in order to support their businesses through the exceptionally challenging times. This affected Citycon's results and our like-for-like net rental income declined by 4.1%. COVID-19 also put increased pressure on real estate valuations that declined by 2.1%. The decline in valuations remained modest considering the circumstances and reflects the resilience of our portfolio and strategy that focuses on grocery-anchored mixed-use centres.

The Nordics are proving their strength as a stable operating environment. This was demonstrated by the significant government support programs implemented in all operating countries. In addition to direct subsidies to overcome the crisis, the holistic approach to support society both socially and economically place both individuals and businesses in a solid position to move forward after the crisis. All this, combined with our strategy, positively affected our rent collection rates that remained significantly stronger throughout the first half of the year compared to industry average, being 93% to date. Also, footfall has already recovered to 95% of 2019 level and we are seeing a pick-up in leasing activity. We have recently approved three separate deals with different municipalities at market rents which also improves our credit risk profile. It is apparent that April was the bottom of the trough and that the business has been improving steadily since then.

Citycon remained committed towards our strategy and long-term targets throughout the crisis. We successfully issued a tap bond to further improve our liquidity position. We were delighted to see our order book three times oversubscribed. As a result, we decided to increase the size of the tap issue from original target of 150 MEUR to 200 MEUR. Simultaneously, we were able to tighten the pricing. This proves our ability to access capital even under difficult financial market conditions. The proceeds were used to repay maturing short-term debt and RCF that was used in order to temporarily improve our liquidity. Additionally, Citycon's board showed its commitment to strengthen the credit profile by adjusting 2020 dividend. We have also started to investigate the opportunity to offer our shareholders an option to receive stock instead of dividends in the future. These actions together with solid operational performance were rewarded with an investment grade credit rating from Fitch, issued in May 2020, as well as affirmed credit ratings from Standard & Poor's and Moody's.

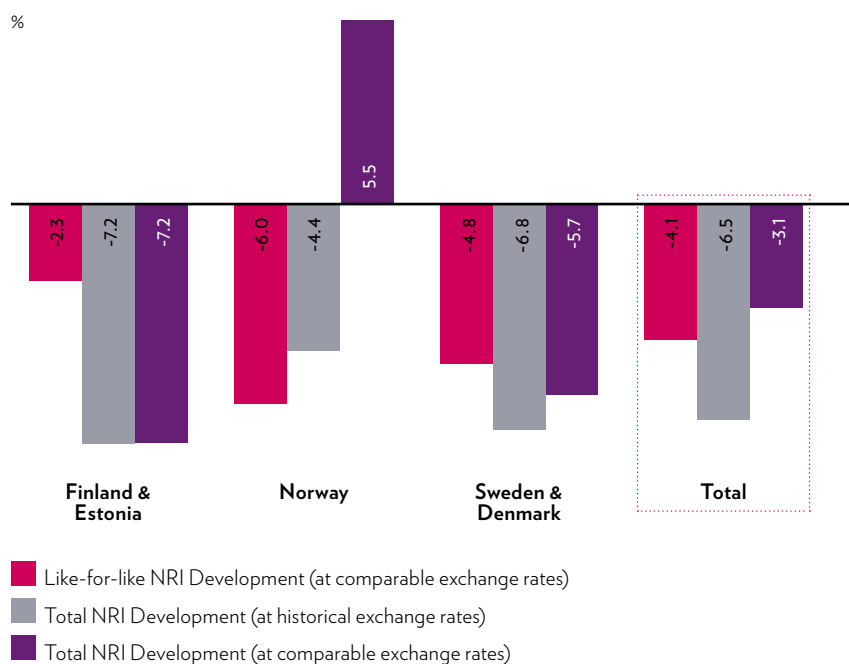
While the operational environment is expected to remain challenging, Citycon is well-positioned to move forward and our team has continued to make progress on the strategic focus areas. In June 2020, we announced the recruitment of a Director, Residential Development and our near-term plans for residential development project in Oasen, Norway. These are concrete steps in our strategy to capitalise on the residential potential of our centres. Recognised zoning and permitting opportunities of 320,000 square meters generate value creation potential with little capital expenditure, and residential development is therefore highly attractive. Increased focus on residential projects also further strengthens our position as an owner of urban hubs in line with our mixed-use strategy. We are confident that as a result of these steady efforts and working together with our stakeholders, Citycon is in a prime position to achieve its targets. Combined with the improved visibility on current result, we feel confident with our business and see it is our duty to reissue our guidance for 2020."

1. NET RENTAL INCOME

The net rental income decreased to EUR102.6 million (109.7). The decrease was mainly due to weaker currencies and short-term discounts given to tenants during COVID-19. The total amount of rental reliefs granted during second quarter was EUR 4.6 million of which EUR 2.4 million were for April, EUR 1.9 million for May and EUR 0.4 million for June. Under IFRS, the total amount of rental reliefs is accrued over the remaining contract period. Also, turnover based rents and parking income declined as a result of lower footfall. Divestments conducted during 2019 decreased net rental income while acquisitions closed in February 2020 partially offset the decrease.

Like-for-like net rental income decreased by 4.1% compared to H1/2019.

LIKE-FOR-LIKE AND TOTAL NET RENTAL INCOME DEVELOPMENT, Q1-Q2/2020 VS. Q1-Q2/2019



Net rental income from the Finnish & Estonian operations decreased by 7.2% compared to H1/2019 mainly due to rental easements given during pandemic as well as divestments of non-core assets in 2019. Net rental income from the like-for-like portfolio decreased by 2.3%.

Net rental income from the Norwegian operations decreased by 4.4% compared to H1/2019 mainly due to substantial weakening of NOK during the first half of the year and decreased footfall. Investments in Q1 positively affected net rental income and partially offset the negative effect of exchange rates and footfall. Like-for-like net rental income decreased by 6.0%.

Net rental income from Swedish & Danish operations decreased by 6.8% due to given discounts and weaker SEK. Like-for-like net rental income decreased by 4.8%.

NET RENTAL INCOME AND GROSS RENTAL INCOME BREAKDOWN

MEUR	Net rental income				Total	Gross rental income
	Finland & Estonia	Norway	Sweden & Denmark	Other		
Q1-Q2/2019	47.4	38.4	23.9	0.1	109.7	118.5
Acquisitions	-	4.1	-	-	4.1	4.4
(Re)development projects	-0.1	-0.6	-0.1	-	-0.8	-1.2
Divestments	-2.4	0.0	-	-	-2.4	-2.7
Like-for-like properties ¹⁾	-0.8	-1.5	-1.0	-	-3.4	-3.4
Other (incl. exchange rate differences)	0.0	-3.6	-0.5	-0.4	-4.6	-4.2
Q1-Q2/2020	44.0	36.7	22.2	-0.3	102.6	111.5

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

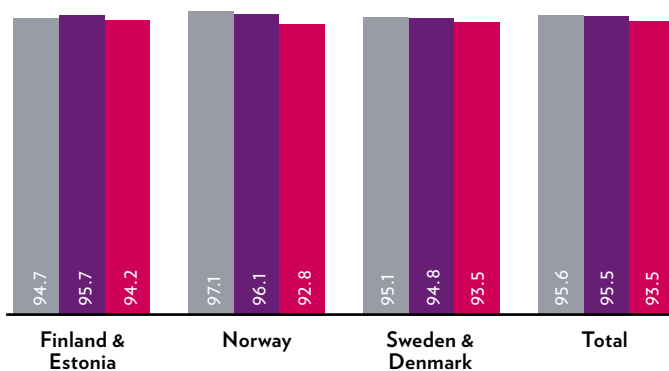
2. OCCUPANCY RATE

The economic occupancy rate declined during the period to 93.5%. The average rent per sq.m. decreased to EUR 21.7 (23.3) mainly due to weaker exchange rates. With comparable rates, the average rent per sq.m. was 22.4 EUR. The year-to-date leasing spread of renewals and re-lettings was -2.0%.

During the period, total sales in Citycon's shopping centres decreased by 2.6% while footfall decreased by 14.1% compared to the previous year. Sales and footfall developed favourably in the beginning of the year but COVID-19 related restrictions started in March 2020 burdened the H1 figures. However, the average consumer spending in our centres grew compared to previous year and in the latter part of reporting period the footfall numbers started to recover to normal levels.

ECONOMIC OCCUPANCY RATE ¹⁾

%

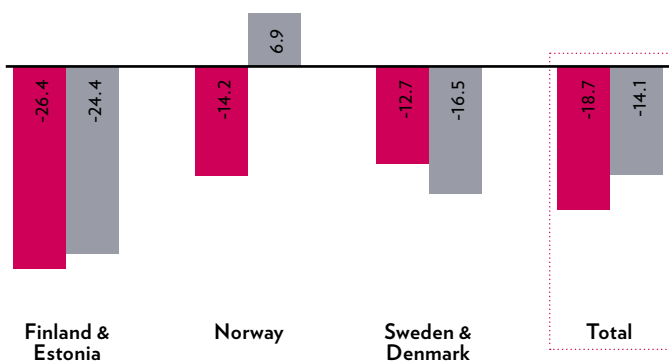


■ 30 June 2019 ■ 31 December 2019 ■ 30 June 2020

¹⁾ Including Kista Galleria 50%.

FOOTFALL DEVELOPMENT, Q1-Q2/2020 VS. Q1-Q2/2019 ¹⁾

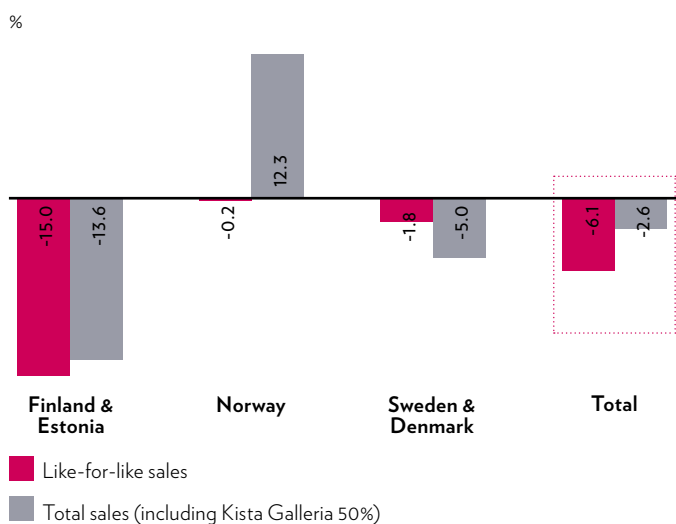
%



■ Like-for-like footfall

■ Total footfall (including Kista Galleria 50%)

¹⁾ Footfall figures include estimates.

TENANT SALES DEVELOPMENT, Q1-Q2/2020 VS. Q1-Q2/2019 ¹⁾

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

LEASE PORTFOLIO SUMMARY ¹⁾

		30 June 2020	30 June 2019	31 December 2019
Number of leases	pcs	4,465	4,275	4,404
Average rent	EUR/sq.m.	21.7	23.3	23.3
Finland & Estonia	EUR/sq.m.	23.4	25.8	25.8
Norway	EUR/sq.m.	20.2	22.1	21.7
Sweden & Denmark	EUR/sq.m.	21.7	21.7	22.1
Average remaining length of lease portfolio	years	3.1	3.3	3.2
Occupancy cost ratio ²⁾	%	9.3	9.4	9.4
Leasing spread, renewals and re-lettings ³⁾	%	-2.0	0.6	1.4

¹⁾ Including Kista Galleria 50%.

²⁾ The rolling twelve month occupancy cost ratio for like-for-like shopping centres.

³⁾ Figures are not fully comparable with the previous periods, since the calculation method was changed.

LEASING ACTIVITY ¹⁾

		Q1-Q2/2020	Q1-Q2/2019	2019
Total area of leases started	sq.m.	123,192	85,199	145,859
Average rent of leases started	EUR/sq.m.	20.1	26.2	26.0
Total area of leases ended	sq.m.	145,109	134,037	194,152
Average rent of leases ended	EUR/sq.m.	22.2	25.1	25.5

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

3. FINANCIAL RESULT WAS IMPACTED BY CHANGES IN FAIR VALUE

Administrative expenses decreased from the comparison period and were EUR 12.8 million (13.2). Citycon Group employed a total of 223 (239) full-time employees (FTEs), of whom 48 worked in Finland & Estonia, 90 in Norway, 44 in Sweden and Denmark, and 41 in Group functions.

Operating profit decreased to EUR 4.5 million (50.0) mainly due to higher fair value losses of EUR 87.4 million (-46.8).

Net financial expenses (IFRS) decreased to EUR 24.3 million (24.5) due to lower average cost of debt, lower average amount of debt and weaker average NOK currency rates. These were offset by EUR 2.2 million of indirect losses (gains 0.3) related to fair value changes of cross-currency swaps not under hedge accounting.

Share of loss of joint ventures totalled EUR -10.0 million (-4.3). The decrease was due to fair value losses in joint ventures.

Profit for the period was EUR -23.0 million (20.8).

4. PROPERTY PORTFOLIO VALUE DEVELOPMENT

The asset value of investment properties increased by EUR 20.6 million to EUR 4,170.4 million from last year's comparable period (30 June 2019: 4,149.8). From year-end the asset value of investment properties increased by EUR 10.2 million (31 December 2019: 4,160.2). Net investments, including both acquisitions and disposals and development projects increased the asset value by EUR 227.9 million. On the contrary, fair value losses decreased the value of investment properties by EUR 87.4 million and exchange rates by EUR 131.4 million. IFRS 16 decreased the value of investment properties by EUR 2.6 million and transfer between categories increased the value by EUR 3.8 million.

PROPERTY PORTFOLIO SUMMARY

30 June 2020	No. of properties	Gross leasable area	Fair value, MEUR	Properties held for sale, MEUR	Portfolio, %
Shopping centres, Finland & Estonia	12	405,550	1,875.0	-	45%
Other properties, Finland & Estonia	1	2,240	3.0	-	0%
Finland & Estonia, total	13	407,790	1,878.0	-	46%
Shopping centres, Norway	17	445,100	1,350.0	-	33%
Rented shopping centres, Norway ¹⁾	1	14,000	-	-	-
Norway, total	18	459,100	1,350.0	-	33%
Shopping centres, Sweden & Denmark	10	269,100	896.7	-	22%
Sweden & Denmark, total	10	269,100	896.7	-	22%
Shopping centres, total	40	1,133,750	4,121.7	-	100%
Other properties, total	1	2,240	3.0	-	0%
Investment properties, total	41	1,135,990	4,124.7	-	100%
Right-of-use assets classified as investment properties (IFRS 16)	-	-	45.7	-	-
Investment properties in the statement of financial position, total	-	-	4,170.4	-	-
Kista Galleria (50%)	1	47,200	263.0	-	-
Investment properties and Kista Galleria (50%), total	42	1,183,190	4,433.4	-	-

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

The fair value change of investment properties amounted to EUR -87.4 million (-46.8). The company recorded a total value increase of EUR 43.0 million (6.8) and a total value decrease of EUR -127.6 million (-50.7). In addition, the application of IFRS 16 standard had an impact of EUR -2.8 million to the fair value change of investment properties during the January-June reporting period.

FAIR VALUE CHANGES

MEUR	Q2/2020	Q2/2019	Q1-Q2/2020	Q1-Q2/2019	2019
Finland & Estonia	-33.1	-9.6	-45.8	-19.1	-56.1
Norway	-18.4	-11.8	-8.2	-20.9	-33.4
Sweden & Denmark	-24.1	-7.7	-33.4	-6.8	-32.4
Investment properties, total	-75.6	-29.2	-87.4	-46.8	-121.9
Kista Galleria (50%)	-0.8	-5.4	-12.0	-6.4	-17.7
Investment properties and Kista Galleria (50%), total	-76.4	-34.6	-99.4	-53.2	-139.6

External appraisers, CBRE (in Norway, Denmark and Estonia) and JLL (in Finland and Sweden) measure the fair values for the half-yearly report and annual financial statements. Citycon measures the fair values of the properties internally in the first and third quarter.

Due to the outbreak of the COVID-19 less certainty – and a higher degree of caution – should be attached to the valuations than would normally be the case and the valuations are therefore reported as being subject to “material valuation uncertainty” as described in the valuation statements. JLL's and CBRE's Valuation statements are available on Citycon's website below Investors.

5. RECYCLING OF CAPITAL CONTINUED

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

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

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

ACQUISITIONS AND DIVESTMENTS Q1-Q2/2020

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

¹⁾ Citycon has managed the shopping centres since 2015 and also owned 20% of the portfolio. After the transaction, Citycon has 100% ownership of the portfolio.

²⁾ Citycon bought out certain minority shareholders. After the transactions Citycon owns approx. 93% of the shopping centre.

³⁾ Calculated at closing date exchange rates.

6. (RE)DEVELOPMENT PROJECTS PROGRESSED

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

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

(RE)DEVELOPMENT PROJECTS IN PROGRESS ON 30 JUNE 2020

	Location	Area before/ after, sq.m.	Expected gross investment, MEUR	Actual gross investment by 30 June 2020, MEUR	Completion
Lippulaiva	Helsinki metropolitan area, Finland	19,200/44,300	TBC ¹⁾	185.5	2022

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

7. SHAREHOLDERS' EQUITY

Equity per share was EUR 12.16 (31 December 2019: 13.06). Profit for the period and a change in translation reserve caused by weakening of currencies had a decreasing impact on equity per share.

At period-end, **shareholders' equity** attributable to parent company's shareholders was EUR 1,817.4 million (31 December 2019: 1,978.4).

8. FINANCING

KEY FINANCING FIGURES

		30 June 2020	30 June 2019	31 December 2019
Fair value of debt	MEUR	2,155.3	2,123.3	1,830.7
Interest bearing liabilities, carrying value ¹⁾	MEUR	2,176.2	2,168.5	1,874.4
Available liquidity	MEUR	582.9	560.4	562.1
Average loan maturity	years	3.9	4.6	4.6
Loan to Value (LTV) ^{2) 3)}	%	46.2	48.9	42.4
Equity ratio (financial covenant > 32.5) ³⁾	%	46.1	44.7	50.9
Interest cover ratio (financial covenant > 1.8)	x	4.2	4.0	4.2
Solvency ratio (financial covenant < 0.65)	x	0.44	0.47	0.42
Secured solvency ratio (financial covenant < 0.25)	x	0.05	0.02	0.02

¹⁾ Including EUR 49.5 million (58.6) lease liabilities due to adoption of IFRS 16.

²⁾ Excluding both right-of-use assets recognized as part of investment properties, as well as lease liabilities pertaining to these right-of-use assets, which are based on IFRS 16 requirements.

³⁾ Hybrid bond treated as equity as according to IFRS.

As a result of the COVID-19 outbreak, debt capital markets have been less liquid, and in March-April the commercial paper markets in the Nordics were practically closed. Therefore, Citycon drew EUR 200 million from the committed syndicated revolving credit facility to finance maturing commercial papers and to secure sufficient liquidity for the operations. EUR 75 million was repaid in June so at the end of quarter Citycon had EUR 125 million RCF loans outstanding. At month-end cash stood at EUR 162.7million.

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

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

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

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

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

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

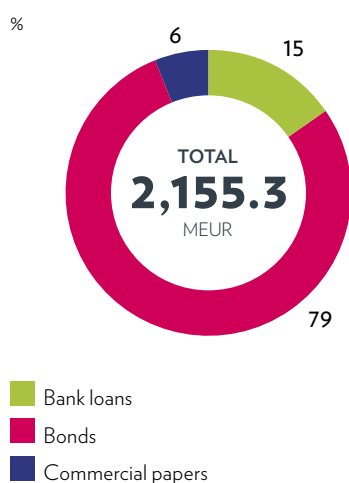
INTEREST-BEARING DEBT

Despite the weaker NOK exchange rate reducing the EUR value of NOK denominated debt, the fair value of interest-bearing debt increased during the first two quarters by EUR 324.6 million to EUR 2 155.3 million, mainly due to the acquisition of Sektor Portefølje II AS and a clearly higher cash level. The carrying amount of interest-bearing liabilities in the balance sheet was EUR 2 176.2 million.

The weighted average loan maturity was 3.9 years.

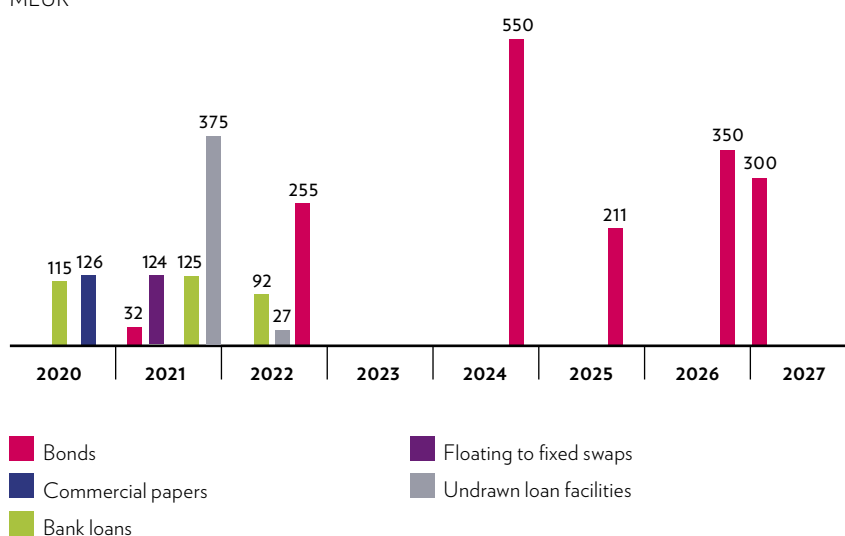
The LTV (IFRS) increased during the quarter to 46.2% as a result of both higher net debt and lower property values.

BREAKDOWN OF LOANS



DEBT MATURITIES

MEUR



FINANCIAL EXPENSES

FINANCIAL EXPENSES KEY FIGURES

		Q1-Q2/2020	Q1-Q2/2019	2019
Financial expenses ¹⁾	MEUR	-27.1	-27.7	-62.4
Financial income ¹⁾	MEUR	2.8	3.2	8.2
Net financial expenses (IFRS)	MEUR	-24.3	-24.5	-54.2
Direct net financial expenses (EPRA)	MEUR	-22.1	-24.9	-48.9
Weighted average interest rate ²⁾	%	2.31	2.42	2.29
Weighted average interest rate excluding derivatives	%	2.27	2.47	2.34
Year-to-date weighted average interest rate ²⁾	%	2.29	2.40	2.41

¹⁾ The foreign exchange differences are netted in the financial expenses

²⁾ Including interest rate swaps and cross-currency swaps

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

Net financial expenses (IFRS) also decreased to EUR 24.3 million (24.5) for the same reasons, despite indirect losses of EUR 2.2 million (gains 0.3) related to fair value changes of cross-currency swaps not under hedge accounting.

The financial income mainly consisted of interest income on a loan to Kista Galleria. The period-end average cost of debt increased slightly to 2.31% due to the EUR 200 million bond tap issue issued at 4.5% yield.

FINANCIAL RISK MANAGEMENT

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

FINANCIAL RISK MANAGEMENT

		30 June 2020	30 June 2019	31 December 2019
Average interest-rate fixing period	years	3.9	4.6	4.6
Interest rate hedging ratio	%	81.5	83.3	88.8

9. BUSINESS ENVIRONMENT

BUSINESS ENVIRONMENT KEY FIGURES

	Finland	Norway	Sweden	Denmark	Estonia	Euro area
Unemployment, 5/2020	7.3%	4.6%	9.2%	5.0%	6.0%	7.4%
Inflation, 5/2020	-0.2%	1.3%	0.0%	0.0%	-1.7%	0.1%
Retail sales growth, 1-4/2020	2.5%	2.8%	2.3%	0.3%	-1.0%	-5.1%

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

The world economy has been at a state of great uncertainty due to the COVID-19 outbreak that the World Health Organisation (WHO) classified as a pandemic on March 11th, 2020. The measures taken to prevent the spread of the disease cause the global economy to slow down and therefore COVID-19 has substantially changed our business environment in Q2/2020. However, in late Q2 governments in Citycon's operating countries announced plans for gradual re-opening earlier than planned as COVID-19 infection rates were decreasing rapidly across the Nordics.

In Finland, the shopping centres continued to be open at the end of Q2. However, during Q2 the retail sector was forced to take actions in order to prevent the pandemic from spreading. The shopping centres widely agreed to more flexible opening hours and especially specialty stores used the opportunity and reduced their operating hours. The government measure to close down the restaurants, with an exception of takeaway food, was in force from the end of March until the end of May. Since the beginning of June, restaurants and cafes can operate normally but use maximum of 75% of the restaurant's capacity indoors. Outdoor seating is free from restrictions.

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

In Norway, all shopping centres are open and businesses that were ordered to be closed (hair dressing, skincare, massage, body care and tattooing) allowed to re-open since April 20. Generally, the biggest shopping centres have the most negative impact from the restrictions, while more local, convenience-type shopping centres are less affected. As in Sweden, the Norwegian government announced a package that would, under certain conditions, cover a major share of the fixed unavoidable costs, such as rent, to avoid unnecessary bankruptcies.

In Estonia, shopping centres re-opened as of May 11th with social distance limitations. The state of emergency is over but some rules and restrictions for restaurants and nightclubs will still apply.

In Denmark, a full 4-step plan for the reopening was announced. All shopping centres re-opened as of May 11th. All business with exception of nightlife, concert venue, fitness, public pools, universities are now open.

(Sources: SEB Nordic Outlook, European Commission, CBRE, JLL, Statistics Finland/Norway/Sweden/Estonia/Denmark, Eurostat; referred on 28 July 2020)

10. RISKS AND UNCERTAINTIES

The outbreak of the COVID-19 pandemic has had negative effect on Citycon's business. Both changed consumer behaviour and authority restrictions in our operating countries have substantially changed our business environment and the prospects for 2020 now look weaker than originally envisaged. This is impacting our ability to collect rents on time or in full. Additionally, businesses have reduced opening hours affecting turnover-based rents and parking fees. While the near-term impact has remained moderate the full impact of the pandemic is still difficult to predict.

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

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

11. GENERAL MEETING

Annual General Meeting 2020

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

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

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

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

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

Extraordinary General Meeting 2020

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

12. SHARES, SHARE CAPITAL AND SHAREHOLDERS

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

At the end of June 2020, Citycon had a total of 22,024 (17,839) registered shareholders, of which 12 were account managers of nominee-registered shares. Holders of the nominee-registered shares held approximately 139.8 million (142.0) shares, or 78.5% (79.8%) of shares and voting rights in the company. The most significant registered shareholders at year-end can be found on company's website citycon.com/major-shareholders.

SHARES AND SHARE CAPITAL

		Q1-Q2/2020	Q1-Q2/2019	2019
Share capital at period-start	MEUR	259.6	259.6	259.6
Share capital at period-end	MEUR	259.6	259.6	259.6
Number of shares at period-start		177,998,525	889,992,628	889,992,628
Number of shares at period-end		177,998,525	177,998,525	177,998,525

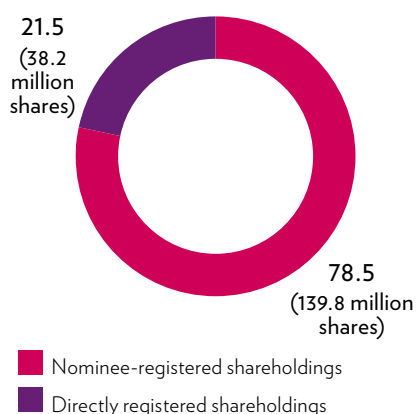
SHARE PRICE AND TRADING ¹⁾

		Q1-Q2/2020	Q1-Q2/2019	%	2019
Low	EUR	5.25	8.10	-35.2%	8.10
High	EUR	9.88	9.45	4.5%	10.08
Average	EUR	7.36	8.92	-17.5%	9.18
Latest	EUR	6.19	9.16	-32.4%	9.37
Market capitalisation at period-end	MEUR	1,101.8	1,630.5	-32.4%	1,667.0
Number of shares traded	million	38.5	17.4	121.2%	28.3
Value of shares traded	MEUR	264.3	155.1	70.4%	258.0

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

SHAREHOLDERS 30 JUNE 2020

% of shares and voting rights



DIVIDEND AND EQUITY REPAYMENT

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

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

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

DIVIDENDS AND EQUITY REPAYMENTS PAID ON 30 JUNE 2020 ¹⁾

	Record date	Payment date	EUR / share
Dividend for 2019	19 March 2020	31 March 2020	0.05
Equity repayment Q1	19 March 2020	31 March 2020	0.1125
Equity repayment Q2	22 June 2020	30 June 2020	0.1250
Total			0.2875

REMAINING BOARD AUTHORISATION FOR EQUITY REPAYMENT ²⁾

	Preliminary record date	Preliminary payment date	EUR / share
Equity repayment Q3	23 September 2020	30 September 2020	0.1250
Equity repayment Q4	18 December 2020	30 December 2020	0.1250
Total			0.2500

¹⁾ Board decision based on the authorisation issued by the AGM 2020

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

BOARD AUTHORISATIONS

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

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

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

Matching Share Plan 2018–2020

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

Restricted Share Plan 2018-2020

- On 11 May, the company repurchased 171 of its own shares and conveyed them on 9 March 2020 to one key person of the company.

Restricted Share Plan 2015

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

Performance Share Plan 2015

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

OWN SHARES

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

FLAGGING NOTICES

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

SHARE-RELATED EVENTS

Shareholder agreements

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

The company has no knowledge of any other shareholder agreements.

INCENTIVE PLANS

Long-term Share-based Incentive Plans

Citycon has six long-term share-based incentive plans for the Group key employees:

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

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

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

13. EVENTS AFTER THE REPORTING PERIOD

No material events after the reporting period.

OUTLOOK 2020

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

The outlook assumes that there are no major changes in macroeconomic factors and that there will not be a second wave of COVID-19 with restrictions resulting in significant store closures. These estimates are based on the existing property portfolio as well as on the prevailing level of inflation, the EUR–SEK and EUR–NOK exchange rates, and current interest rates. Premises taken offline for planned or ongoing (re)development projects reduce net rental income during the year.

Previous Outlook

On 26 March 2020, Citycon Oyj assessed that its prospects for 2020 have weakened and the company withdrew its guidance for 2020 issued on 6 February 2020.

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

Helsinki, 3 August 2020
Citycon Oyj
Board of Directors

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Citycon is a leading owner, manager and developer of urban, grocery-anchored shopping centres in the Nordic region, managing assets that total almost EUR 4.5 billion. Citycon is No. 1 shopping centre owner in Finland and among the market leaders in Norway, Sweden and Estonia. Citycon has also established a foothold in Denmark.

Citycon has investment-grade credit ratings from Moody's (Baa3), Fitch (BBB-) and Standard & Poor's (BBB-). Citycon Oyj's share is listed in Nasdaq Helsinki.

www.citycon.com

EPRA PERFORMANCE MEASURES

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

EPRA PERFORMANCE MEASURES

		Q2/2020	Q2/2019	%	Q1-Q2/2020	Q1-Q2/2019	%	2019
EPRA Earnings	MEUR	36.3	38.7	-6.2%	71.0	74.5	-4.6%	145.6
Adjusted EPRA Earnings ¹⁾	MEUR	32.2	38.7	-16.7%	63.0	74.5	-20.4%	143.9
EPRA Earnings per share (basic)	EUR	0.204	0.217	-6.2%	0.399	0.418	-4.6%	0.818
Adjusted EPRA Earnings per share (basic) ¹⁾	EUR	0.181	0.217	-16.7%	0.354	0.418	-15.4%	0.809
EPRA NAV per share	EUR	11.33	12.77	-11.3%	11.33	12.77	-11.3%	12.28
EPRA NNNNAV per share	EUR	10.77	11.51	-6.4%	10.77	11.51	-6.4%	10.97

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

The following tables present how EPRA Performance Measures are calculated.

1) EPRA EARNINGS

MEUR	Q2/2020	Q2/2019	%	Q1-Q2/ 2020	Q1-Q2/ 2019	%	2019
Earnings in IFRS Consolidated Statement of Comprehensive Income	-37.0	7.9	-	-23.0	20.8	-	8.9
+/- Net fair value losses/gains on investment property	75.6	29.2	-	87.4	46.8	86.7%	121.9
-/+ Net gains/losses on sale of investment property	0.0	1.3	-	-1.7	1.6	-	-1.5
+ Indirect other operating expenses	-	-	-	-	0.0	-	-
+/- Early close-out costs of debt and financial instruments	-	-	-	-	0.0	-	7.9
-/+ Fair value gains/losses of financial instruments	0.8	0.3	-	2.2	-0.3	-	-2.6
+/- Indirect losses/gains of joint ventures and associated companies	0.8	4.6	-83.6%	10.0	5.8	73.6%	19.5
-/+ Change in deferred taxes arising from the items above	-3.9	-4.5	-13.8%	-3.9	-0.2	-	-8.5
+ Non-controlling interest arising from the items above	0.0	-	-	-	-	-	0.0
EPRA Earnings	36.3	38.7	-6.2%	71.0	74.5	-4.6%	145.6
-/+ Hybrid bond coupons (despite the payment date) and amortized fees	-4.0	-	-	-8.1	-	-	-1.7
Adjusted EPRA Earnings	32.2	38.7	-16.7%	63.0	74.5	-15.4%	143.9
Weighted average number of ordinary shares, million	178.0	178.0	0.0%	178.0	178.0	0.0%	178.0
EPRA Earnings per share (basic), EUR	0.204	0.217	-6.2%	0.399	0.418	-4.6%	0.818
Adjusted EPRA Earnings per share (basic), EUR	0.181	0.217	-16.7%	0.354	0.418	-15.4%	0.809

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

MEUR	Q2/2020	Q2/2019	%	Q1-Q2/ 2020	Q1-Q2/ 2019	%	2019
Net rental income	50.2	56.1	-10.6%	102.6	109.7	-6.5%	217.4
Direct administrative expenses	-6.3	-6.7	-6.2%	-12.8	-13.2	-3.4%	-26.8
Direct other operating income and expenses	0.1	1.4	-91.1%	0.4	1.9	-80.7%	2.8
Direct operating profit	44.0	50.7	-13.3%	90.2	98.4	-8.4%	193.5
Direct net financial income and expenses	-11.2	-12.3	-9.4%	-22.1	-24.9	-11.1%	-48.9
Direct share of profit/loss of joint ventures and associated companies	-0.1	0.9	-	0.1	1.5	-96.3%	2.8
Direct current taxes	-0.4	-0.5	-22.6%	-1.2	-0.6	-	-2.0
Direct deferred taxes	3.9	-0.2	-	4.2	0.0	-	0.1
Direct non-controlling interest	0.0	0.0	-	0.0	0.0	-	0.0
EPRA Earnings	36.3	38.7	-6.2%	71.0	74.5	-4.6%	145.6
-/+ Hybrid bond coupons (despite the payment date) and amortized fees	-4.0	-	-	-8.1	-	-	-1.7
Adjusted EPRA Earnings	32.2	38.7	-16.7%	63.0	74.5	-15.4%	143.9
EPRA Earnings per share (basic), EUR	0.204	0.217	-6.2%	0.399	0.418	-4.6%	0.818
Adjusted EPRA Earnings per share (basic), EUR	0.181	0.217	-16.7%	0.354	0.418	-15.4%	0.809

2) EPRA NAV PER SHARE AND EPRA NNAV PER SHARE

	30 June 2020			30 June 2019			31 December 2019		
	MEUR	Number of shares on the balance sheet date (1,000)	per share, EUR	MEUR	Number of shares on the balance sheet date (1,000)	per share, EUR	MEUR	Number of shares on the balance sheet date (1,000)	per share, EUR
Equity attributable to parent company shareholders	1,817.4	177,999	10.21	2,058.2	177,999	11.56	1,978.4	177,999	11.11
Deferred taxes from the difference of fair value and fiscal value of investment properties	276.8	177,999	1.56	304.1	177,999	1.71	294.5	177,999	1.65
Goodwill as a result of deferred taxes	-77.6	177,999	-0.44	-87.3	177,999	-0.49	-85.8	177,999	-0.48
Fair value of financial instruments	0.9	177,999	0.01	-1.6	177,999	-0.01	-1.4	177,999	-0.01
Net asset value (EPRA NAV)	2,017.6	177,999	11.33	2,273.4	177,999	12.77	2,185.7	177,999	12.28
Deferred taxes from the difference of fair value and fiscal value of investment properties	-276.8	177,999	-1.56	-304.1	177,999	-1.71	-294.5	177,999	-1.65
Goodwill as a result of deferred taxes	77.6	177,999	0.44	87.3	177,999	0.49	85.8	177,999	0.48
The difference between the secondary market price and carrying value of bonds ¹⁾	99.5	177,999	0.56	-10.1	177,999	-0.06	-26.4	177,999	-0.15
Fair value of financial instruments	-0.9	177,999	-0.01	1.6	177,999	0.01	1.4	177,999	0.01
EPRA NNAV	1,916.9	177,999	10.77	2,048.1	177,999	11.51	1,952.1	177,999	10.97

¹⁾ When calculating the EPRA NNAV in accordance with EPRA's recommendations, the shareholders' equity is adjusted using EPRA's guidelines so that bonds are valued based on secondary market prices. In accordance with Citycon's accounting policies, the carrying amount and fair value of bonds are different from this secondary market price. The difference between the secondary market price and the carrying value of the bonds was EUR 99.5 million (-10.1) as of 30 June 2020.

CONSOLIDATED HALF-YEARLY REPORT 1 January–30 June 2020

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

MEUR	Note	Q2/2020	Q2/2019	%	Q1-Q2/ 2020	Q1-Q2/ 2019	%	2019
Gross rental income	3	53.6	59.0	-9.1%	111.5	118.5	-5.9%	232.1
Service charge income	3	16.9	19.1	-11.5%	35.0	38.4	-8.7%	77.1
Property operating expenses		-18.8	-21.2	-11.5%	-41.3	-45.9	-9.8%	-89.3
Other expenses from leasing operations		-1.6	-0.8	91.1%	-2.6	-1.2	-	-2.5
Net rental income	3	50.2	56.1	-10.6%	102.6	109.7	-6.5%	217.4
Administrative expenses		-6.3	-6.7	-6.2%	-12.8	-13.2	-3.4%	-26.8
Other operating income and expenses	4	0.1	1.4	-91.1%	0.4	1.9	-80.7%	2.8
Net fair value losses on investment property	3	-75.6	-29.2	-	-87.4	-46.8	86.7%	-121.9
Net losses/gains on sale of investment property		0.0	-1.3	-	1.7	-1.6	-	1.5
Operating profit	3	-31.6	20.3	-	4.5	50.0	-91.1%	73.1
Net financial income and expenses		-12.0	-12.6	-4.5%	-24.3	-24.5	-1.0%	-54.2
Share of loss/profit of joint ventures and associated companies		-0.8	-3.7	-77.2%	-10.0	-4.3	-	-16.6
Result before taxes		-44.4	4.0	-	-29.8	21.2	-	2.2
Current taxes		-0.4	-0.5	-22.6%	-1.2	-0.5	-	-2.0
Deferred taxes		7.8	4.4	79.7%	8.1	0.1	-	8.6
Result for the period		-37.0	7.9	-	-23.0	20.8	-	8.9
Profit/loss attributable to								
Parent company shareholders		-37.0	7.9	-	-23.0	20.8	-	8.9
Non-controlling interest		0.0	0.0	-	0.0	0.0	-	0.0
Earnings per share attributable to parent company shareholders								
Earnings per share (basic), EUR ¹⁾	5	-0.23	0.04	-	-0.17	0.12	-	0.04
Earnings per share (diluted), EUR ¹⁾	5	-0.23	0.04	-	-0.17	0.12	-	0.04
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss								
Net losses/gains on cash flow hedges		-0.5	0.3	-	-2.4	0.6	-	0.3
Income taxes relating to cash flow hedges		-	-0.1	-	-	-0.1	-	-
Share of other comprehensive income of joint ventures and associated companies		0.0	0.0	-	0.0	0.0	-	-
Exchange losses/gains on translating foreign operations		58.5	-9.2	-	-80.4	5.4	-	-4.4
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		58.0	-9.0	-	-82.7	5.9	-	-4.1
Other comprehensive income for the period, after taxes		58.0	-9.0	-	-82.7	5.9	-	-4.1
Total comprehensive profit/loss for the period		21.1	-1.1	-	-105.7	26.7	-	4.8
Total comprehensive profit/loss attributable to								
Parent company shareholders		21.1	-1.1	-	-105.7	26.8	-	4.8
Non-controlling interest		0.0	0.0	-	0.0	0.0	-	0.0

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

MEUR	Note	30 June 2020	30 June 2019	31 December 2019
ASSETS				
Non-current assets				
Investment properties	6	4,170.4	4,149.8	4,160.2
Goodwill		137.5	148.2	146.5
Investments in joint ventures and associated companies		122.1	159.7	147.6
Intangible and tangible assets, and other non-current assets		38.9	43.6	44.3
Deferred tax assets		13.5	8.8	9.4
Total non-current assets		4,482.3	4,510.0	4,508.1
Investment properties held for sale	8	-	37.5	-
Current assets				
Derivative financial instruments	10, 11	0.9	0.4	0.0
Trade receivables and other current assets		56.8	54.9	60.0
Cash and cash equivalents	9	162.7	9.2	14.2
Total current assets		220.5	64.6	74.2
Total assets	3	4,702.8	4,612.1	4,582.3
SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity attributable to parent company shareholders				
Share capital		259.6	259.6	259.6
Share premium fund		131.1	131.1	131.1
Fair value reserve		-0.9	1.6	1.4
Invested unrestricted equity fund	12	867.7	967.8	909.9
Retained earnings	12	560.0	698.1	676.4
Total equity attributable to parent company shareholders		1,817.4	2,058.2	1,978.4
Hybrid bond		346.9	-	346.6
Non-controlling interest		0.1	0.1	0.1
Total shareholders' equity		2,164.4	2,058.3	2,325.2
Long-term liabilities				
Loans		1,897.4	1,808.8	1,662.5
Derivative financial instruments and other non-interest bearing liabilities	10, 11	5.0	1.1	4.0
Deferred tax liabilities		278.4	305.7	296.4
Total long-term liabilities		2,180.8	2,115.6	1,962.9
Short-term liabilities				
Loans		278.8	359.7	211.8
Derivative financial instruments	10, 11	2.1	0.4	4.5
Trade and other payables		76.7	78.1	77.8
Total short-term liabilities		357.6	438.2	294.1
Total liabilities	3	2,538.4	2,553.8	2,257.1
Total liabilities and shareholders' equity		4,702.8	4,612.1	4,582.3

CONDENSED CONSOLIDATED CASH FLOW STATEMENT, IFRS

MEUR	Note	Q1-Q2/2020	Q1-Q2/2019	2019
Cash flow from operating activities				
Profit before taxes		-29.8	21.2	2.2
Adjustments to profit before taxes		118.3	79.3	195.2
Cash flow before change in working capital		88.5	100.5	197.4
Change in working capital		-24.2	-7.4	-2.1
Cash generated from operations		64.2	93.1	195.3
Paid interest and other financial charges		-17.7	-16.9	-60.3
Interest income and other financial income received		1.9	0.3	1.4
Current taxes paid		0.1	-0.9	-1.1
Net cash from operating activities		48.6	75.7	135.4
Cash flow from investing activities				
Acquisition of subsidiaries, less cash acquired	6,7,8	-7.7	-0.3	-0.3
Capital expenditure on investment properties, investments in joint ventures, intangible assets and tangible assets	6,7,8	-76.4	-32.8	-99.7
Sale of investment properties	6,7,8	10.7	59.8	65.8
Net cash used in investing activities		-73.3	26.7	-34.3
Cash flow from financing activities				
Proceeds from short-term loans		560.6	786.5	1,204.8
Repayments of short-term loans		-639.7	-833.9	-1,266.9
Proceeds from long-term loans and receivables		384.6	0.0	0.0
Repayments of long-term loans		-86.6	0.0	-277.2
Proceeds from hybrid bond		-	-	350.0
Hybrid bond interest and expenses		-4.3	-	-2.5
Dividends and return from the invested unrestricted equity fund	12	-51.2	-57.8	-114.9
Realized exchange rate gains/losses		10.8	1.0	8.6
Net cash from financing activities		174.3	-104.2	-98.1
Net change in cash and cash equivalents		149.5	-1.8	3.0
Cash and cash equivalents at period-start	9	14.2	11.4	11.4
Effects of exchange rate changes		-1.0	-0.4	-0.3
Cash and cash equivalents at period-end	9	162.7	9.2	14.2

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS

MEUR	Share capital	Share premium fund	Fair value reserve	Invested unrestricted equity fund	Translation reserve	Retained earnings	Equity attributable to parent company shareholders	Hybrid bond	Non-controlling interest	Shareholders' equity, total
Balance at 1 January 2019	259.6	131.1	1.1	1,016.7	-115.9	796.3	2,088.9		0.1	2,089.0
Total comprehensive profit/loss for the period			0.5		5.4	20.8	26.8		0.0	26.7
Dividends paid and equity return (Note 12)				-48.9		-8.9	-57.8			-57.8
Share-based payments						0.4	0.4			0.4
Balance at 30 June 2019	259.6	131.1	1.6	967.8	-110.5	808.6	2,058.2		0.1	2,058.3
Balance at 1 January 2020	259.6	131.1	1.4	909.9	-120.3	796.7	1,978.4	346.6	0.1	2,325.2
Total comprehensive profit/loss for the period			-2.4		-80.4	-23.0	-105.7		0.0	-105.7
Hybrid bond interest and expenses						-4.2	-4.2	0.3		-4.0
Dividends paid and equity return (Note 12)				-42.3		-8.9	-51.2			-51.2
Share-based payments						0.0	0.0			0.0
Other changes						0.0	0.0			0.0
Balance at 30 June 2020	259.6	131.1	-0.9	867.7	-200.7	760.7	1,817.4	346.9	0.1	2,164.4

NOTES TO THE CONSOLIDATED HALF-YEARLY REPORT

1. BASIC COMPANY DATA

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Citycon prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). Additional information on the accounting policies are available in Citycon's annual financial statements 2019.

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

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

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

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

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

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

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

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

3. SEGMENT INFORMATION

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

In Citycon's reporting, Kista Galleria is treated as a joint venture and the shopping centre's result or fair value will not impact on the gross rental income, net rental income or fair value of investment properties of the group. Kista Galleria is consolidated in Citycon's financial statements based on the equity method, meaning that Citycon's share of Kista Galleria's profit for the period is recognised in

the line 'Share of result in joint ventures' and associated companies in the statement of comprehensive income and Citycon's share of Kista Galleria's shareholder's equity is recognised in the line 'Investments in joint ventures and associated companies' in the statement of financial position. In addition, the management fee received by Citycon is reported in the line 'other operating income and expenses' and the interest income on the shareholder loan is reported in 'net financial income and expenses'. Kista Galleria contributed to the IFRS based profit for the period by EUR -10.0 million.

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

MEUR	Q2/2020	Q2/2019	%	Q1-Q2/ 2020	Q1-Q2/ 2019	%	2019
Gross rental income							
Finland & Estonia	22.1	25.2	-12.4%	46.2	50.4	-8.5%	98.3
Norway	19.0	20.5	-7.2%	39.5	41.3	-4.2%	80.9
Sweden & Denmark	12.6	13.4	-6.0%	25.8	26.8	-3.6%	52.9
Total Segments	53.6	59.0	-9.1%	111.5	118.5	-5.9%	232.1
Kista Galleria (50%)	2.8	3.1	-7.8%	5.8	6.2	-7.5%	12.5
Service charge income							
Finland & Estonia	7.0	8.6	-19.0%	14.8	17.3	-14.6%	33.3
Norway	6.6	6.8	-3.3%	13.2	13.4	-1.3%	28.1
Sweden & Denmark	3.3	3.6	-9.3%	7.0	7.6	-8.5%	15.7
Total Segments	16.9	19.1	-11.5%	35.0	38.4	-8.7%	77.1
Kista Galleria (50%)	0.8	0.8	0.8%	1.7	1.7	0.1%	3.6
Net rental income							
Finland & Estonia	21.7	24.8	-12.6%	44.0	47.4	-7.2%	94.4
Norway	17.6	19.0	-7.6%	36.7	38.4	-4.4%	75.4
Sweden & Denmark	11.2	12.3	-8.7%	22.2	23.9	-6.8%	47.4
Other	-0.2	0.1	-	-0.3	0.1	-	0.3
Total Segments	50.2	56.1	-10.6%	102.6	109.7	-6.5%	217.4
Kista Galleria (50%)	2.1	2.5	-18.6%	4.2	4.9	-14.7%	9.9
Direct operating profit							
Finland & Estonia	20.9	24.0	-12.9%	42.2	46.2	-8.7%	92.0
Norway	16.9	19.2	-11.8%	34.9	37.7	-7.5%	73.0
Sweden & Denmark	10.0	11.4	-12.1%	20.3	22.7	-10.6%	44.1
Other	-3.8	-3.8	-0.6%	-7.2	-8.2	-12.0%	-15.6
Total Segments	44.0	50.7	-13.3%	90.2	98.4	-8.4%	193.5
Kista Galleria (50%)	1.9	2.4	-19.3%	3.9	4.6	-14.7%	9.1
Net fair value losses/gains on investment property							
Finland & Estonia	-33.1	-9.6	-	-45.8	-19.1	-	-56.1
Norway	-18.4	-11.8	-	-8.2	-20.9	-	-33.4
Sweden & Denmark	-24.1	-7.7	-	-33.4	-6.8	-	-32.4
Total Segments	-75.6	-29.2	-	-87.4	-46.8	-	-121.9
Kista Galleria (50%)	-0.8	-5.4	-	-12.0	-6.4	-	-17.7
Operating profit/loss							
Finland & Estonia	-12.0	13.0	-	-3.2	25.6	-	37.4
Norway	-1.5	7.4	-	28.1	16.8	-	39.6
Sweden & Denmark	-14.2	3.7	-	-13.3	15.8	-	11.7
Other	-3.8	-3.8	-	-7.2	-8.2	-	-15.5
Total Segments	-31.6	20.3	-	4.5	50.0	-	73.1
Kista Galleria (50%)	1.1	-3.0	-	-8.1	-1.8	-	-8.5

MEUR	30 June 2020	30 June 2019	%	2019
Assets				
Finland & Estonia	1,898.2	1,869.4	1.5%	1,878.3
Norway	1,552.6	1,595.1	-2.7%	1,563.7
Sweden & Denmark	1,047.5	1,102.0	-4.9%	1,086.5
Other	204.5	45.5	-	53.8
Total Segments	4,702.8	4,612.1	2.0%	4,582.3
Kista Galleria (50%)	268.8	285.5	-5.9%	282.2
Liabilities				
Finland & Estonia	41.4	17.2	-	13.1
Norway	52.3	60.6	-13.7%	59.3
Sweden & Denmark	21.3	21.4	-0.4%	29.9
Other	2,423.3	2,454.6	-1.3%	2,154.8
Total Segments	2,538.4	2,553.8	-0.6%	2,257.1
Kista Galleria (50%)	242.6	237.6	2.1%	245.7

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

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

MEUR	Q2/2020	Q2/2019	%	Q1-Q2/2020	Q1-Q2/2019	%	2019
Service charges ¹⁾	13.5	14.6	-7.5%	27.9	29.9	-6.7%	59.3
Utility charges ¹⁾	1.6	1.9	-15.0%	3.5	3.9	-10.9%	7.9
Other service income ¹⁾	1.8	2.6	-31.6%	3.6	4.5	-20.1%	9.9
Management fees ²⁾	0.7	1.3	-43.5%	1.9	2.6	-27.3%	5.2
Revenue from contracts with customers	17.6	20.4	-13.6%	36.9	41.0	-9.9%	82.3

¹⁾ Is included in the line item 'Service charge income' in the Consolidated statement of comprehensive income

²⁾ Is included in the line item 'Other operating income and expenses' in the Consolidated statement of comprehensive income

5. EARNINGS PER SHARE

		Q1-Q2/2020	Q1-Q2/2019	%	2019
Earnings per share, basic					
Profit attributable to parent company shareholders	MEUR	-23.0	20.8	-	8.9
Hybrid bond interests and expenses	MEUR	-8.1	-	-	-1.7
Weighted average number of ordinary shares ¹⁾	million	178.0	178.0	-	178.0
Earnings per share (basic) ¹⁾	EUR	-0.17	0.12	-	0.04
Earnings per share, diluted					
Profit attributable to parent company shareholders	MEUR	-23.0	20.8	-	8.9
Hybrid bond interests and expenses	MEUR	-8.1	-	-	-1.7
Weighted average number of ordinary shares ¹⁾	million	178.0	178.0	-	178.0
Adjustment from share-based incentive plans and options	million	0.3	0.5	-	0.4
Weighted average number of ordinary shares, diluted ¹⁾	million	178.3	178.5	-	178.4
Earnings per share (diluted) ¹⁾	EUR	-0.17	0.12	-	0.04

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

6. INVESTMENT PROPERTIES

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

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

30 JUNE 2020

MEUR	Investment properties under construction (IPUC)	Operative investment properties	Investment properties, total
At period-start	169.0	3,991.2	4,160.2
Acquisitions	-	148.8	148.8
Investments	60.0	26.3	86.3
Disposals	-	-9.3	-9.3
Capitalized interest	1.9	0.1	2.1
Fair value gains on investment property	-	43.0	43.0
Fair value losses on investment property	-2.0	-125.6	-127.6
Valuation gains and losses from Right-of-Use-Assets	-	-2.8	-2.8
Exchange differences	-	-131.4	-131.4
Transfer between operative investment properties and joint ventures	-	3.8	3.8
Changes in right-of-use assets classified as investment properties (IFRS 16)	-	-2.6	-2.6
At period-end	229.0	3,941.4	4,170.4

30 JUNE 2019

MEUR	Investment properties under construction (IPUC)	Operative investment properties	Investment properties, total
At period-start	149.6	3,981.6	4,131.3
Acquisitions	-	0.3	0.3
Investments	10.8	22.1	33.0
Capitalized interest	1.2	0.3	1.5
Fair value gains on investment property	-	6.8	6.8
Fair value losses on investment property	-3.9	-49.8	-53.7
Exchange differences	-	10.2	10.2
Transfer between IPUC, operative investment properties and transfer into investment properties held for sale	-	-36.9	-36.9
Right-of-use assets classified as investment properties (IFRS 16)	-	57.4	57.4
At period-end	157.8	3,992.1	4,149.9

31 DECEMBER 2019

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

The fair value of Citycon's investment properties has been measured by CBRE (Norway, Denmark, Estonia) and JLL (Finland, Sweden) for the half-yearly report 2020.

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

YIELD REQUIREMENT AND MARKET RENTS

	Weighted average yield requirement, %			Weighted average market rents, EUR/sq.m./mo		
	30 June 2020	30 June 2019	31 December 2019	30 June 2020	30 June 2019	31 December 2019
Finland & Estonia	5.5	5.4	5.3	30.1	30.3	30.2
Norway	5.6	5.4	5.5	20.5	22.9	22.6
Sweden & Denmark	5.7	5.2	5.4	26.0	25.1	25.5
Investment properties, average	5.6	5.4	5.4	25.8	26.5	26.5
Investment properties and Kista Galleria (50%), average	5.5	5.3	5.3	26.3	26.9	26.9

7. CAPITAL EXPENDITURE

MEUR	Q1-Q2/2020	Q1-Q2/2019	2019
Acquisitions of properties ¹⁾	148.8	0.3	0.3
Acquisitions of and investments in joint ventures	-	2.6	2.2
Property development	88.4	34.5	100.1
Goodwill and other investments	0.8	1.3	3.3
Total capital expenditure incl. acquisitions	237.9	38.7	106.0

Capital expenditure by segment

Finland & Estonia	76.7	20.0	66.9
Norway	157.0	9.6	22.3
Sweden & Denmark	3.6	8.0	14.1
Group administration	0.7	1.1	2.6
Total capital expenditure incl. acquisitions	237.9	38.7	106.0
Divestments ²⁾	9.3	77.8	80.6

¹⁾ Capital expenditure takes into account deduction in the purchase price calculations and FX rate changes

²⁾ Excluding transfers into 'Investment properties held for sale'-category

8. INVESTMENT PROPERTIES HELD FOR SALE

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

MEUR	30 June 2020	30 June 2019	2019
At period-start	-	78.1	78.1
Disposals	-	-77.6	-77.6
Transfer from investment properties	-	36.9	-0.5
At period-end	-	37.5	-

9. CASH AND CASH EQUIVALENTS

MEUR	30 June 2020	30 June 2019	31 December 2019
Cash in hand and at bank	156.1	4.2	7.1
Restricted cash	6.7	5.1	7.1
Total	162.7	9.2	14.2

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

10. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Classification of financial instruments and their carrying amounts and fair values

MEUR	30 June 2020		30 June 2019		31 December 2019	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
I Financial assets at fair value through profit and loss						
Derivative financial instruments	17.9	17.9	18.2	18.2	18.7	18.7
II Derivative contracts under hedge accounting						
Derivative financial instruments	-	-	2.0	2.0	1.4	1.4
Financial liabilities						
I Financial liabilities amortised at cost						
Loans						
Loans from financial institutions	457.4	457.6	238.1	238.4	231.3	231.5
Bonds	1,669.4	1,697.7	1,871.8	1,884.9	1,587.8	1,599.2
Lease liabilities (IFRS 16)	49.5	49.5	58.6	58.6	55.2	55.2
II Financial liabilities at fair value through profit and loss						
Derivative financial instruments	5.1	5.1	0.4	0.4	7.5	7.5
III Derivative contracts under hedge accounting						
Derivative financial instruments	0.9	0.9	-	-	-	-

11. DERIVATIVE FINANCIAL INSTRUMENTS

MEUR	30 June 2020		30 June 2019		31 December 2019	
	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swaps						
Maturity:						
less than 1 year	123.7	-0.9	-	-	-	-
1-5 years	-	-	232.1	2.0	136.9	1.4
over 5 years	-	-	-	-	-	-
Subtotal	123.7	-0.9	232.1	2.0	136.9	1.4
Cross-currency swaps						
Maturity:						
less than 1 year	-	-	-	-	-	-
1-5 years	-	-	-	-	-	-
over 5 years	314.8	13.1	316.8	17.8	316.8	15.7
Subtotal	314.8	13.1	316.8	17.8	316.8	15.7
Foreign exchange forward agreements						
Maturity:						
less than 1 year	274.1	-0.3	99.9	0.0	239.4	-4.5
Total	712.5	11.9	648.8	19.8	693.0	12.6

Derivative financial instruments are used in hedging the interest rate and foreign currency risk.

Hedge accounting is applied for interest swaps which have a nominal amount of EUR 123.7 million (232.1). The change in fair values of these derivatives is recognised under other comprehensive income.

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

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

12. DIVIDEND AND EQUITY REPAYMENT

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

On the basis of the authorisation mentioned above and explained in half-yearly report sections 12 and 13 the Board of Directors decided in March 2020 and in June 2020 to distribute dividend of EUR 0.05 per share, or EUR 8.9 million and equity repayment of EUR 0.2375 per share, or EUR 42.3 million. Preliminary payment dates for equity repayments to be distributed on basis of the authorization are 30 September 2020 and 30 December 2020. The Board of Directors will make separate resolutions on each distribution of the equity repayment and the company shall make separate announcements of such Board resolutions.

Total amount of dividend EUR 8.9 million and equity repayment EUR 106.8 million were distributed during the financial year 2019, of which EUR 8.9 million dividend and EUR 48.9 million equity repayment were distributed during the first half of 2019.

13. CONTINGENT LIABILITIES

MEUR	30 June 2020	30 June 2019	31 December 2019
Mortgages on land and buildings	247.4	134.1	131.8
Bank guarantees and parent company guarantees	41.9	39.4	49.6
Capital commitments	163.0	37.2	208.0

At period-end, Citycon had capital commitments of EUR 163.0 million (37.2) relating mainly to on-going (re)development projects. Citycon owns 50% of Kista Galleria joint venture. Shares in the joint venture have been pledged as security for the loans of the joint venture.

14. RELATED PARTY TRANSACTIONS

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

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

Citycon had engaged Starkitect Studio Inc., a company acting through Ofer Stark as consultant, to provide consultancy services in a reference period, during which Citycon paid consulting fees EUR 0.0 million. The agreement ended at 7 August 2019.

REPORT ON REVIEW OF CITYCON OYJ'S HALF-YEARLY REPORT'S FINANCIAL INFORMATION FOR THE PERIOD JANUARY 1 – JUNE 30, 2020 (TRANSLATION)

TO THE BOARD OF DIRECTORS OF CITYCON OYJ

Introduction

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

Scope of Review

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

Conclusion

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

Helsinki, August 3rd, 2020

Ernst & Young Oy
Accountant Firm

Mikko Ryttilahti
Authorized Public Accountant