CITYCON

FINANCIAL REVIEW 2021

CONTENTS

ABOUT THIS REPORT

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

The accounting principles have been marked with grey background.

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

CFO Bret D. McLeod comments on significant items during the reporting period.

INFORMATION TO SHAREHOLDERS

LISTING OF CITYCON'S SHARES

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

ANNUAL GENERAL MEETING

Citycon Oyj's Annual General Meeting will be held on 22 March, 2022 at 12:00 noon. The notice, topics discussed in the meeting, proposals made for the Annual General Meeting, as well as the instructions on how to register will be found on Citycon's website.

Shareholders wishing to attend the meeting must be registered in Citycon's shareholder register at Euroclear Finland Ltd. on the record date 10 March, 2022.

CHANGES OF ADDRESS

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

PUBLICATION OF FINANCIAL INFORMATION

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

SUBSCRIPTION TO PUBLICATIONS

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

INVESTOR RELATIONS CONTACTS

Citycon's Investor Relations function assists in all investor relations related questions. The primary contact is the VP, Corporate Finance and Investor Relations Sakari Järvelä (**ir@citycon.com**).

PAYMENT OF DIVIDENDS

The Board of Directors proposes to the Annual General Meeting that the Board of Directors will be authorized to decide on the distribution of dividends for the financial year 2021, and assets from the invested unrestricted equity fund.

Based on the proposed authorization, the maximum total amount of equity repayment shall not exceed 0.50 per share. Based on the current total number of issued shares in the company, the authorization would equal a maximum of EUR 84,004,470 in equity repayment. The equity repayment would be paid to shareholders in four installments.

FINANCIAL CALENDAR 2022

Financial Statements Bulletin and Financial Statements 2021	**17 February**
Interim Report January–March 2022	**6 May**
Half-yearly Report January–June 2022	**13 July**
Interim Report January–September 2022	**10 November**
AGM record date	**10 March**
Last day for AGM registration	**15 March**
AGM	**22 March**

PRELIMINARY PAYMENT DATE OF EQUITY REPAYMENT

31 March 2022
30 June 2022
30 September 2022
30 December 2022

More information: Shares and shareholders, pages 39–40

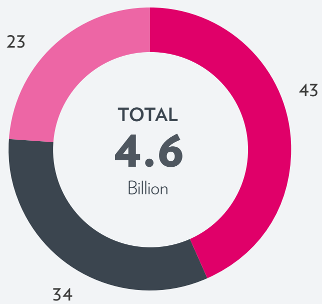
[1] *Citycon's Board of Directors will make separate resolutions and announcements on each distribution of the dividend/equity repayment subject to been authorized for asset distribution by the Annual General Meeting.*

OPERATING LOCATIONS IN THE NORDICS

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

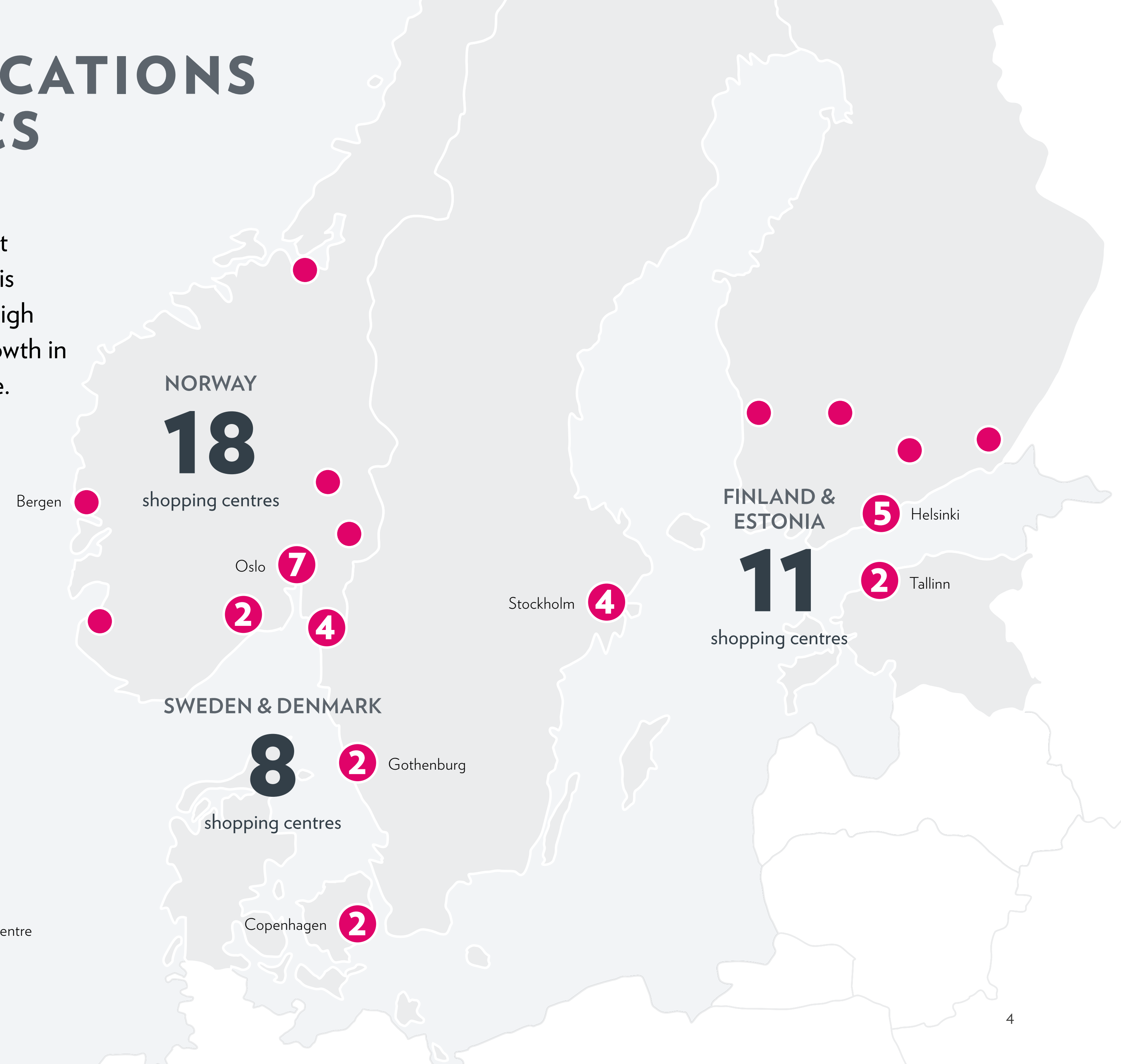
BALANCED NORDIC PORTFOLIO

%



Finland & Estonia
Norway
Sweden & Denmark[1]

[1] Including Kista Galleria 50%



Shopping centre

CEO'S INTERVIEW

What were the highlights of the year for you?
I am extremely proud of what our team achieved this past year, particularly amidst the continued challenges of the ongoing COVID-19 pandemic and despite the recent surge of the Omicron in the fourth quarter.

Citycon delivered on our near and long-term goals based upon the strength and resilience of our strategic positioning. Our necessity-based urban hubs have produced solid results due to the high concentration of grocery, pharmacy, municipal, and other daily needs services, which now represent over 35% of the tenants in our portfolio. These hubs effectively act as the last mile logistics delivery location for our tenants and customers. Combine that with our presence in dense and growing population centers, direct connection to public transportation and the overall macroeconomic stability of the Nordic market and you have a recipe for the relative operational outperformance that we demonstrated in 2021.

In addition to maximizing operations at our core, necessity-based centers, we continued to lay the foundation for the portfolio's organic growth potential by taking concrete steps to further our tremendous development platform. Most importantly, 2021 was the year we brought our game-changing, mixed-use hub at Lippulaiva to the cusp of completion. Opening in April 2022, Lippulaiva is the perfect representation of our strategy in action: an efficient, sustainable (net-zero emissions), necessity-based retail outlet with less than 6% fashion, direct connection to a new metro, and surrounded by eight residential buildings (six of which Citycon will own) in a high-growth area filled with customers and new demand to compliment the underlying retail. By creating and owning a mixed-use urban hub, such as Lippulaiva, we are utilizing the development rights we already control to produce incremental cash flow that not only adds to but also diversifies our overall portfolio. Further, 2021 saw us reach major zoning and planning milestones for the remainder of our development pipeline, including major projects at Liljeholmen, Herkules, Oasen, and Trekanten. Like Lippulaiva, these organic developments that utilize our existing building rights will be significant opportunities for growth going forward.

While actively transforming the portfolio through development, we continued to opportunistically improve the portfolio through efficient capital recycling and executed on a number of non-core dispositions above book value for over EUR 250 million and a combined cap rate of 5%. These included the sale of three assets in suburban Stockholm in March and the recent sale of our Columbus center in Helsinki in November. Combined with our recently announced Norwegian dispositions, we will have sold over EUR 400 million in the past twelve months at pricing above book value. These sales not only demonstrated strong execution but also reflect the underlying quality of our portfolio and its attractiveness to institutional investors. We were also pleased to utilize a portion of the Columbus asset sale proceeds to repurchase EUR 69 million shares at nearly a 40% discount to NRV in a disciplined allocation of capital and investment that benefits all shareholders.

Many of these activities can only be undertaken with a strong and flexible balance sheet and 2021 was another year where we worked diligently to solidify the balance sheet in an uncertain environment. We were active in the capital markets with a EUR 350 million senior bond offering and EUR 350 million hybrid in the first half of the year. These actions solidified our credit rating and confirmed stable outlooks from the rating agencies. During the year, we repaid EUR 230 million of senior notes and commercial papers and currently have no material debt maturities until 2024 to go alongside a well laddered maturity schedule 4.2 years and low weighted average cost of debt of 2.47%.

In addition, we saw consecutive quarters of sustained improvement with EUR 48.6 million in net valuation gains, reflecting the impact of our 2021 asset sales, improving operating environment, and increased investor appetite for prime, necessity based-retail real estate in the Nordics. The combination of increased asset value,debt paydowns and the hybris issuance resulted

in an improvement in our IFRS loan-to-value of 46.9% to 40.7% at year-end.

Lastly, I was pleased to present our vision for the future and the leadership team at our Capital Markets Day in November. After a comprehensive search, we welcomed our new CFO, Bret McLeod, to the team to replace Eero Sihvonen, who retired as CFO at year-end. Eero has been a terrific partner and I am grateful for his contributions and ensuring that Bret's transition into the role has been a smooth one. I am happy to have such a strong leadership team in place to execute on our strategy as we enter 2022.

How would you describe Citycon's operational performance in 2021?
Citycon continued to be best in class and outperform its European peers when compared to pre-pandemic levels. Most importantly, I am pleased to say we met our third quarter guidance on Direct Operating Profit and EPRA EPS even though we had to contend with the rise of the Omicron variant in November and December, which resulted in varying governmental restrictions in our markets.

Rent collection for the year, which is our the most important cash generation metric, was strong at 96%. A record amount of over 245,000 sq.m of new leases started during 2021 with tenant sales ahead of last year by 3.8% on a like-for-like basis. Notably, we witnessed outstanding pre-leasing activity at Lippulaiva, which stands approximately at 90%, underlining our high expectations for this flagship asset.

Increased tenant sales offset footfall declines throughout the year, as compared to 2020. However, footfall improved sequentially throughout the year with the overall decline lessening and December footfall up more than +11% versus 2020 on a like-for-like basis. During the fourth quarter like-for-like sales were +4.9% compared to 2019 (pre-pandemic)

Strong operational performance translated into solid financial results, despite the continued presence of the COVID-19 pandemic throughout the year and. 2021 Net Rental Income (NRI) was EUR 202.3 million and declined by 1.5% on a like-for-like basis. The decline was relatively modest, when taking into account the fact that the first quarter of 2020 was, effectively, a pre-COVID operating environment. Notably, like-for-like NRI is clearly approaching 2019 levels, which speaks to the strength of our necessity-based strategy and locations in prominent and stable Nordic markets with governments that offered significant support for tenants and businesses throughout the pandemic.

As I noted, we also generated consecutive quarters of net valuation gains in 2021, equating to EUR 48.6 million, which is unique amongst our peer set.

How is the increasing focus on sustainability impacting Citycon?
Citycon has been an early real estate leader when it comes to sustainability, and we are fully committed to our ambitious goal carbon neutrality by 2030. Sustainability is embedded in our operations at every step of the process and in 2021, Citycon became the first real estate company in Finland to join the Science Based Targets initiative while committing to reduce greenhouse gas emissions in line with the 1.5°C Paris goal. We also continue to be on the forefront of green in the capital markets as both our senior bond and hybrid offerings last year were green financings.

As mentioned, Lippulaiva will be carbon neutral from day one, showcasing a modern, sustainable, necessity-based retail center. While sustainability is a core value itself, we have obviously noticed its increasing importance to all our stakeholders from investors to tenants and to consumers. I am proud that our timely efforts have been recognized and viewed as on the leading edge of this critical front, including being named one of Europe's Top Climate Leaders in a comprehensive study by Financial Times last year. We will continue to seek to invest in sustainability through a variety of measures to improve our centers, our urban hubs and the communities in which we operate.

What are Citycon's focus areas for 2022?
We are focusing on the successful opening of the necessity-based center at Lippulaiva in April and subsequent opening of the brand-new metro. In addition, we will continue with the first phase of the eight residential buildings around the center, the first four of which will come online at the end of 2022. In addition, our team will continue its work to unlock the value of our 600,000 sqm development pipeline, of which just the building rights alone are worth approximately EUR 275 million.

We will continue our capital recycling efforts and have already gotten off to a great start with the announcement of two non-core Norwegian asset sales for approximately EUR 145 million and a combined cap rate of 5.2% at a price above book value, when considering near-term capital requirements.

In addition, we announced the forward funding purchase of a brand new, 200-unit residential complex for EUR 69.5 million in the fast-growing neighborhood of Barkarbystaden, close to our existing necessity-based assets in Kista and Jakobsberg in Stockholm. Once construction is complete in 2024, we will acquire the asset and continue the diversification of our portfolio with additional residential product. The transaction has been structured as a forward commitment, whereby Citycon will make a deposit of EUR 6.6 million once construction begins in February 2022 and fund the remaining purchase price, pro-rata, at the completion of two construction phases in Q1/2024 and Q2/2024. The closing of the transaction will be after the completion of each phase with no additional obligations from Citycon before construction of each phase is complete.

We have a demonstrated track record as disciplined allocators of capital and will continue to seek to invest at an appropriate risk-adjusted spread to our cost of capital to enhance shareholder value, be it through acquisitions, new development, investing in our core assets, equity and debt repurchases or dividends.

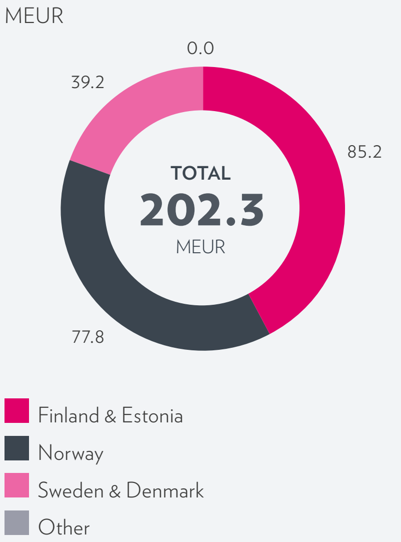
Operationally, our focus is to carry forward the momentum of 2021 into what we believe will be an improving economic environment in 2022 as the impact of COVID-19 subsides. We will continue the transition of our centers away from fashion with our leasing efforts targeting grocery, municipal and other service providers, in addition to continuing our efforts to increase specialty leasing as an overall share of our business. Our skilled asset management teams will continue to maximize the space and tenant mix at our core centers, while maintaining a keen eye on cost control and profitability.

Most importantly, we are committed to taking care of our valued associates, customers, and stakeholders to ensure a safe and successful year in 2022 and beyond.

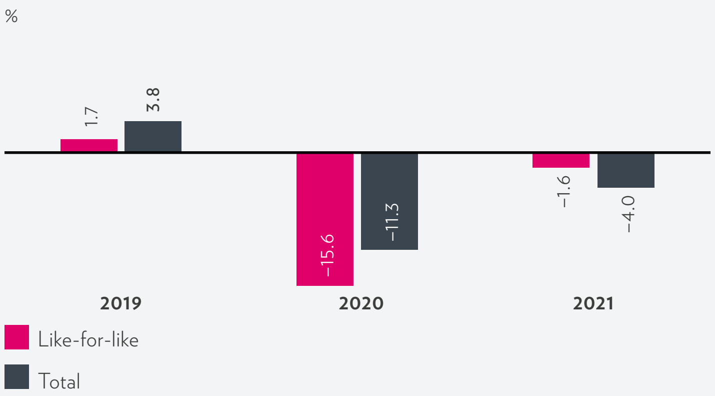
F. Scott Ball
CEO

KEY FIGURES

NET RENTAL INCOME BY SEGMENTS

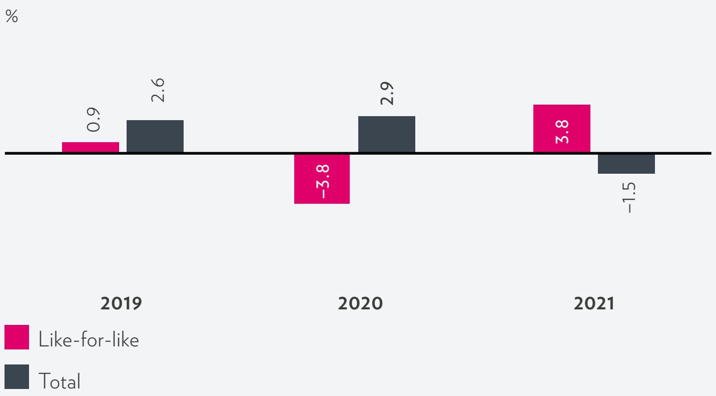


FOOTFALL DEVELOPMENT [1)]



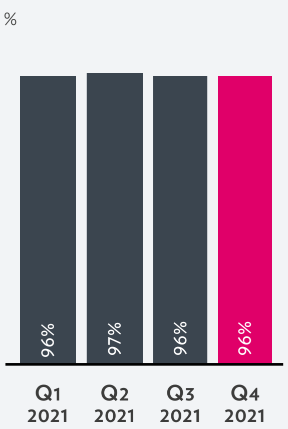
[1)] Footfall figures include estimates. Kista Galleria 50% not included.

TENANT SALES DEVELOPMENT [1)]

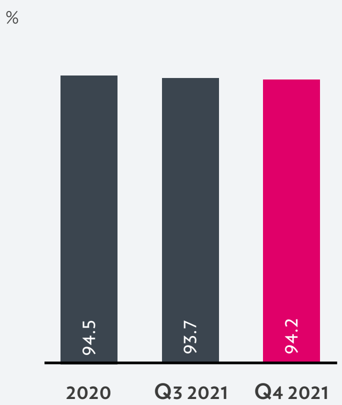


[1)] Sales figures include estimates. Sales figures exclude VAT and the change has been calculated using comparable exchange rates. Kista Galleria 50% not included.

RENT COLLECTION RATE



RETAIL OCCUPANCY RATE [1)]



[1)] Kista Galleria 50% not included.

Key figures	2021	2020
Net rental income, MEUR	202.3	205.4
Net rental income growth	-1.5%	-5.5%
EPRA Earnings per share (basic)	0.703	0.767
EPRA NRV per share	11.54	11.48
Average interest rate	2.47%	2.37%

CITYCON – URBAN CONVENIENCE IN THE HEART OF COMMUNITIES

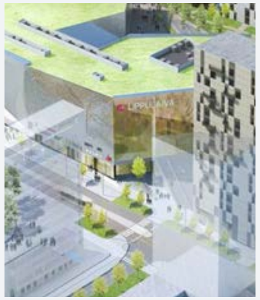
FOCUSING ON PRIME ASSETS THAT WE...

...OWN,

- Strong portfolio of 37 convenience based centres
- Located in growing urban areas in Nordic and Baltic cities
- Long-term investor

...MANAGE,

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



...DEVELOP.

- Area development – creating attractive places for living, working and socializing
- Improved commercial attractive-ness and competitiveness and better places for our tenants for our tenants to operate

HOW WE CREATE VALUE?

ASSETS IN PRIME LOCATIONS

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

+

NECESSITY-BASED TENANT MIX

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

+

DENSIFICATION POTENTIAL

- Identified residential potential in connec-tion existing assets
- Developing new residential and office, municipality services space

+

STRONG SOCIAL AND COMMUNITY RELATIONSHIPS

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

=

STABLE CORE BUSINESS WITH ATTRACTIVE GROWTH OPPORTUNITIES WITH CLEAR SYNERGIES

REPORT BY THE BOARD OF DIRECTORS

Citycon continued to demonstrate the strength and stability of its portfolio in the COVID-19 environment in 2021 as operations in Citycon's centres are nearly back to pre-covid levels. Rent collection rate remained at a high level throughout the year, being 96% for 2021. Furthermore, like-for-like tenant sales increased and were 3.8% above 2020.

The positive development reflects the quality of our grocery-anchored urban hubs, which have a high proportion of necessity tenants, connected to transportation and in convenient locations in the largest Nordic cities. As a result, the stable operational cash flow, combined with the significant value creation associated with Citycon's development pipeline, provides an attractive value proposition for all stakeholders.

Citycon's operational performance showed continued improvement throughout the year. Citycon's net rental income in 2021 excluding Kista Galleria, was EUR 202.3 million. The decrease in the like-for-like net rental income remained relatively modest at -1.5% compared to the previous year that was partially pre-pandemic. The overall financial performance remained solid in 2021 and reported EPRA Earnings per share was EUR 0.703. Portfolio valuations increased during 2021 as the operating properties recorded a fourth consecutive quarter of uplift in valuations resulting in EUR 48.6 million total valuation gain in investment properties in 2021.

On the divestment front, Citycon sold four non-core assets for approx. EUR 250 million (three in Sweden and Columbus in Finland) at pricing that was at a premium to book values, demonstrating Citycon's comprehensive ability to create value at every stage of an asset's life cycle. At the same time, Citycon demonstrated efficient capital allocation by using a proportion of the Columbus sale proceeds to repurchase its own shares at a significant discount to NRV.

Continuing with the balance sheet, Citycon continued its active capital recycling and further improved its financial position by issuing a EUR 350 million senior bond in March and a EUR 350 million hybrid bond in June. In October, Citycon redeemed the EUR 161.7 million remaining on its bond maturing in 2022, resulting in Citycon eliminating all significant near-term maturities until 2024. This additional balance sheet strength provides Citycon with the flexibility to pursue its long-term strategic goals.

In addition to focusing on portfolio recycling and financing activities, Citycon continued to make progress with organic growth projects on several fronts. For example, the mixed-use, urban development project in Lippulaiva is progressing as planned with the expected opening in April 2022. Lippulaiva will have a total of 30,000 square metres of residential space in addition to 44,000 square metres of commercial space housing approximately 100 different units including grocery stores, cafés, restaurants, services and office spaces. Additionally, area planning and zoning at Liljehomen progressed, resulting in the launch of the area development project in co-operation with the City of Stockholm in January 2021. Going forward, Citycon will continue to focus on developing mixed-use projects and densifying the urban environment around Citycon's existing centres.

MAIN EVENTS IN 2021

General

- In 2021, Citycon continued to execute its strategic transformation to develop and transform its existing necessity-based centres into mixed-use urban hubs with a clear focus on increasing the share of residentials in its portfolio and around its centres while correspondingly decreasing the proportion of non-essential retail, such as fashion.
- Citycon was selected as one of Europe's Climate Leaders according to the list drafted by the Financial Times and German research company Statista. Citycon is the only Finnish real estate company included in the list and was in the top quarter of all European companies, regardless of sector.
- Bret D. McLeod was appointed Citycon Oyj's Chief Financial Officer and member of the Corporate Management Committee following the planned retirement of the previous CFO, Mr. Eero Sihvonen. Mr. McLeod joined Citycon's Corporate Management Committee on August 1, 2021 and assumed the full responsibility of CFO on January 1, 2022.
- In August, it was announced that F. Scott Ball will continue as the CEO of Citycon until 14 January, 2025
- In November, Citycon hosted a Capital Markets Day to provide information and additional insight on Citycon's strategy with a main message that Citycon offers a stable core business with organic growth potential focused in the largest and growing cities in the Nordics.

Development projects

- On the development front, Citycon continued to execute on the 300,000 sqm residential potential across the Nordics and 600,000 sqm in total development. The residential projects are distributed across the operating countries with multiple locations spread out across Norway, Sweden, Finland and Estonia.

– Citycon's development project in Lippulaiva is a prototype and great example of the company's mixed-use development strategy in action, combining retail, residentials and office spaces. Lippulaiva's retail centre, which will be directly connected to the metro, opens in spring 2022, to be followed by 8 residential buildings with apartments and condominiums included to be completed between 2022–2024.

Capital recycling

– In 2021, Citycon sold 4 non-core assets for approx. EUR 250 million (3 in Sweden and Columbus in Finland) at pricing that was at a premium to book values demonstrating Citycon's comprehensive ability to create value at every stage of an asset's life cycle.
– Citycon demonstrated its efficient capital allocation by using a proportion of the Columbus sale proceeds to repurchase its own shares at a significant discount to NRV.

Financing

– In March, Citycon successfully issued a EUR 350 million green bond with an attractive coupon of 1.625%, which is the second lowest in the company's history. The net proceeds were used to partially pay back the bond maturing 2022 and pay down other short-term debt resulting a positive impact to the company's maturity profile, net liquidity and refinancing risk.
– In June, Citycon successfully issued EUR 350 million green hybrid bonds. In addition to strengthening Citycon's balance sheet, the issuance solidified its stable ratings.
– As noted, Moody's and Standard & Poor's affirmed Citycon's investment grade credit rating with an upgraded outlook to stable. Consequently, Citycon has an investment grade credit rating with stable outlook from all three major credit rating agencies.
– In October Citycon redeemed the 161.7 MEUR remaining on its bond maturing in 2022 and EUR 70 million in short-term commercial paper resulting in no significant near-term maturities until 2024.

BUSINESS ENVIRONMENT

The world economy has been in 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 caused the global economy to slow down and, therefore, COVID-19 has substantially affected our business environment from March 2020 onwards. Although the virus continues to impact the world and our markets vaccinations and booster shots have helped the world closer to pre-pandemic times. During September, 2021 all Nordic countries removed most of the remaining restrictions and opened the society as businesses and households have shown a strong desire to normalise production and consumption patterns. However, at the end of 2021 and into early 2022, the spread of the Omicron variant has caused some restrictions to be reinstated in our markets. Most countries are trying to design restrictions that limit economic impact and as of early February 2022, countries are once again beginning to loosen restrictions..

Finland has at least in relative terms, been spared from the crisis both in economic terms and from a public health perspective. The number of COVID-19 deaths per million inhabitants has been among the lowest in Europe. Relatively low COVID-19 rates have helped Finland to avoid full-scale lockdowns. During 2021 Finnish government decided on national and regional recommendations to prevent the spread of COVID-19. In the latter part of the third quarter the Finnish government removed many restrictions while the number of COVID cases decreased, and the vaccination coverage increased. However, due to the rapid increase of Omicron cases on late 2021 Finnish government placed some new restriction on restaurants and high-risk free time activities.

In Sweden, the COVID-19 outbreak has affected the retail and restaurant business through declining turnover and footfall. The government announced a package where property owners could share the cost of rental rebates with the government and Citycon applied for this subsidy under the government program. With most adults vaccinated, Sweden gradually eased some restrictions during the summer and the autumn. However, due to the new Omicron variant, some new restrictions were put in place for restaurant and private and public gatherings, although those are being lifted as of early February 2022.

In Norway, the acceleration of vaccinations, lower infection rates and the gradual easing of COVID-19-related restrictions prompted a sharp rise in economic activity in 2021. The various COVID-19 control measures and travel restrictions have led to changed consumption pattern; households are spending less on services in favour of necessity retail goods. Generally, this have benefited more local, convenience-type shopping centres, similar to the types of assets Citycon owns. As in all Nordic countries, the spread of the Omicron variant in late 2021 was extremely rapid resulting in new society, including an obligation to work remotely. Like in other markets, restrictions are being lifted as of February 2022.

In Estonia, the vast majority of the restrictions were removed in late September. However, at the end of the 2021 Estonian government was forced to implement new restrictions due to the increased COVID-19 cases, although those are starting to loosen as cases come down.

BUSINESS ENVIRONMENT KEY FIGURES

%	Finland	Norway	Sweden	Denmark	Estonia	Euro area
GDP growth forecast, 2021	3.4%	3.1%	3.9%	4.3%	9.0%	5.0%
Unemployment, 2021	6.8%	3.6%	8.3%	5.0%	5.0%	7.2%
Inflation, 2021	1.8%	3.4%	2.4%	1.7%	4.0%	2.4%
Retail sales growth, 2021	3.1%	5.5%	3.7%	3.4%	6.6%	3.2%

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

In Denmark the government was the in Nordics region to lift COVID-19 restrictions in September 2021. Following the outbreak of Omicron in late 2021, some new restriction took place, including capacity restrictions in shopping centres, stores and restaurants. However, in January 2022 Denmark was one of the first countries in the European Union to ease all domestic restrictions that were put in place to control the spread of Covid-19.

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

FINANCIAL PERFORMANCE 2021

Note: Year-over-year comparisons to 2020 are adversely impacted due to the fact that 2020 was partially pre-pandemic.

- Full year results for Direct Operating Profit and EPRA EPS in-line with company guidance.
- Net rental income was EUR 202.3 million (Q1-Q4/2020: 205.4). Net rental income continued to be affected negatively by COVID-19 pandemic and its impact on straight-lined discounts from 2020. In addition, the divestments made in Q1/2021 and Q4/2021 decreased the net rental income. On a like-for-like basis, net rental income declined slightly (-1.5%).
- EPRA Earnings were EUR 124.4 million (136.6) as a result of divestments' impact on net rental income, lower direct share of profit of joint ventures and associated companies and higher tax expenses. EPRA Earnings per share (basic) was EUR 0.703 (0.767) with a positive impact from stronger currencies being EUR 0.024 per share.
- Adjusted EPRA earnings were EUR 100.0 million (120.3) due to the addition of newly issued hybrid bond coupons.
- IFRS earnings per share improved to EUR 0.55 (-0.25) mainly due to stronger result in property valuations which were up 1.2% over 2020, and share repurchase. Net cash from operations per share increased to EUR 0.72 (0.71) resulting from higher earnings.
- Citycon disposed of four non-core assets for EUR 253.2 million and repurchased approximately EUR 69 million shares.
- The Board of Directors proposes to the Annual General Meeting that the Board be authorised to decide on the profit sharing for the financial year 2021. Based on the proposed authorization the maximum amount of profit sharing, to be paid as equity repayment, would be EUR 0.50 per share.

OUTLOOK

Citycon forecasts the 2022 direct operating profit to be in range EUR 164–180 million, EPRA EPS EUR 0.62–0.72 and adjusted EPRA EPS EUR 0.48–0.58.

Direct operating profit	MEUR	164–180
EPRA Earnings per share (basic)	EUR	0.62–0.72
Adjusted EPRA Earnings per share (basic)	EUR	0.48–0.58

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

KEY FIGURES

		2021	2020	%	FX Adjusted %[1]
Net rental income	MEUR	202.3	205.4	-1.5%	-4.0%
Direct Operating profit[2]	MEUR	176.1	180.4	-2.4%	-5.0%
IFRS Earnings per share (basic)[3]	EUR	0.55	-0.25	-	-
Fair value of investment properties	MEUR	4,189.2	4,152.2	0.9%	-
Loan to Value (LTV)[2,4]	%	40.7	46.9	-13.2%	-
EPRA based key figures[2]					
EPRA Earnings	MEUR	124.4	136.6	-8.9%	-11.7%
Adjusted EPRA Earnings[3]	MEUR	100.0	120.3	-16.9%	-19.7%
EPRA Earnings per share (basic)	EUR	0.703	0.767	-8.4%	-11.2%
Adjusted EPRA Earnings per share (basic)[3]	EUR	0.565	0.676	-16.4%	-19.3%
EPRA NRV per share	EUR	11.54	11.48	0.5%	-

[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.
[4] Highly liquid cash investments has been taken into account in net debt.

NET RENTAL INCOME

The like-for-like net rental income in Q4 increased 2.9% compared to Q4/2020. Total net rental income decreased to EUR 49.3 million (Q4/2020: 49.9) mainly due to the divestment of 4 non-core assets.

The net rental income in Q1-Q4/2021 stands at EUR 202.3 million (205.4). 2020 is not a fully comparable year, as Q1/2020 was in a pre-pandemic operating environment. In 2021, COVID-19 impacted results, particularly in Q1, through higher vacancy and lower turnover-based rents and parking income resulting from lower footfall. In addition, the divestments made in Q1/2021 and Q4/2021 decreased net rental income by EUR 5.9 million during Q1-Q4. COVID-19 discounts given in Q1-Q4/2021 were EUR 0.8 million. Under IFRS, the total amount of rental reliefs is accrued over the remaining contract period.

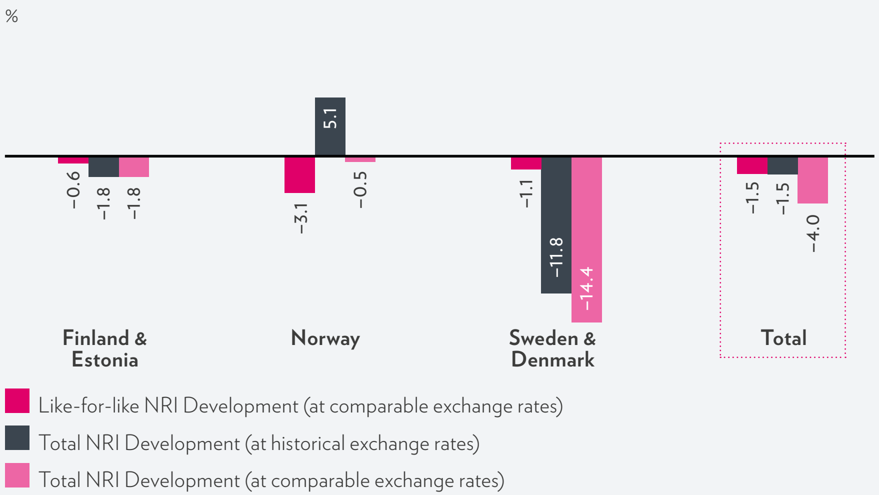
Total net rental income at historical exchange rates decreased by 1.5%, compared to Q1-Q4/2020.

Net rental income from the Finnish & Estonian operations decreased by 1.8% against a partially pre-covid year due to the divestment of Columbus shopping centre in Q4/2021. Like-for-like net rental income decreased by 0.6% against a partial pre-covid year.

Net rental income from Swedish & Danish operations decreased by 11.8% due to the divestment of three non-core shopping centres in Q1/2021. Like-for-like net rental income decreased by 1.1% against a partial pre-covid year.

Net rental income from the Norwegian operations increased by 5.1% compared to Q1-Q4/2020 mainly due to acquisitions of Stovner and Torvbyen shopping centres in Q1/2020. Like-for-like net rental income decreased by 3.1% but compared to partial pre-covid year.

LIKE-FOR-LIKE AND TOTAL NET RENTAL INCOME DEVELOPMENT, 2021 VS. 2020



NET RENTAL INCOME AND GROSS RENTAL INCOME BREAKDOWN

	Net rental income					Gross rental income
MEUR	**Finland & Estonia**	**Norway**	**Sweden & Denmark**	**Other**	**Total**	**Total**
2020	**86.8**	**74.1**	**44.5**	**0.1**	**205.4**	**224.3**
Acquisitions	-	-0.3	-	-	-0.3	0.2
(Re)development projects	-0.9	1.6	-0.5	-	0.1	0.8
Divestments	-0.1	-0.1	-5.7	-	-5.9	-8.1
Like-for-like properties [1]	-0.4	-1.5	-0.4	-	-2.3	-1.4
Other (incl. exchange rate differences)	0.0	4.0	1.3	-0.1	5.2	6.4
2021	**85.2**	**77.8**	**39.2**	**0.0**	**202.3**	**222.2**

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

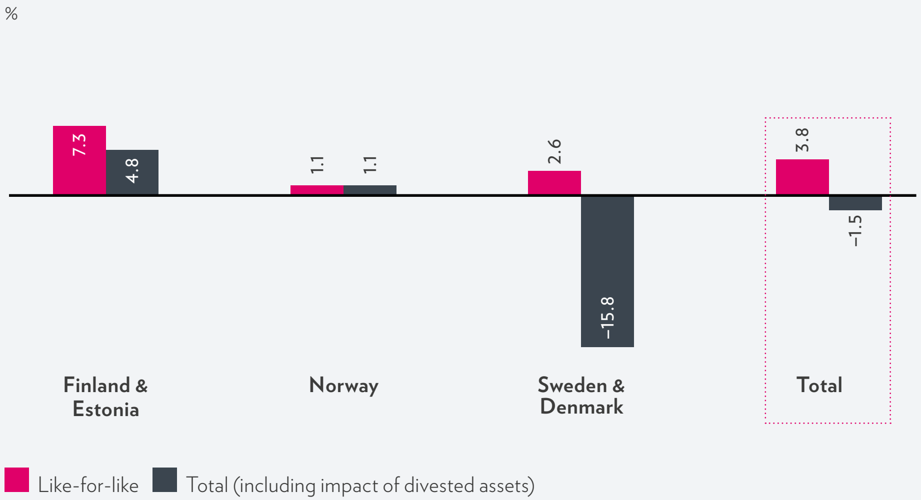
OCCUPANCY, SALES AND FOOTFALL

The retail occupancy rate increased in Q4/2021 from the previous quarter and was 94.2% (Q3/2021: 93.7%). Also, the economic occupancy increased and was 93.4% (Q3/2021: 93.0%). Furthermore, the average rent per sq.m. increased to 22.6 EUR (Q4/2020: 22.0) as we leased over 200,000 sq.m. during the year. Using comparable rate average rent per sq.m was 22.0 EUR.

In Q4/2021 like-for-like tenant sales increased 7.6% and at the same time like-for-like footfall increased 8.2%. In Q1-Q4 like-for-like sales increased by 3.8% and like-for-like grocery sales increased by 2.9%. Total sales in Citycon's shopping centres decreased by -1.5% due to divested assets in Sweden and Finland. However, total sales in Finland & Estonia increased by 4.8% and total sales in Norway increased by 1.1%.

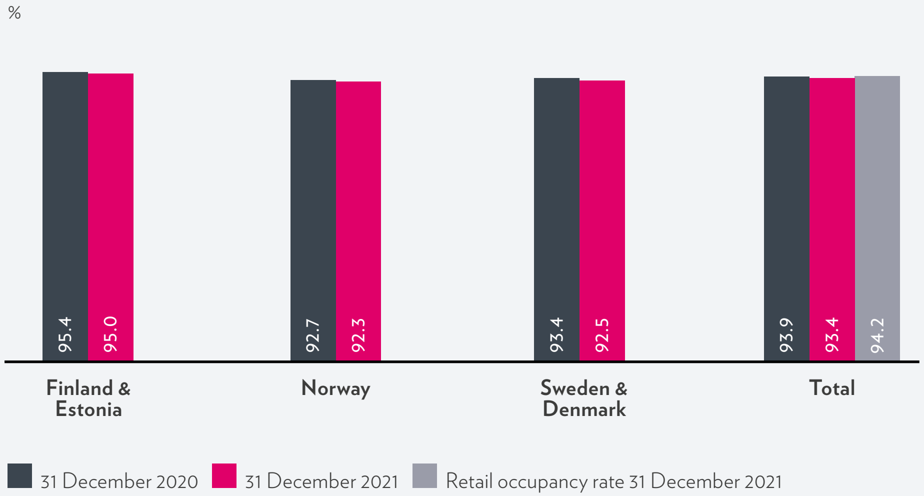
Total footfall decreased by -4.0% due to the divestments and like-for-like footfall decreased by -1.6% compared to the previous year again due to Q1/2020 being a pre-covid environment. However, the average consumer spending in our centres grew significantly compared to previous year, more than offsetting footfall declines.

TENANT SALES DEVELOPMENT, 2021 VS. 2020 [1)]



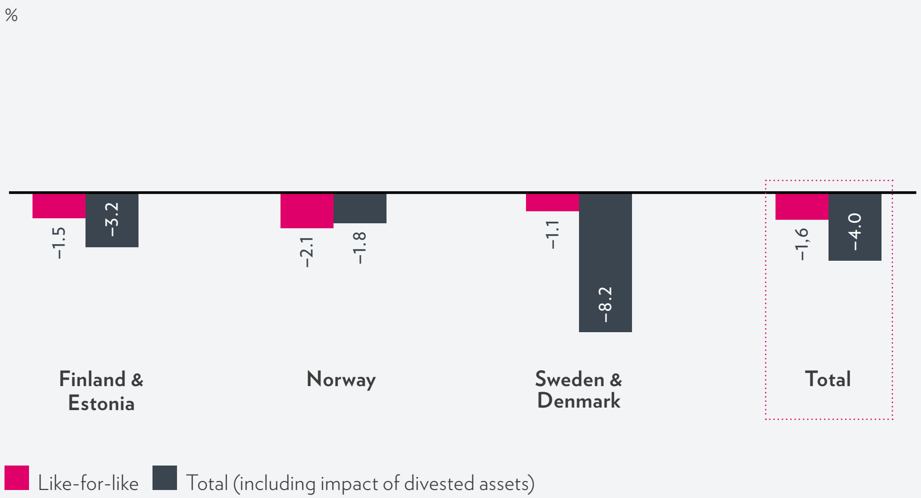
[1)] Sales figures include estimates. Sales figures exclude VAT and the change has been calculated using comparable exchange rates. Kista Galleria 50% not included.

OCCUPANCY RATE [1)]



[1)] Kista Galleria 50% not included.

FOOTFALL DEVELOPMENT, 2021 VS. 2020 [1)]



[1)] Footfall figures include estimates. Kista Galleria 50% not included.

LEASE PORTFOLIO SUMMARY [1)]

		31 December 2021	31 December 2020
Number of leases	pcs	3,326	3,810
Average rent	EUR/sq.m.	22.6	22.0
Average remaining length of lease portfolio	years	3.1	2.9
Occupancy cost ratio [2)]	%	8.8%	9.1%

[1)] *Kista Galleria 50% not included.*
[2)] *The rolling twelve month occupancy cost ratio for like-for-like shopping centres.*

LEASING ACTIVITY [1)]

		2021	2020
Total area of leases started	sq.m.	247,526	224,276
Total area of leases ended	sq.m.	319,011	243,959

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

PERSONNEL KEY FIGURES

	2021	2020	2019
Average number of personnel (FTE)	242	239	240
Wages and salaries, EUR million	17.3	18.2	17.5

FINANCIAL RESULT

Operating profit increased to EUR 217.8 million (34.1).

Administrative expenses were EUR 26.1 million (25.9). At the end of the reporting period, Citycon Group employed a total of 251 (246) full-time employees (FTEs), including bringing the outsourced accounting team in-house and duplicate of CFO positions for five months, of whom 56 worked in Finland & Estonia, 80 in Norway, 66 in Sweden & Denmark, and 49 in Group functions.

Net financial expenses (IFRS) increased to EUR 55.0 million (51.8) despite a lower average amount of debt and a higher interest income and other financial income, mainly due to indirect items. Indirect losses of EUR 7.3 million (5.8) was recorded related to cost for bond tenders and non-cash write downs of unamortized fees on the prepaid bonds. In addition, EUR 0.8 million indirect losses (0.8 gains) related to fair value changes of cross-currency swaps not under hedge accounting was booked.

Share of loss of joint ventures and associated companies totalled EUR -6.3 million (-28.0). Improved result from previous year was mainly due to better investment property valuation result in Kista Galleria.

Profit for the period increased by EUR 148.9 million to EUR 121.0 million (-27.9).

PROPERTY PORTFOLIO VALUE DEVELOPMENT

From year-end the fair value of investment properties increased by EUR 37.0 million to EUR 4,189.2 million (31 December 2020: 4,152.2). Net investments, including both acquisitions and disposals and development projects increased the fair value by EUR 181.3 million. Fair value gains increased the value of investment properties by EUR 48.6 million and exchange rates by EUR 55.1 million. Changes in right-of-use –assets increased the asset value of investment properties by EUR 12.6 million and transfer between categories decreased the value by EUR 260.5 million.

PROPERTY PORTFOLIO SUMMARY

31 December 2021	No. of properties	Gross leasable area	Fair value, MEUR	Properties held for sale, MEUR	Portfolio, %
Shopping centres, Finland & Estonia [1]	11	450,847	1,955.9	-	45%
Other properties, Finland & Estonia	1	2,240	3.5	-	0%
Finland & Estonia, total	**12**	**453,087**	**1,959.3**	**-**	**45%**
Shopping centres, Norway	17	444,100	1,389.9	150.9	36%
Rented shopping centres, Norway [2]	1	14,500	-	-	-
Norway, total	**18**	**458,600**	**1,389.9**	**150.9**	**36%**
Shopping centres, Sweden & Denmark	7	209,300	794.3	-	18%
Sweden & Denmark, total	**7**	**209,300**	**794.3**	**-**	**18%**
Shopping centres, total	36	1,118,747	4,140.1	150.9	99%
Other properties, total	1	2,240	3.5	-	0%
Investment properties, total	**37**	**1,120,987**	**4,143.5**	**150.9**	**99%**
Right-of-use assets classified as investment properties (IFRS 16)	-	-	45.7	-	1%
Investment properties in the statement of financial position, total	**37**	**1,120,987**	**4,189.2**	**150.9**	**100%**
Kista Galleria (50%)	1	46,300	252.2	-	-
Investment properties and Kista Galleria (50%), total	**38**	**1,167,287**	**4,441.4**	**150.9**	**-**

[1] Includes Lippulaiva development project.
[2] Value of rented properties is recognised within IFRS 16 investment properties based on IFRS rules.

The fair value change of investment properties amounted to EUR 48.6 million (-146.9). The company recorded a total value increase of EUR 106.1 million (39.8) and a total value decrease of EUR 45.7 million (-181.1). In addition, the application of IFRS 16 standard had an impact of EUR -11.8 million (-5.7) to the fair value change of investment properties during the January-December reporting period.

Fair value change for the operational portfolio (without Lippulaiva) was positive EUR 76.6 million. The total fair value change was impacted by an update of estimated project costs and Covid impacts related to Lippulaiva project.

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.

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

FAIR VALUE CHANGES

MEUR	2021	2020
Finland & Estonia	3.4	-86.8
Norway	26.2	-1.3
Sweden & Denmark	30.8	-53.1
Investment properties, total	**60.4**	**-141.2**
Right-of-use assets classified as investment properties (IFRS 16)	-11.8	-5.7
Investment properties in the statement of financial position, total	**48.6**	**-146.9**
Kista Galleria (50%)	-1.4	-32.3
Investment properties and Kista Galleria (50%), total	**47.2**	**-179.2**

RECYCLING OF CAPITAL CONTINUED

In 2021, Citycon continued to execute on opportunistic capital recycling. In February, Citycon signed an agreement to sell three shopping centres in Sweden with the gross purchase price of approximately EUR 147 million. The divestment follows Citycon' s strategy to focus on larger, grocery / municipal services-anchored, urban hubs with a connection to transportation links and which provide further densification potential to add residential units, offices and other complimentary uses. The closing of the transaction was 31 March 2021.

In October, Citycon signed an agreement to sell Columbus located in Helsinki, Finland with a gross purchase price of approximately EUR 106.2 million. Columbus demonstrates Citycon's ability to create additional value through active asset management at every stage of the property life cycle. During Citycon's ownership, Columbus was transformed to a grocery-anchored urban hub, which was reflected in its increase in value. Subsequent to the sale, a portion of the proceeds from the transaction was used to buy back shares.

The company will continue evaluating opportunistic capital recycling actions going forward.

(RE)DEVELOPMENT PROJECTS PROGRESSED

At the end of the reporting period, Citycon had one major (re)development project underway: the Lippulaiva project in the Helsinki Metropolitan area. Citycon also completed the first phase of one smaller development project in Oasen Kjøpesenter in Norway, in which over 6,000 square meters of office space was converted into premises for a new health centre, F&B and daily shopping.

ACQUISITIONS AND DIVESTMENTS 2021

		Location	Gross leasable area, sq.m.	Date	Price, MEUR
Divestments					
Portfolio of 3 centres				31 March 2021	147 [1]
Tumba	Shopping centre	Botkyrka, Sweden	23,200		
Högdalen	Shopping centre	Bandhagen, Sweden	20,000		
Fruängen	Shopping centre	Hägersten, Sweden	14,700		
Columbus	Shopping centre	Helsinki, Finland	22,600		106.2
Divestments, total			**80,500**		**253.2**
Acquisitions					
Heikintori (7%) [2]	Shopping centre	Espoo, Finland	6,200	29 April 2021	0.7
Acquisitions, total			**6,200**		**0.7**

1) *Gross purchase price*
2) *Citycon owned approx. 93% of the shopping centre. After the transactions Citycon ownership is 100%*

(RE)DEVELOPMENT PROJECTS IN PROGRESS ON 31 DECEMBER 2021

	Location	Area before/ after, sq.m.	Expected net investment, MEUR	Actual net investment by 31 December 2021, MEUR	Completion
Lippulaiva shopping centre	Helsinki metropolitan area, Finland	19,200/44,300	357.2 [1]	310.6 [1]	2022
Lippulaiva residentials	Helsinki metropolitan area, Finland	-/18,000	90.5	32.7	2022–2024

1) *Expected gross investment is 410 MEUR with the proceeds from net rental income of Pikkulaiva, sale of additional building rights and metro&bus terminal offsetting for a expexted net investment of 357.2 MEUR. Actual gross investment by 31 December 2021 is 363.5 MEUR.*

COMPLETED (RE)DEVELOPMENT PROJECTS IN 2021

	Location	Area before/ after, sq.m.	Expected gross investment, MEUR	Actual gross investment by 31 December 2021, MEUR	Completion
Oasen Kjøpe-senter (phase I)	Bergen, Norway	-	11,6	11,7	2021

CAPITAL EXPENDITURE

MEUR	2021	2020
Acquisitions of properties [1]	-0.6	156.0
Acquisitions of and investments in joint ventures	29.2	5.1
Property development [2]	191.0	182.5
Goodwill and other investments	4.5	2.0
Total capital expenditure incl. acquisitions	**224.1**	**345.6**
Capital expenditure by segment		
Finland & Estonia	163.6	150.5
Norway	21.7	178.3
Sweden & Denmark	35.2	14.9
Group administration	3.6	1.9
Total capital expenditure incl. acquisitions	**224.1**	**345.6**
Divestments [3]	**265.3**	**10.0**

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

KEY FINANCING FIGURES

		31 December 2021	31 December 2020
Fair value of debt	MEUR	1,860.3	2,098.0
Interest-bearing liabilities, carrying value [1]	MEUR	1,878.5	2,121.2
Available liquidity	MEUR	583.7	447.0
Average loan maturity	years	4.2	3.8
Loan to Value (LTV) [2] [3]	%	40.7	46.9
Interest cover ratio (financial covenant > 1.8)	x	4.1	4.1
Net debt to total assets (financial covenant < 0.60)	x	0.38	0.45
Solvency ratio (financial covenant < 0.65)	x	0.39	0.46
Secured solvency ratio (financial covenant < 0.25)	x	0.00	0.02

[1] Including EUR 43.2 million (48.8) IFRS 16 lease liabilities.
[2] Hybrid bond treated as equity as according to IFRS. 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 In addition, highly liquid cash investments has been taken into account in net debt.
[3] Net debt to total assets is a new covenant and replaces equity ratio covenant in the Revolving Credit Facility.

SHAREHOLDERS' EQUITY

Equity per share was EUR 14.80 (31 December 2020: 12.17). The successful issuance of new hybrid bond, result for the period and translation gains increased equity per share, partly offset by dividends, equity return and hybrid bond interest.

At period-end, **shareholders' equity** attributable to parent company's shareholders was EUR 1,800.1 million (31 December 2020: 1,818.6).

FINANCING

In January, Kista Galleria, a joint venture company 50% owned by Citycon, refinanced its external debt by signing a new SEK 2,439 million secured bank facility with the existing three lenders. The loan has a tenor of approx. 4.5 years. As the debt of Kista Galleria is not consolidated on Group level, this does not affect any of the reported debt related key ratios.

In February, Citycon announced that it had signed an agreement to sell a portfolio of three shopping centres (Tumba, Högdalen, Fruängen) in the Stockholm area. The gross purchase price for the assets was approximately EUR 147 million. The transaction closed in March and proceeds were used to repay short-term debt, thereby strengthening the balance sheet.

In March, Citycon successfully placed a new EUR 350 million green Eurobond. The 7-year senior unsecured fixed rate EUR-denominated Bond matures on 12 March 2028 and pays a fixed coupon of 1.625%. The issuer is Citycon Treasury B.V. and the guarantor is Citycon Oyj. The bond is issued under the issuer's EMTN Programme and listed on the Irish Stock Exchange (Euronext Dublin). The demand for the bond was strong with an orderbook close to five times over-subscribed, which allowed Citycon to issue the bond at an attractive spread, at pre-covid level, and with a coupon that is the second lowest in the company's history. This highlights the quality of Citycon's credit and its access to the capital markets.

Through a tender process, EUR 93 million of the net proceeds of the issue were used to partially buy back the bond maturing in 2022, and the rest of the proceeds were used to repay the outstanding loan under the Revolving Credit Facility and other short-term debt. As a result of this successful issuance and short-term debt prepayments, Citycon's debt maturity profile was significantly improved, refinancing risk further reduced and net liquidity improved.

The Annual General Meeting authorized the Board of Directors to quarterly decide in its discretion on the distribution of dividend and equity repayment with an annual maximum total amount of EUR 0.50 per share. The dividends and equity repayment paid in 2021 were mainly financed by operative cash flow.

In June, Citycon successfully placed a EUR 350 million Green Hybrid Bond (Subordinated Fixed to Reset Rate Green Capital Securities). The demand was very strong with an order book reaching around one billion euros and with approximately 150 investors. The hybrid bond is treated as equity in Citycon's consolidated financial statements prepared in accordance with IFRS, but do not confer on their holders the rights of a shareholder nor do they dilute the holdings of the current shareholders. The hybrid bond was issued under Citycon's Green Financing Framework, which integrates Citycon's sustainability targets with our financing activities. The issuance strengthened the balance sheet and demonstrates Citycon's commitment to improving its investment grade credit ratings. In addition, the issuance brings flexibility to execute on our transformation strategy and enables the diversification of our portfolio both organically and through potential acquisitions. It will bear a fixed rate coupon of 3.625 per cent per annum until the first reset date 10 September 2026 and thereafter, the interest rate will reset on each fifth anniversary. The hybrid bond does not have a specified maturity date but Citycon is entitled to redeem it on any date in three months up to, and including, the First Reset Date, and subsequently, on each annual interest payment date. The issue date was on 4 June 2021, and it is listed on Euronext Dublin.

In June, both Moody's and Standard & Poor's affirmed Citycon's investment grade credit ratings with upgraded outlooks to stable, so Citycon now has an investment grade credit rating with a stable outlook from all three major credit agencies, including Fitch. The outlook upgrades reflect sufficient headroom for Citycon's credit metrics, the resilience of our necessity-based urban hubs, the stability of our markets, and a positive view towards our transformation toward a more residential and mixed-use portfolio.

Citycon updated the terms of its Euro Medium Term Note programme by increasing the size to EUR 2,500,000,000. The original EMTN Programme was established by Citycon Treasury B.V. on 18 July 2017, and any notes issued under the Programme by Citycon Treasury B.V. benefit from a guarantee by Citycon Oyj. Following this update of the Programme, both Citycon Oyj and Citycon Treasury B.V. can act as an issuer of the notes issued under the Programme. Otherwise, the terms of the Programme remain unchanged. The Central Bank of Ireland approved the updated Offering Circular for the Programme on 24 June 2021.

In September, Citycon decided to exercise its right to redeem its 2022 notes with an outstanding nominal amount of EUR 161.7 million. The redemption date was 19 October 2021 and the company used funds from its liquid cash investments to settle the redemption. Following the redemption, the majority of Citycon's short term debt maturities were repaid and the debt level reduced.

In October, Citycon divested Columbus retail center in Helsinki, Finland for an amount of approx. EUR 106.2 million. Proceeds were used to repay short term debt maturities and the repurchase of shares in November and December 2021.

In November, Citycon Oyj successfully carried out the repurchase of a total amount of 9,500,000 shares in the company, for a total purchase price of EUR 65.8 million as a result of a market based reverse accelerated bookbuild process. The repurchased shares were cancelled on 30 November 2021.

In December, Citycon launched a share buy-back programme and continued to repurchase 500,000 of the company's own shares. The buy-back programme started on 20 December 2021 and ended on 10 January 2022. During this period, a total of 500,000 own shares were repurchased. The total amount used for the repurchase was approximately EUR 3.49 million. A total of 10,415 own shares held by the Company was used for payment of rewards under the Company's share-based incentive plan to four key persons. The rest of the repurchased shares, 489,585 shares, were cancelled on 14 January 2022.

INTEREST-BEARING DEBT

The fair value of interest-bearing debt decreased during 2021 by EUR 237.6 million to EUR 1,860.3 million mainly following the hybrid issue in June, despite capital investments and a stronger NOK currency rate. The carrying amount of interest-bearing liabilities in the balance sheet was EUR 1,878.5 million including IFRS 16 liabilities. At year-end cash, including cash investments, stood at EUR 54.7 million.

The weighted average loan maturity increased during the year to 4.2 years.

LTV (IFRS) decreased considerably during the year to 40.7% mainly as a result of the hybrid issuance in June.

FINANCIAL EXPENSES

The direct net financial expenses (EPRA) increased slightly compared to last year despite higher capitalized interest on development projects and higher interest income, mainly due to higher average cost of debt and a stronger NOK currency rate.

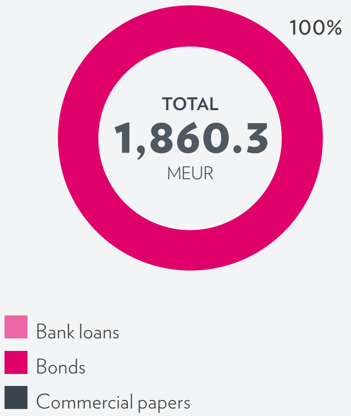
Net financial expenses (IFRS) increased to EUR 55.0 million (51.8) mainly following one-off indirect expenses related to bond buy-backs and fair value changes of derivatives. Indirect losses of EUR 7.3 million (5.8) were recorded related to costs for bond tenders and non-cash write-downs of unamortized fees on the prepaid bonds. In addition, EUR 0.8 million indirect losses (0.8 gains) related to fair value changes of cross-currency swaps not under hedge accounting was booked.

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

The period-end average cost of debt was 2.47%.

BREAKDOWN OF LOANS

%



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.

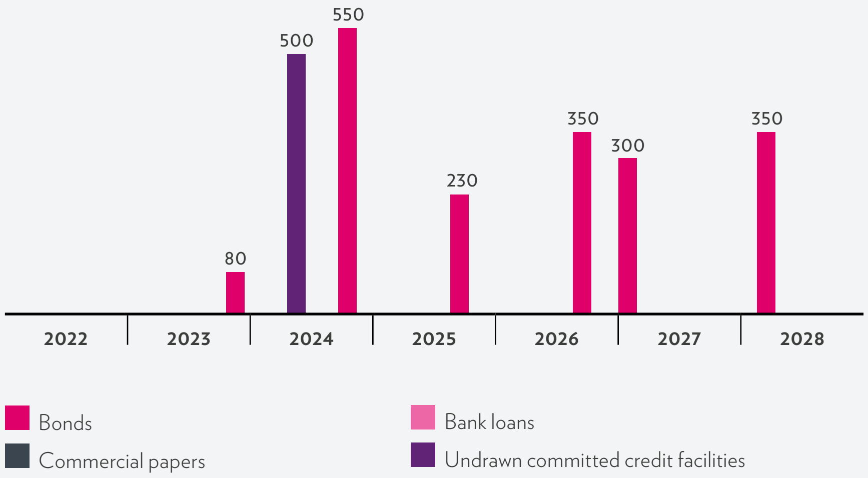
CHANGES IN CORPORATE MANAGEMENT

On 22 June 2021 it was published that Bret D. McLeod had been appointed Citycon Oyj's Chief Financial Officer (CFO) and member of the Corporate Management Committee. Mr. McLeod joined Citycon's Corporate Management Committee on August 1, 2021 and assumed the full responsibility of CFO on January 1, 2022. Eero Sihvonen, who was the company's CFO since 2005, retired on December 31, 2021.

On 23 August 2021, it was announced that F. Scott Ball will continue as the CEO of Citycon until 14 January, 2025.

DEBT MATURITIES

MEUR



FINANCIAL EXPENSES KEY FIGURES

		2021	2020
Financial expenses [1]	MEUR	-62.0	-57.5
Financial income [1]	MEUR	7.1	5.8
Net financial expenses (IFRS)	**MEUR**	**-55.0**	**-51.8**
Direct net financial expenses (EPRA)	MEUR	-46.8	-46.0
Weighted average interest rate [2]	%	2.47	2.39
Weighted average interest rate excluding derivatives	%	2.48	2.37
Year-to-date weighted average interest rate [2]	%	2.41	2.34

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

SUSTAINABILITY

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

Citycon uses BREEAM In-Use to assess and develop the sustainable management of its shopping centres. 96% of Citycon's shopping centres, measured by fair value, had acquired the certification at period-end. Citycon now boasts the largest shopping centre portfolio with BREEAM In-Use certification in the Nordic countries.

In its sustainability reporting, Citycon applies the GRI Standards Core option, European Public Real Estate Association (EPRA) Best Practice Recommendations on Sustainability Reporting (3rd Edition) and Citycon's own internal reporting principles (Criteria). Citycon's sustainability strategy, targets and measures are described in detail in the upcoming Sustainability Accounts 2021.

Citycon's Annual and Sustainability Report 2020 was awarded as one of the best within the industry. Citycon received the EPRA Gold Award in the Sustainability Best Practices series for the tenth year in a row. Citycon has received a rating of AA in the MSCI ESG Ratings assessment. Citycon also has the ISS-Oekom "Prime" rating, awarded to companies that achieve the best ESG scores among their sector peers.

Key environmental indicators 2021:

- Citycon's total energy consumption (incl. electricity consumption in common areas, heating and cooling) amounted to 217 gigawatt hours (195 GWh).
- The recycling rate in shopping centres remained at the same level as the previous year and was 99%.

Disclosure according to the Taxonomy Regulation Delegated Act:

Citycon's sustainability and finance teams have classified the company's activities by mapping Citycon group's consolidated IFRS income statement accounts based on whether they are covered by a NACE code included in the Taxonomy. Based on this classification 97% of Citycon's total turnover, 99% of capital expenditure and 67% of operational expenditure is derived from Taxonomy-eligible activities.

RISKS AND UNCERTAINTIES

The outbreak of the COVID-19 pandemic also in the Nordics and in Estonia has had negative effects on Citycon's business. Both changed consumer behaviour and authority restrictions in our operating countries have substantially changed our business environment and also affected the results to some extent. The crisis has however had a minimal impact on Citycon's ability to collect rents on time or in full, and the effect going forward is difficult to predict.

The most significant other 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 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 37–38 in the Financial Statements 2021, in Note 3.5 A) as well as on Citycon's website in the Corporate Governance section.

LEGAL PROCEEDINGS

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

GENERAL MEETING

Annual General Meeting 2021

Citycon's Annual General Meeting 2021 (AGM) was held in Espoo, Finland on 22 March 2021. In order to prevent the spread of the COVID-19 pandemic, the AGM was held without shareholders' and their proxy representatives' presence at the venue of the meeting. The shareholders of the company participated in the meeting and exercised their shareholder's rights by voting in advance. A total of 205 shareholders attended the AGM either personally or through a proxy representative, representing 80.8% of shares and votes in the company.

The General Meeting approved all the proposals made by the Board of Directors to the General Meeting.

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 2020 and decided to adopt the Remuneration Report for the governing bodies.

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 0.45 per share. The authorisation is valid until the opening of the next AGM.

The AGM decisions and the minutes of the AGM are available on the company's website at **citycon.com/agm2021**.

EXTRAORDINARY GENERAL MEETING 2021

Citycon´s Extraordinary General Meeting (EMG) held on 2 August 2021 decided on the election of two new Board members, Ms Ljudmila Popova and Citycon`s CEO Mr F. Scott Ball. Furthermore, the EGM decided to adopt the revised remuneration policy. Further information available on the company´s website at **citycon.com/egm2021**.

BOARD OF DIRECTORS

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

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

Following the resignation of Andrea Orlandi and Ariella Zochovitzky, the EGM held on 2 August 2021 decided to elect Ljudmila Popova and F. Scott Ball as new Board members of the company.

Chaim Katzman was the Chairman of the Board of Directors in 2021. Ariella Zochovitzky was the Deputy Chairman until 30 June 2021 and from 4 August onwards Alexandre (Sandy) Koifman was Vice Chairman of the Board of Directors.

AUDITOR

Since 2006, the company's auditor has been Ernst & Young Oy, a firm of authorised public accountants, which had designated Authorised Public Accountant Antti Suominen to act as the responsible auditor of Citycon in 2021.

CHIEF EXECUTIVE OFFICER (CEO)

From 1 January 2019 onwards, F. Scott Ball has been the company´s CEO. Eero Sihvonen, Chief Financial Officer, was Citycon's Executive Vice President until his retirement on 31 December 2021. Their personal details, career histories and positions of trust can be found on the company's website at **citycon.com/management**. Information on the CEO's executive contract and its terms and conditions are available on pages 57–59 of the Financial Statements.

CORPORATE GOVERNANCE STATEMENT

Citycon has published Citycon Group's Corporate Governance Statement 2021 as a separate report, distinct from the Report by the Board of Directors. The statement is prepared in accordance with the recommendations of the Finnish Corporate Governance Code 2020 and is available on the company's website at **citycon.com/corporate-governance**.

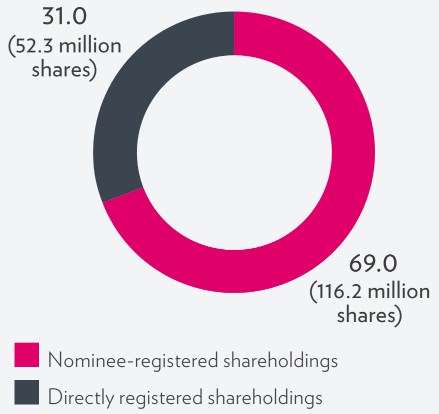
SHARES, SHARE CAPITAL AND SHAREHOLDERS

The company has a single series of shares, with each share entitling to one vote at a General Meeting of shareholders. In November 2021, Citycon repurchased 9,500,000 of its own shares in a reverse accelerated bookbuild. The repurchased shares were cancelled on 30 November 2021. At the end of the period, the total number of shares was 168,498,525 and the company held 296,463 own shares. Thus, at the end of December 2021, the total number of shares outstanding in the company was 168,202,062. The shares have no nominal value. During 2021, there were no changes in the company's share capital.

At the end of December 2021, Citycon had a total of 28,577 (22,499) registered shareholders, of which 11 were account managers of nominee-registered shares. Holders of the nominee-registered shares held approximately 116.2 million (140.3) shares, or 69.0% (78.8%) 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**.

SHAREHOLDERS 31 DECEMBER 2021

% of shares and voting rights



SHARES AND SHARE CAPITAL

		2021
Share capital at period-start	MEUR	259.6
Share capital at period-end	MEUR	259.6
Number of shares at period-start		177,998,525
Number of shares at period-end		168,498,525

DIVIDEND AND EQUITY REPAYMENT

Citycon's dividend for the financial year 2020 and equity repayments paid in 2021:

DIVIDENDS AND EQUITY REPAYMENTS PAID ON 31 DECEMBER 2021 [1)]

	Record date	Payment date	EUR / share
Dividend for 2020	24 March 2021	31 March 2021	0.05
Equity repayment Q1	24 March 2021	31 March 2021	0.075
Equity repayment Q2	21 June 2021	30 June 2021	0.125
Equity repayment Q3	22 September 2021	30 September 2021	0.125
Equity repayment Q4	16 December 2021	30 December 2021	0.125
Total			**0.50**

[1)] *Board decision based on the authorisation issued by the AGM 2021.*

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 22 March 2021:

- 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 2022.
- 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 2022.

During January – December 2021, the Board of Directors used three times its authorisation to repurchase its own shares and cancel them or issue them by conveying repurchased shares for payment of rewards earned under the company's share plans in accordance with the terms and conditions of the plans:

Restricted Share Plan 2015

– On 8 January 2021, the company repurchased total of 8,800 of its own shares and conveyed them on 13 January 2021 to four key persons of the company.

Restricted Share Plan 2018–2020

– On 8 January 2021, the company repurchased total of 4,000 of its own shares and conveyed them on 13 January 2021 to two key persons of the company.

Matching Share Plan 2018–2020

– On 1 March 2021, the company repurchased total of 5,493 of its own shares and conveyed them on 5 March 2021 to one key person of the company.

Additionally, the Board of Directors used two times its authorisation to repurchase its own to distribute surplus funds received from the divestment of necessity-based retail centre Columbus to the shareholders of Citycon:

Market based reverse accelerated bookbuild

– On 25 November 2021 company repurchased 9,500,000 own shares in a reverse accelerated bookbuild. The repurchased shares were cancelled on 30 November 2021

Share buy-back program

– On 17 December 2021, the Board of Directors of Citycon decided to launch a buyback program. According to the Board decision, the maximum number of shares to be repurchased was 500,000 and the maximum amount to be used for the repurchases was EUR 3.75 million. The share repurchases started on 22 December 2021 and ended on 10 January 2022. At the end of the reporting period, 31 December 2021, 296,463 share were repurchased under the share buy-back programme.

OWN SHARES

During the reporting period, the company held a total of 9,814,756 of the company's own shares of which 9,500,000 shares were cancelled and 18,293 shares were conveyed to implement payments of rewards earned under the company's share plans as described in the section Board authorisations. At the end of the period, the company held 296,463 own shares representing 0.18 per cent of the total number of shares in Citycon Oyj.

FLAGGING NOTICES

During 2021 Citycon Oyj received the following notification pursuant to Chapter 9, Section 5 of the Finnish Securities Market Act:

– On 17 March 2021 a flagging notification, according to which the total holdings of CPP Investment Board Europe S.à.r.l in Citycon Oyj has fallen below 10 per cent flagging threshold.
– On 11 October 2021 a flagging notification, according to which the total holdings of Alecta pensionsförsäkring, ömsesidigt in Citycon Oyj has fallen below 5 per cent flagging threshold.
– On 26 November a flagging notification, according to which the total holdings of CPP Investment Board Europe S.à.r.l in Citycon Oyj has fallen below 5 per cent flagging threshold.
– On 1 December a flagging notification, according to which the total holdings of Gazit-Globe Ltd in Citycon Oyj has increased above 50 per cent flagging threshold.
– On 28 December 2021 a flagging notification according to which Gazit-Globe Ltd.'s direct

holding of shares in Citycon will decrease below 50 per cent flagging threshold. The share purchase agreement in question will not affect the aggregate total direct and indirect holdings of Gazit-Globe Ltd.

Additionally, Citycon has filed the following flagging notifications pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act to the FIN-FSA:
- On 26 November 2021 a flagging notification, according to which Citycon's total holding of own shares has increased above 5 per cent.
- On 1 December 2021 a flagging notification, according to which Citycon's total holding of own shares has decreased below 5 per cent.

SHARE-RELATED EVENTS

Shareholder agreements

The company has no knowledge of any effective shareholder agreements.

The Governance Agreement entered into between CPPIBE and Gazit-Globe Ltd. on 12 May 2014, as disclosed by Citycon Oyj through stock exchange releases on 13 May 2014 and 17 March 2020, is terminated in accordance with its terms and conditions after CPPIBE ceased to hold at least ten per cent of Citycon shares, directly or indirectly, for more than 30 consecutive days. CPPIBE´s total holding of shares of Citycon Oyj decreased below the threshold of ten percent on 17 March 2021.

Further information on the terminated agreement between Gazit-Globe Ltd. and CPPIBE is available on the company's website at **citycon.com/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 2021–2025
- CFO Restricted Share Plan 2021–2024
- 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) and
- Restricted Share Plan 2018–2020 (Key employees)

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

More information on the share-based incentive plans is available on the company's website at **citycon.com/remuneration**.

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

The members of the Board of Directors of Citycon, the CEO, the other Corporate Management Committee members held a total of 225,715 company shares on 31 December 2021. These shareholdings represented 0.13% of the company's total shares and total voting rights.

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

EVENTS AFTER THE REPORTING PERIOD

On 19 January 2022 was published that Mr Ofer Stark elected to resign from the Board as of 31 January 2022.

On 7 February 2022 was published that Citycon acquired a residential asset, comprising more than 200 apartments, in Sweden and divested two non-core centres in Norway.

OUTLOOK

Citycon forecasts the 2022 direct operating profit to be in range EUR 164–180 million, EPRA EPS EUR 0.62–0.72 and adjusted EPRA EPS EUR 0.48–0.58.

Direct operating profit	MEUR	164–180
EPRA Earnings per share (basic)	EUR	0.62–0.72
Adjusted EPRA Earnings per share (basic)	EUR	0.48–0.58

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

Helsinki, 17 February 2022
Citycon Oyj
Board of Directors

EPRA PERFORMANCE MEASURES

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

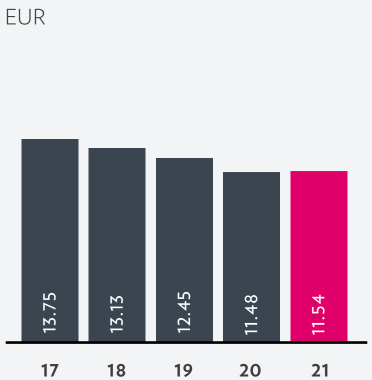
Citycon applies the best practices policy recommendations of EPRA for financial reporting and also for sustainability reporting. This section in Citycon's financial statements presents the EPRA performance measures and their calculations. For more information about EPRA and EPRA's best practice policies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

EPRA PERFORMANCE MEASURES

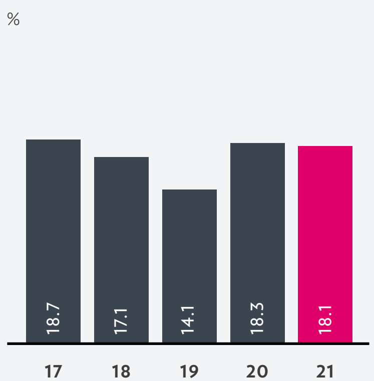
	Note	2021	2020	2019	2018	2017
EPRA Earnings, MEUR	1	124.4	136.6	145.6	143.5	152.3
Adjusted EPRA Earnings, MEUR [2]	1	100.0	120.3	143.9	143.5	152.3
EPRA Earnings per share (basic), EUR [1]	1	0.703	0.767	0.818	0.806	0.856
Adjusted EPRA Earnings per share (basic), EUR [1][2]	1	0.565	0.676	0.809	0.806	0.856
EPRA NRV per share, EUR [1]	2	11.54	11.48	12.45	13.13	13.75
EPRA NAV per share, EUR [1]	2	-	11.30	12.28	12.95	13.57
EPRA Cost Ratio (including direct vacancy costs), %	3	18.1	18.3	14.1	17.1	18.7
EPRA Cost Ratio (excluding direct vacancy costs), %	3	14.9	15.6	11.7	15.1	16.5
EPRA Net Initial Yield (NIY), %	4	5.2	5.4	5.3	5.2	5.2
EPRA 'topped-up' NIY, %	4	5.2	5.4	5.4	5.2	5.3
EPRA vacancy rate, % [3]	5	6.6	6.1	4.5	3.7	4.0

[1] *Key ratios have been adjusted in the comparison periods to reflect the new number of shares after the reversed share split executed in March 2019.*
[2] *The adjusted key figure includes hybrid bond coupons and amortized fees.*
[3] *Kista Galleria 50% not included.*

EPRA NRV PER SHARE



EPRA COST RATIO



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

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

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

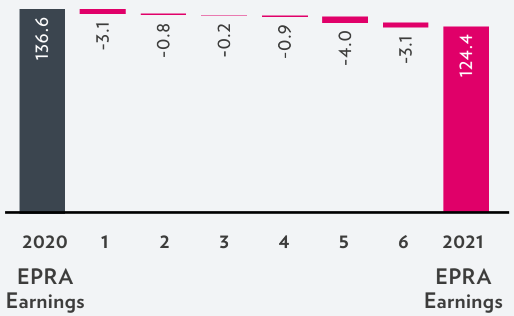
	2021			2020		
	MEUR	Average number of shares (1,000)	per share, EUR	MEUR	Average number of shares (1,000)	per share, EUR
Earnings in IFRS Consolidated Income Statement	**121.0**	**177,033**	**0.684**	**-28.0**	**177,998**	**-0.157**
+/- Net fair value losses/gains on investment property	-48.6	177,033	-0.274	146.9	177,998	0.826
-/+ Net gains/losses on disposal of investment property	6.5	177,033	0.037	-0.7	177,998	-0.004
+/- Indirect other operating expenses	0.4	177,033	-	-	177,998	-
+ Early close-out costs of debt and financial instruments	7.3	177,033	0.041	0.8	177,998	0.004
-/+ Fair value gains/losses of financial instruments	0.8	177,033	0.005	5.0	177,998	0.028
+/- Indirect losses/gains of joint ventures and associated companies	2.3	177,033	0.013	27.2	177,998	0.153
-/+ Change in deferred taxes arising from the items above	34.6	177,033	0.195	-14.7	177,998	-0.083
EPRA Earnings (basic)	**124.4**	**177,033**	**0.703**	**136.6**	**177,998**	**0.767**
-/+ Hybrid bond coupons and amortized fees	-24.3	177,033	-0.138	-16.2	177,998	-0.091
Adjusted EPRA Earnings (basic)	**100.0**	**177,033**	**0.565**	**120.3**	**177,998**	**0.676**

	2021			2020		
	MEUR	Average number of shares (1,000)	per share, EUR	MEUR	Average number of shares (1,000)	per share, EUR
Net rental income (NRI)	**202.3**	**177,033**	**1.143**	**205.4**	**177,998**	**1.154**
Direct administrative expenses	-26.1	177,033	-0.148	-25.9	177,998	-0.146
Direct other operating income and expenses	0.0	177,033	0.000	0.9	177,998	0.005
Direct Operating profit	**176.1**	**177,033**	**0.995**	**180.4**	**177,998**	**1.013**
Direct net financial income and expenses	-46.8	177,033	-0.264	-46.0	177,998	-0.258
Direct share of profit/loss of joint ventures and associated companies	-4.0	177,033	-0.023	-0.8	177,998	-0.004
Direct current taxes	-3.3	177,033	-0.019	-1.8	177,998	-0.010
Change in direct deferred taxes	2.4	177,033	0.013	4.8	177,998	0.027
Direct non-controlling interest	0.0	177,033	0.000	-0.1	177,998	-0.001
EPRA Earnings (basic)	**124.4**	**177,033**	**0.703**	**136.6**	**177,998**	**0.767**
Hybrid bond coupons and amortized fees	-24.3	177,033	-0.138	-16.2	177,998	-0.091
Adjusted EPRA Earnings (basic)	**100.0**	**177,033**	**0.565**	**120.3**	**177,998**	**0.676**

EPRA Earnings was EUR 124.4 million and EPRA EPS was EUR 0.703.
EPRA earnings was lower mainly due to the reasons related to Covid-19 pandemic, divestments and lower result of joint ventures.

CHANGE IN EPRA EARNINGS

MEUR



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

2. EPRA NET ASSET VALUE METRICS

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

The EPRA NRV scenario, aims to represent the value required to rebuild the entity and assumes that no selling of assets takes place. EPRA NRV intends to reflect the fair value of a business on a going-concern basis, all items arising from future disposals (e.g. deferred taxes on disposals), the fair value of financial instruments are excluded from EPRA NRV. The transfer tax cost to rebuild the portfolio increases EPRA NRV.

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

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

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

Closing share price of Citycon was 7.00 EUR per share on 31 December 2021.

The tables below present calculation of the three new EPRA net asset value measures NRV, NTA and NDV.

EPRA NRV per share improved by EUR 0.06 to EUR 11.54 (11.48) mainly due to fair value gains, distribution of funds to shareholders, share buybacks and foreign exchange movements.

	EPRA Net Asset Value measures		
31 December 2021	**EPRA NRV**	**EPRA NTA**	**EPRA NDV**
Equity attributable to parent company shareholders	1,800.1	1,800.1	1,800.1
Deferred taxes from the difference of fair value and fiscal value of investment properties [3]	295.0	147.5	-
Fair value of financial instruments	-0.2	-0.2	-
Goodwill as a result of deferred taxes	-84.8	-	-
Goodwill as per the consolidated balance sheet	-	-145.4	-145.4
Intangible assets as per the consolidated balance sheet	-	-7.6	-
The difference between the secondary market price and carrying value of bonds [1]	-	-	73.3
Real estate transfer taxes [2]	32.7	-	-
TOTAL	**2,042.9**	**1,794.5**	**1,728.1**
Weighted average number of ordinary shares, million	177.0	177.0	177.0
Net Asset Value per share	**11.54**	**10.14**	**9.76**
31 December 2020			
Equity attributable to parent company shareholders	1,818.6	1,818.6	1,818.6
Deferred taxes from the difference of fair value and fiscal value of investment properties [3]	274.2	137.1	-
Fair value of financial instruments	-0.2	-0.2	-
Goodwill as a result of deferred taxes	-80.9	-	-
Goodwill as per the consolidated balance sheet	-	-141.1	-141.1
Intangible assets as per the consolidated balance sheet	-	-17.6	-
The difference between the secondary market price and carrying value of bonds [1]	-	-	47.4
Real estate transfer taxes [2]	31.8	-	-
TOTAL	**2,043.6**	**1,796.9**	**1,724.9**
Weighted average number of ordinary shares, million	178.0	178.0	178.0
Net Asset Value per share	**11.48**	**10.09**	**9.69**

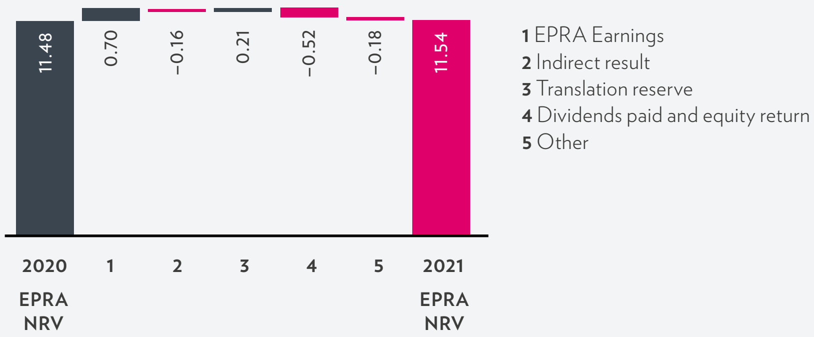
[1] *When calculating the EPRA NDV in accordance with EPRA's recommendations, the shareholders' equity is adjusted using EPRA's guidelines so that bonds are valued based on secondary market prices. In accordance with Citycon's accounting policies, the carrying amount and fair value of bonds are different from this secondary market price. The difference between the secondary market price and the carrying value of the bonds was EUR 73.3 million (47.4) as of 31 December 2021.*

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

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

CHANGE OF NET REINSTATEMENT VALUE (EPRA NRV)

EUR



3. EPRA COST RATIOS

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

MEUR	2021	2020
Include:		
Administrative expenses [1)2)]	26.1	25.9
Property operating expenses and other expenses from leasing operations less service charge costs	68.9	70.4
Net service charge costs/fees	12.7	12.4
Management fees less actual/estimated profit element	-0.4	-1.0
Other operating income/recharges intended to cover costs less any related profit	-8.1	-8.5
Share of joint venture expenses	4.9	5.1
Exclude:		
Ground rent costs	-5.2	-5.1
Service charge costs recovered through rents but not separately invoiced	-55.8	-55.3
Share of joint venture investment property depreciation, ground rent costs and service charge costs recovered through rents but not separately invoiced	-2.1	-1.7
EPRA Costs (including direct vacancy costs) (A)	**41.0**	**42.2**
Direct vacancy costs	-7.1	-6.4
EPRA Costs (excluding direct vacancy costs) (B)	**33.9**	**35.8**
Gross rental income less ground rent costs	217.0	219.3
Add: share of joint ventures (Gross rental income less ground rent costs less service fees in GRI)	9.8	10.9
Gross Rental Income (C)	**226.7**	**230.2**
EPRA Cost Ratio (including direct vacancy costs) (A/C, %)	**18.1**	**18.3**
EPRA Cost Ratio (excluding direct vacancy costs) (B/C, %)	**14.9**	**15.6**

[1)] *Administrative expenses are net of costs capitalised of EUR 3.7 million in 2021 and EUR 4.0 million in 2020. Citycon's policy is to capitalise, for example, expenses related to property development projects and major software development projects.*
[2)] *Expenses related to management and organizational changes EUR 0.5 million in 2021 are excluded from the administrative expenses. In 2020 the expenses related to management and organizational changes were EUR 0.1 million.*

EPRA Cost Ratio decreased to 18.1% (18.3%)

EPRA Cost Ratio (including direct vacancy costs) decreased to 18.1% (18.3%) and EPRA Cost Ratio (excluding direct vacancy costs) decreased to 14.9% (15.6%) % from previous year.

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

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

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

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

MEUR	31 December 2021	31 December 2020
Fair value of investment properties determined by the external appraiser	4,268.2	4,231.1
Less (re)development properties, unused building rights and properties which valuation is based on the value of the building right	-437.0	-303.1
Completed property portfolio	**3,831.2**	**3,928.0**
Plus the estimated purchasers' transaction costs	66.9	68.7
Gross value of completed property portfolio (A)	**3,898.2**	**3,996.7**
Annualised gross rents for completed property portfolio	270.8	287.9
Property portfolio's operating expenses	-69.3	-72.2
Annualised net rents (B)	**201.6**	**215.8**
Plus the notional rent expiration of rent free periods or other lease incentives	1.0	1.3
Topped-up annualised net rents (C)	**202.6**	**217.1**
EPRA Net Initial Yield (NIY), % (B/A)	**5.2**	**5.4**
EPRA 'topped-up' NIY, % (C/A)	**5.2**	**5.4**

EPRA NIY and EPRA 'TOPPED-UP' NIY decreased

EPRA initial yields decreased during the year due to positive fair value development in our property portfolio.

5. EPRA VACANCY RATE, %

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

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

MEUR	31 December 2021	31 December 2020
Annualised potential rental value of vacant premises	17.8	17.3
÷ Annualised potential rental value for the whole property portfolio	271.1	285.2
EPRA vacancy rate, % [1]	**6.6**	**6.1**

[1] *Kista Galleria 50% not included.*

EPRA vacancy rate increased from last years' level

The EPRA vacancy rate at the end of 2021 for the entire property portfolio was 6.6%. Vacancy was slightly higher in all operating countries due to covid-19.

6. PROPERTY RELATED CAPEX

MEUR	2021 Group (excl. Joint ventures)	2021 Joint ventures (proportionate share)	2021 Total	2020 Group (excl. Joint ventures)	2020 Joint ventures (proportionate share)	2020 Total
Acquisitions	-0.6		-0.6	156.0	-	156.0
(Re)development	158.3	3.3	161.7	156.6	2.6	159.2
Investment properties						
No incremental lettable space	17.0		17.0	9.5	-	9.5
Tenant incentives	8.8		8.8	11.4	-	11.4
Capitalised interest	6.9		6.9	4.9	0.2	5.2
Total capital expenditure	**190.4**	**3.3**	**193.7**	**338.5**	**2.8**	**341.3**
Conversion from accrual to cash basis	-1.1	0.0	-1.1	-174.9	-0.2	-175.1
Total capital expenditure on cash basis	**189.3**	**3.4**	**192.7**	**163.6**	**2.5**	**166.2**

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

7. EPRA EARNINGS FOR FIVE YEARS

MEUR	2021	2020	2019	2018	2017
Earnings in IFRS Consolidated Income Statement	**121.0**	**-28.0**	**8.9**	**16.6**	**87.4**
+/- Net fair value losses/gains on investment property	-48.6	146.9	121.9	72.5	42.9
-/+ Net gains/losses on disposal of investment property	6.5	-0.7	-1.5	0.2	-6.0
-/+ Indirect other operating expenses	0.4	-	-	10.3	12.8
-/+ Fair value gains/losses of financial instruments and early close-out costs of debt and financial instruments	8.2	5.8	5.3	20.3	2.0
+/- Indirect losses/gains of joint ventures and associated companies	2.3	27.2	19.5	17.9	6.9
-/+ Change in deferred taxes arising from the items above	34.6	-14.7	-8.5	5.7	5.8
+/- Non-controlling interest arising from the items above	-	-	-	0.0	0.5
EPRA Earnings (basic)	**124.4**	**136.6**	**145.6**	**143.5**	**152.3**
-/+ Hybrid bond coupons and amortized fees	-24.3	-16.2	-1.7	-	-
Adjusted EPRA Earnings (basic)	**100.0**	**120.3**	**143.9**	**143.5**	**152.3**
Issue-adjusted average number of shares, million [1]	177,033	177,998	177,997	177,997	177,998
EPRA Earnings per share (basic), EUR [1]	**0.703**	**0.767**	**0.818**	**0.806**	**0.856**
Adjusted EPRA Earnings per share (basic), EUR [1]	**0.565**	**0.676**	**0.809**	**0.806**	**0.856**

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

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

MEUR	2021	2020	2019	2018	2017
Net rental income	**202.3**	**205.4**	**217.4**	**214.9**	**228.5**
Direct administrative expenses	-26.1	-25.9	-26.8	-28.0	-29.1
Direct other operating income and expenses	0.0	0.9	2.8	0.8	1.1
Direct operating profit	**176.1**	**180.4**	**193.5**	**187.6**	**200.5**
Direct net financial income and expenses	-46.8	-46.0	-48.9	-50.1	-54.4
Direct share of profit/loss of joint ventures and associated companies	-4.0	-0.8	2.8	5.3	6.2
Direct current taxes	-3.3	-1.8	-2.0	-0.2	-0.8
Change in direct deferred taxes	2.4	4.8	0.1	0.9	0.7
Direct non-controlling interest	0.0	-0.1	0.0	0.0	0.0
EPRA Earnings	**124.4**	**136.6**	**145.6**	**143.5**	**152.3**
Hybrid bond coupons and amortized fees	-24.3	-16.2	-1.7	-	-
Adjusted EPRA Earnings	**100.0**	**120.3**	**143.9**	**143.5**	**152.3**
Issue-adjusted average number of shares, million [1]	177,033	177,998	177,997	177,997	177,998
EPRA Earnings per share (basic), EUR [1]	**0.703**	**0.767**	**0.818**	**0.806**	**0.856**
Adjusted EPRA Earnings per share (basic), EUR [1]	**0.565**	**0.676**	**0.809**	**0.806**	**0.856**

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

OPERATIONAL KEY FIGURES

FAIR VALUE

	No. of properties	Fair value, EUR million		Fair value change, EUR million	Average yield requirement, %		Average market rent, EUR/sq.m./month
	31 December 2021	31 December 2021	31 December 2020	2021	31 December 2021	31 December 2020	31 December 2021
Shopping centres, Finland & Estonia [1]	11	1,955.9	1,907.4	3.0	-	-	-
Other retail properties, Finland & Estonia	1	3.5	3.0	0.4	-	-	-
Finland & Estonia, total	**12**	**1,959.3**	**1,910.5**	**3.4**	**5.3**	**5.5**	**27.8**
Shopping centres, Norway	17	1,389.9	1,426.8	26.2	-	-	-
Rented shopping centres, Norway [2]	1	-	-	-	-	-	-
Norway, total	**18**	**1,389.9**	**1,426.8**	**26.2**	**5.4**	**5.6**	**21.8**
Shopping centres, Sweden & Denmark	7	794.3	769.9	30.8	-	-	-
Sweden & Denmark, total	**7**	**794.3**	**769.9**	**30.8**	**5.5**	**5.7**	**26.6**
Shopping centres, total	36	4,140.1	4,104.2	60.0	-	-	-
Other retail properties, total	1	3.5	3.0	0.4	-	-	-
Investment properties, total	**37**	**4,143.5**	**4,107.2**	**60.4**	**5.4**	**5.6**	**25.4**
Right-of-use assets classified as investment properties (IFRS 16)	-	45.7	45.0	-11.8	-	-	-
Investment properties in the statement of financial position, total	**37**	**4,189.2**	**4,152.2**	**48.6**	**5.4**	**5.6**	**25.4**
Kista Galleria, 50%	1	252.2	255.6	-1.4	-	-	-
Investment properties in the statement of financial position and Kista Galleria (50%), total	**38**	**4,441.4**	**4,407.8**	**47.2**	**5.4**	**5.5**	**25.7**

[1] *Includes Lippulaiva development project.*
[2] *Value of rented properties is recognized within IFRS 16 investment properties based on IFRS rules.*

LIKE-FOR-LIKE PORTFOLIO

	No. of properties	Fair value, EUR million		Fair value change, EUR million	Average yield requirement, %		Average market rent, EUR/sq.m./month
	31 December 2021	31 December 2021	31 December 2020	2021	31 December 2021	31 December 2020	31 December 2021
Shopping centres, Finland & Estonia	6	1,446.5	1,417.1	19.3	-	-	-
Other retail properties, Finland & Estonia	1	3.469	3.0	0.4	-	-	-
Finland & Estonia, total	**7**	**1,449.9**	**1,420.2**	**19.6**	**5.3**	**5.4**	**28.8**
Shopping centres, Norway	11	864.9	897.9	25.5	-	-	-
Rented shopping centres, Norway [1]	1	-	-	-	-	-	-
Norway, total	**12**	**864.9**	**897.9**	**25.5**	**5.4**	**5.5**	**22.1**
Shopping centres, Sweden & Denmark	6	719.1	698.4	26.4	-	-	-
Sweden & Denmark, total	**6**	**719.1**	**698.4**	**26.4**	**5.4**	**5.5**	**27.6**
Like-for-like properties, total	**25**	**3,033.9**	**3,016.5**	**71.5**	**5.3**	**5.5**	**26.6**
Right-of-use assets classified as like-for-like properties (IFRS 16)	-	43.0	39.5	-5.7	-	-	-
Like-for-like properties in the statement of financial position, total	**25**	**3,077.0**	**3,056.0**	**65.9**	**5.3**	**5.5**	**26.6**

[1] *Value of rented properties is recognized within IFRS 16 investment properties based on IFRS rules.*

AVERAGE RENT

	Average remaining length of lease agreements, years	Average rent, EUR/sq.m./ month
	31 December 2021	31 December 2021
Finland & Estonia	3.5	24.6
Norway	2.8	20.6
Sweden & Denmark	2.7	23.3
Total	**3.1**	**22.6**

RENTAL INCOME BY BUSINESS UNITS

	Gross rental income, MEUR		Net rental income, MEUR	
	2021	2020	2021	2020
Finland & Estonia	90.7	91.5	85.2	86.8
Norway	85.8	81.3	77.8	74.1
Sweden & Denmark	45.7	51.5	39.2	44.5
Other	0.0	-	0.0	0.1
Investment properties, total	**222.2**	**224.3**	**202.3**	**205.4**
Kista Galleria, 50%	9.8	10.9	6.4	7.6
Investment properties and Kista Galleria (50%), total	**231.9**	**235.2**	**208.7**	**213.0**

RENTAL INCOME BY CATEGORY, %

	Finland & Estonia	Norway	Sweden & Denmark	Total
Cafes and Restaurants	10.8	7.0	10.9	**9.3**
Cosmetics and Pharmacies	6.8	9.8	9.2	**8.4**
Fashion and Accessories	21.8	26.0	20.1	**23.2**
Groceries	21.6	11.3	17.7	**16.7**
Home and Sporting Goods	16.2	27.5	13.2	**20.1**
Leisure	1.7	0.2	1.1	**1.0**
Residentials and Hotels	1.2	0.0	1.1	**0.7**
Services and Offices	14.6	12.5	18.2	**14.5**
Specialty Stores	2.6	1.1	0.9	**1.7**
Wellness	2.6	4.5	7.7	**4.4**
Total	**100.0**	**100.0**	**100.0**	**100.0**

SHOPPING CENTRES [1)]

	Location	GLA, sq.m.	Retail GLA, sq.m.	Economic occupancy rate, % 31 December 2021	Year of acquisition	Year built/latest year of renovation
Finland & Estonia						
Shopping centres, Helsinki area Finland						
Heikintori	Espoo	9,300	7,000	-	1998–2021	1968
Isomyyri	Vantaa	11,700	8,300	-	1999	1987
Iso Omena	Espoo	101,800	84,400	98.2	2007	2001/2016,2017
Pikkulaiva	Espoo	8,400	8,100	99.9	2017	2017
Myyrmanni	Vantaa	41,500	31,400	97.8	1999	1994/2016
Shopping centres, other areas in Finland						
IsoKarhu	Pori	15,100	12,700	64.8	1999	1972/2014
IsoKristiina	Lappeenranta	16,950	12,800	93.0	1999, 2005	1987,1993/2015
Koskikeskus	Tampere	35,100	29,800	92.0	1999, 2003	1988/2012
Trio	Lahti	46,200	27,400	81.8	1999, 2007	1977, 1992/2010
Shopping centres, Estonia						
Kristiine Keskus	Tallinn	45,100	44,600	97.1	2011	1999/2019
Rocca al Mare	Tallinn	57,800	56,800	96.1	2005	1998/2009
Shopping centres, total	-	**388,950**	**323,300**	**95.1**	**-**	**-**
Other retail properties, total	-	**2,240**	**700**	**52.0**	**-**	**-**
Finland & Estonia, total	-	**391,190**	**324,000**	**95.0**	**-**	**-**

	Location	GLA, sq.m.	Retail GLA, sq.m.	Economic occupancy rate, % 31 December 2021	Year of acquisition	Year built/latest year of renovation
Norway						
Shopping centres, Oslo area						
Buskerud Storsenter	Krokstadelva	32,000	28,500	95.9	2015	1984/2017
Kolbotn Torg	Kolbotn	18,700	16,400	93.2	2015	2008
Liertoppen Kjøpesenter	Lierskogen	26,600	24,600	95.1	2015	1987/1990
Linderud Senter	Oslo	21,500	16,800	98.4	2015	1967/2009
Magasinet Drammen	Drammen	15,000	9,900	77.0	2015	1992/2008
Stovner Senter	Oslo	42,900	32,200	92.9	2020	1975/2016
Trekanten	Asker	24,100	16,900	99.1	2015	1997/2008

	Location	GLA, sq.m.	Retail GLA, sq.m.	Economic occupancy rate, % 31 December 2021	Year of acquisition	Year built/latest year of renovation
Shopping centres, other areas in Norway						
Down Town	Porsgrunn	36,700	31,900	85.4	2015	1988/2019
Herkules	Skien	50,200	44,400	94.9	2015	1969/2013
Kilden Kjøpesenter	Stavanger	23,300	19,500	96.8	2015	1989/2015
Kongssenteret	Kongsvinger	17,900	15,800	77.2	2015	2001/2016
Kremmertorget	Elverum	20,500	17,400	81.4	2015	1979/2012
Oasen Kjøpesenter	Fyllingsdalen	50,200	26,700	91.2	2015	1971/2014
Sjøsiden	Horten	11,300	9,900	92.8	2015	2001
Solsiden [2]	Trondheim	14,500	13,700	97.4	2015	2000
Stopp Tune	Sarpsborg	13,500	12,700	97.4	2015	1993
Storbyen	Sarpsborg	25,600	23,900	86.9	2015	1999/2015
Torvbyen	Fredrikstad	14,100	11,900	97.3	2020	1988/2012
Norway, total	-	**458,600**	**373,100**	**92.3**	-	-
Sweden & Denmark						
Shopping centres, Stockholm area						
Jakobsbergs Centrum	Järfalla	42,400	26,100	78.4	2006	1959/1993
Kista Galleria, 50%	Stockholm	46,300	29,100	86.1	2013	1977,2002/ 2014
Liljeholmstorget Galleria	Stockholm	41,100	27,200	98.2	2006	1973/2009
Åkersberga Centrum	Åkersberga	28,000	22,900	90.0	2005, 2015	1985/2011
Shopping centres, Gothenburg area						
Stenungstorg Centrum	Stenungsund	35,400	22,000	92.7	2006	1967/2016
Mölndals Galleria	Mölndal	26,300	24,200	93.8	2014/2018	2018
Shopping centres, Denmark						
Albertslund Centrum	Copenhagen	17,000	12,700	99.6	2012	1965/2015
Strædet	Køge	19,100	17,300	96.1	2017, 2018	2017, 2018
Sweden & Denmark, total	-	**255,600**	**181,500**	**91.2**	-	-
Total	-	**1,105,390**	**878,600**	**93.0**	-	-

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

LEASING ACTIVITY, INVESTMENT PROPERTIES

	Number of lease agreements	Leased area, sq.m.	Average rent, EUR/sq.m./month
31 December 2020	**3,810**	**1,016,363**	**22.0**
Leases started	965	247,526	22.1
Leases ended	1,445	319,011	23.5
Acquisitions	-	-	-
Other changes	-4	-3,225	-
31 December 2021	**3,326**	**941,652**	**22.6**

CITYCON'S FIVE LARGEST PROPERTIES [1]

	Average rent, EUR/sq.m./ month 31 December 2021	Gross rental income, EUR million 2021	Net rental income, EUR million 2021	Fair value, EUR million 31 December 2021	Fair value change, EUR million 2021
Iso Omena	34.0	33.2	31.4	750.2	4.2
Liljeholmstorget Galleria	35.0	15.3	13.8	333.5	17.8
Oasen	24.2	10.5	9.5	213.1	2.9
Rocca al Mare	23.6	12.4	11.9	184.6	0.4
Herkules	19.3	9.3	9.0	181.0	7.4
Five largest properties, total	**28.2**	**80.7**	**75.7**	**1,662.4**	**32.7**

[1] *Properties under construction not included.*

TOP TEN TENANTS

	Proportion of rental income based on valid rent roll at 31 December 2021. %
Kesko Group	4.1%
S Group	4.1%
Varner Group	3.8%
NorgesGruppen	2.2%
ICA Group	1.9%
Coop	1.9%
Clas Ohlson	1.8%
H&M	1.7%
Gresvig	1.6%
Stockmann Group	1.5%
Total	**24.7%**

(RE)DEVELOPMENT PROJECTS IN PROGRESS
ON 31 DECEMBER 2021

	Location	Area before/after, sq.m.	Expected investment, MEUR	Actual gross investment by 31 December 2021, MEUR	Completion
Lippulaiva shopping centre	Helsinki metropolitan area, Finland	19,200/44,300	357.2 [1)]	310.6 [1)]	2022
Lippulaiva residentials	Helsinki metropolitan area, Finland	-/18,000	90.5	32.7	2022–2024

[1)] *Expected gross investment is 410 MEUR with the proceeds from net rental income of Pikkulaiva, sale of additional building rights and metro&bus terminal offsetting for a expected net investment of 357.2 MEUR. Actual gross investment by 31 December 2021 was 363.5 MEUR.*

COMPLETED (RE)DEVELOPMENT PROJECTS IN 2021

	Location	Area before/after, sq.m.	Expected investment, MEUR	Actual gross investment by 31 December 2021, MEUR	Completion
Oasen Kjøpesenter (phase I)	Bergen, Norway	-	11.6	11.7	2021

POTENTIAL (RE)DEVELOPMENT PROJECTS

Citycon is investigating the following development and/or extension opportunities

		Area before/after, sq.m.	
Liljeholmstorget Galleria	Stockholm, Sweden	40,500/90,000	Extension possibility of the shopping centre to meet the strong demand for more retail, office/healthcare and services including culture and library, entertainment and food, all directly connected to the metro station and bus terminal. Plans also include creating building rights for residentials.
Stenungstorg	Steungssund, Sweden	30,400/30,900	The plan is to tranform the current shopping centre area into a modern city center and to create a urban hub with a mix of residential areas, hotel, retail and services.
Trekanten	Oslo, Norway	23,800/45,000	Extension possibility of the shopping centre with the main objective to increase the offering of shops and services as well as create more visible and inviting entrances and improved circulation. Plans also include adding residential, offices, healthcare and sports facilities on top of the centre.
Oasen Kjøpesenter (phase II)	Bergen, Norway	56,800/68,800	A residential development project which includes opportunity to build several residential towers in connection with the existing shopping centre.
Isomyyri	Vantaa, Finland	11,650/27,800	Aim to develop a retail centre on an urban city block. The project includes new residential buildings and demolishing the present building. Retail, commercial premises and services are planned to be located on the street level of the new residentials. Includes also potential for offices.

RISKS AND RISK MANAGEMENT

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

RISK MANAGEMENT PRINCIPLES

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

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

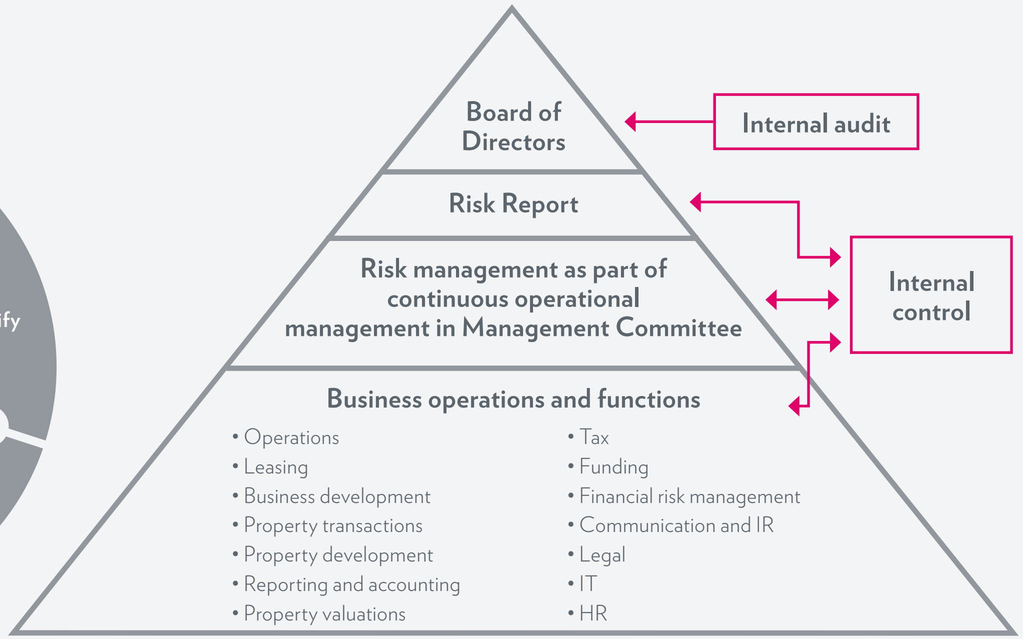
RISK REPORTING

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

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

INSURANCES

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



	RISK AND IMPACT	RISK MANAGEMENT MEASURES
Leasing	• The prolonged COVID-19 pandemic has had continued negative effects on our business. Both changed consumer behaviour and authority restrictions in our operating countries has substantially changed our business environment. It has impacted our ability to collect rents on time or in full. The effect going forward is difficult to predict as it will depend on whether the exiting from the COVID-19 pandemic is prolonged further due to new variants of the virus. A prolongation of Covid-19 pandemic would negatively impact sales and footfall, and increase the risk of tenant bankruptcies and weaken tenant's capability to pay rent which could increase Citycon's vacancy and weaken results. • The economic development in Citycon's operating countries impacts consumer confidence which could affect demand for retail premises. This may lead to lower rental levels or increased vacancy. It could also increase the risks for credit losses or decrease turnover based rental income. • The growing online retailing that affects customer behaviour, or increased local competition may affect demand for retail premises and put pressure on rental levels or increase vacancy, especially in less urban locations.	• Citycon's strategy to focus on grocery anchored, urban shopping centres connected to public transportation with necessity-driven retail has proven to be a recession proof business model with steady cash flows, occupancy and low credit losses also during a downturn. This strategy also decreases the negative effects of the increasing online retailing. • The fact that most of the company's assets are in AAA/AA+ rated countries decreases the risk of a major downturn affecting the retail sector. • Citycon is continuously following and analysing tenants to identify risk tenants, and requires a rent collateral. • Tenant diversification has improved considerably through focused leasing efforts and through pan-Nordic strategy and the share of risk tenants has actively been decreased. * Citycon tries to mitigate the effects of Covid-19 by following strict cleaning and hygiene routines, and authority recommendations.
Property Development & transactions	• Increased costs in development projects due to rising construction costs or delays due to unforeseeable challenges. • Reduced demand for new retail space could result in a low occupancy rate or lower than planned rent levels in new premises. • Planned divestments of non-core properties could be delayed due to relatively low liquidity for secondary assets	• Construction costs are managed through competitive tendering, careful project monitoring of costs and by entering into contracts with price caps when appropriate. • Leasing risks are minimised by having strict pre-leasing requirements prior to project start, by signing agreements with key anchor tenants at an early stage and by carrying out developments in proven retail locations with strong and growing demographics. • Maintaining relatively low level of development exposure and keeping no landbank.
Operations	• A major accident, system failure, or terrorist incident could threaten the safety of shoppers and retailers, leading to loss of consumer confidence and thereby loss of income and extra costs. • Risk of increased operating cost for e.g. maintenance, energy or security. In some lease agreements the rent paid by the lessee is not affected by changed operating expenses, and a rise in operating expenses higher than inflation would decrease the profitability. Also, when the higher costs can be passed to tenants, rising operating expenses may reduce tenants' rental payment capacity. • Governmental restrictions due to pandemic could threaten footfall and tenants' ability to conduct business.	• Risk of accidents and incidents mitigated by adequate security plans and incident procedures supported by crisis case exercises for personnel. • Comprehensive insurance coverage. • Citycon tries to minimize the impact of rising operating expenses by lease contracts with specified rent components when possible and charging tenants based on actual operating costs. • Efficient centralized procurement, frame contracts with service providers and suppliers, cost monitoring and cost benchmarking between shopping centres. • To mitigate the risk of energy price hikes, electricity prices are fixed according to a hedging policy, and energy efficiency actions have been implemented
Property values	• The value of the properties can decrease for a number of reasons: a weaker economic environment impacting consumer purchase power, changes in competition and consumer behaviour towards internet shopping, reduced availability and higher cost of financing and the relative attractiveness of other asset classes. The changes may lead to higher yield requirements, decreased market rents and increased vacancy rates.	• While many of the factors affecting property values cannot be influenced, Citycon seeks to impact the fair market value through active shopping centre management and optimising the profitability of its centres. • Citycon's strategy to focus on urban mixed-use centres with necessity-driven retail and services in strong and growing locations results in relatively stable property valuations throughout the economic cycle. • Citycon's presence in five highly rated countries gives country risk diversification and decreases the volatility of the total property values
Environment	• Environmental concerns, customer expectations or legislation might restrict or impact Citycon's business, land use and construction. • Risks associated with e.g. climate change might affect Citycon's business environment. For example, extreme weather conditions and regulation implemented to mitigate and adapt to climate change can increase energy, maintenance and construction costs.	• Environmental impact assessments are conducted in connection with major projects. • Ensuring the environmental compliance of our buildings through energy investments, internal management practices, green energy purchase and production as well as external standards and certifications. • Sustainability strategy with clear short- and long-term targets
People	• An expert organisation of Citycon's nature relies heavily on its personnel for success, and therefore it is crucial to attract and retain the right people, develop competencies and ensure clear roles and targets	• Citycon sees good leadership as essential to reduce personnel related risks and places great emphasis on target-setting and performance management, competence development, career advancement, and commitment of key employees.
Financing	• Both bank and bond financing have been available for Citycon, but willingness to lend at competitive terms could decline due to credit rating downgrades, turmoil in financial markets, tightening regulation or other reasons, which could affect the availability or cost of debt financing • Interest rates continue to be historically low and will inevitably increase over time	• Citycon has a conservative but active financing policy, with a focus on long-term financing, a solid balance sheet and keeping 70–90% of debt tied to fixed interest rates to reduce the effects of increased interest rates. • Investment grade credit ratings by Standard & Poor's (BBB-, negative outlook), Moody's (Baa3, negative outlook) and Fitch (BBB-, Stable outlook) supports the availability and cost of financing. Several long-term bond issues have reduced the refinancing risk and dependency on bank financing

SHARES AND SHAREHOLDERS

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

SHARES AND SHARE CAPITAL

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

At year-end 2021, Citycon's total number of shares was 168,498,525. The market capitalisation of Citycon at the end of 2021 was EUR 1,2 billion based on the stock price of EUR 7.00.

In 2021, approximately 94.3 million Citycon shares were traded on the Helsinki Stock Exchange. The daily average trading volume was 374,179 shares, representing a daily average turnover of approximately EUR 2.7 million.

SHAREHOLDERS

The number of registered shareholders at year-end 2021 was 28,577 (22,499). Shares owned by nominee-registered parties equaled 69.0% at year-end 2020 (78.8%). Citycon is one of the companies on the Helsinki Stock Exchange with the most international ownership base.

LARGEST SHAREHOLDERS

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

In total, Gazit and wholly-owned subsidiary Gazit Europe Netherlands own 51.96% of the total shares and votes in the company (87,559,016 shares as of 31 December 2021). Their shareholdings are mostly nominee-registered. The above-mentioned shareholdings include their direct ownership mentioned on the table above.

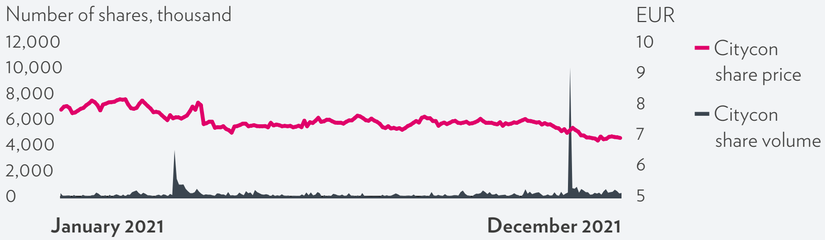
DIVIDEND PAYOUT

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

The Board of Directors proposes to the AGM that the Board of Directors be authorized to decide in its discretion on the distribution of assets from the invested unrestricted equity fund in the manner set forth below.

Based on this authorization, the maximum total amount of equity repayment distributed from the invested unrestricted

SHARE PRICE AND VOLUME



Share price and trading

		2021	2020	2019	2018	2017
Number of shares traded [1]	*1,000	94,293	68,046	28,320	49,253	35,457
Stock turnover	%	56.0	38.2	15.9	27.7	19.9
Share price, high [1]	EUR	8.18	9.99	10.08	11.24	12.51
Share price, low [1]	EUR	6.67	5.22	8.10	7.98	10.42
Share price, average [1]	EUR	7.37	7.19	9.18	9.30	11.15
Share price, closing [1]	EUR	7.00	7.93	9.37	8.08	10.79
Market capitalisation, period-end	MEUR	1,179.50	1,411.53	1,666.96	1,437.34	1,920.60
Number of shares, period-end	*1,000	168,499	177,999	177,999	889,993	889,993

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

Preliminary payment date	Preliminary record date
31 March 2022	24 March 2022
30 June 2022	23 June 2022
30 September 2022	23 September 2022
30 December 2022	15 December 2022

Major shareholders 31 December 2021	Shares	%
Ilmarinen Mutual Pension Insurance Company	12,694,139	7.53
The State Pension Fund	1,200,000	0.71
Elo Mutual Pension Insurance Company	764,515	0.45
OP-Henkivakuutus Ltd.	720,095	0.43
Nordea Life Assurance Finland Ltd.	688,983	0.41
Zeroman Oy	636,666	0.38
Merivirta Jyri Tapio	500,000	0.30
Pakkanen Mikko Pertti Juhani	500,000	0.30
Gazit Globe Ltd*	382,174	0.23
Mandatum Life Insurance Company Ltd.	347,316	0.21
10 largets shareholders, total	**18,433,888**	**10.94**
Nominee-registered shares	116,214,092	68.97
Others	33,850,545	20.09
Total	**168,498,525**	**100**

* *Includes non-nominee-registered ownership. In total, Gazit-Globe Ltd. and its wholly-owned subsidiary Gazit Europe Netherlands own 51.96% of the total shares and votes in the company (87,559,016 shares as of 31 December 2021).*

Shareholders by owner groups 31 December 2021	Number of shareholders	%	Number of shares	%
Financial and insurance corporations	32	0.11	96,950,735	57.54
Corporations	1,213	4.24	6,614,501	3.93
Households	27,053	94.67	24,842,329	14.74
General government	9	0.03	14,744,765	8.75
Foreign	91	0.32	23,228,550	13.79
Non-profit institutions	179	0.63	2,117,645	1.26
Total	**28,577**	**100.00**	**168,498,525**	**100.00**

Shareholdings by number of shares 31 December 2021 Number of shares	Number of shareholders	%	Number of shares	%
1–100	9,063	31.71	422,923	0.25
101–1,000	14,398	50.38	5,698,525	3.38
1,001–10,000	4,630	16.20	12,883,298	7.65
10,001–100,000	450	1.58	11,313,577	6.71
100,001–1,000,000	30	0.11	9,334,539	5.54
1,000,001 +	6	0.02	128,845,663	76.47
Total	**28,577**	**100.00**	**168,498,525**	**100.00**

equity fund shall not exceed EUR 0.50 per share. Based on the current total number of issued shares in the company (168,008,940), the authorization would equal to a maximum of EUR 84,004,470 in equity repayment.

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

Unless the Board of Directors decides otherwise for a justified reason, the authorization will be used to distribute equity repayment four times during the period of validity of the authorization. The Board of Directors will make separate resolutions on each distribution of the equity repayment so that the preliminary record and payment dates will be as set out below. Citycon shall make separate announcements of each such Board resolution.

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

MAJOR SHAREHOLDERS 31 DECEMBER 2021

In total, Gazit-Globe Ltd. and its wholly-owned subsidiary Gazit Europe Netherlands own 51.96% of the total shares and votes in the company (87,559,016 shares as of 31 December 2021). Their shareholdings are mostly nominee-registered. The above-mentioned shareholdings include their direct ownership mentioned on the list below. More information on ownership of Gazit Ltd and Gazit Europe Netherlands BV is available on company's website **citycon.com/investors/major-shareholders**

KEY FIGURES AND FINANCIAL DEVELOPMENT FOR FIVE YEARS

MEUR	2021	2020	2019	2018	2017
Income statement data					
Gross rental income	222.2	224.3	232.1	237.0	257.4
Net rental income					
Finland & Estonia	85.2	86.8	94.4	96.9	106.9
Norway	77.8	74.1	75.4	74.3	79.6
Sweden & Denmark	39.2	44.5	47.3	43.5	41.3
Other	0.0	0.1	0.3	0.2	0.7
Net rental income total	202.3	205.4	217.4	214.9	228.5
Other operating income and expense	-0.4	0.9	2.8	-9.5	-11.6
Operating profit/loss	217.8	34.1	73.1	104.7	150.9
Profit/loss before taxes	156.5	-45.7	2.2	21.7	93.8
Profit/loss attributable to parent company shareholders	121.0	-28.0	8.9	16.6	87.4
Statement of financial position data					
Investment properties	4,189.2	4,152.2	4,160.2	4,131.3	4,183.4
Current assets	145.0	77.8	74.2	56.2	43.7
Total equity	2,489.5	2,166.0	2,325.2	2,089.0	2,208.5
Equity attributable to parent company shareholders	1,800.1	1,818.6	1,978.4	2,088.9	2,208.1
Non-controlling interest	0.3	0.2	0.1	0.1	1.2
Interest-bearing liabilities	1,878.5	2,121.2	1,874.4	2,140.0	2,083.9
Total liabilities	2,313.5	2,514.0	2,257.1	2,533.7	2,468.6
Total liabilities and shareholders' equity	4,803.0	4,680.0	4,582.3	4,622.7	4,678.0

KEY FIGURES AND FINANCIAL DEVELOPMENT FOR FIVE YEARS

MEUR	Formula	2021	2020	2019	2018	2017
Key performance ratios						
Equity ratio, %	1	52.0	46.4	50.9	45.4	47.4
Loan to value (LTV), %	2	40.7	46.9	42.4	48.7	46.7
Return on equity, % (ROE)	3	6.6	0.0	0.4	0.8	3.8
Return on investment, % (ROI)	4	4.8	2.8	2.3	4.1	5.8
Quick ratio	5	2.6	0.7	0.3	0.6	0.4
Gross capital expenditure, MEUR		224.1	344.4	106.0	168.8	298.7
% of gross rental income		100.9	153.5	45.7	71.2	116.0
Per-share figures and ratios [1]						
Earnings per share, EUR	6	0.55	-0.25	0.04	0.09	0.49
Earnings per share, diluted, EUR	7	0.54	-0.25	0.04	0.09	0.49
Net cash from operating activities per share, EUR	8	0.72	0.71	0.76	0.54	0.83
Equity per share, EUR	9	14.80	12.17	13.06	11.74	12.41
P/E (price/earnings) ratio	10	-	-	187	87	22
Return from invested unrestricted equity fund per share, EUR [2]		0.45	0.49	0.60	0.60	0.60
Dividend per share, EUR [2]		0.05	0.05	0.05	0.05	0.05
Dividend and return from invested unrestricted equity fund per share total, EUR [2]		0.50	0.54	0.65	0.65	0.65
Dividend and return of equity per earnings, %	11	-	-	1,603.1	696.2	132.4
Effective dividend and return of equity yield, %	12	7.1	6.8	6.9	8.0	6.0
Issue-adjusted average number of shares (1,000) [4]		177,033	177,998	177,997	889,987	889,992
Issue-adjusted number of shares at the end of financial year (1,000) [4]		168,202	177,999	177,999	889,993	889,993
Operative key ratios						
Occupancy rate (economic), % [3]	13	93.4	93.9	95.5	96.3	96.0
Citycon's GLA, sq.m. [3]		1,059,090	1,136,390	1,074,590	1,106,490	1,137,890
Personnel (at the end of the period)		251	246	234	264	265

[1] *Per-share figures and ratios have been adjusted in the comparison periods to reflect the new number of shares after the reversed share split executed in March 2019.*
[2] *The Board of Directors proposes that based on the balance sheet to be adopted for the financial period ended on 31 December 2021, no dividend is distributed by a resolution of the Annual General Meeting. Nonetheless, the Board of Directors proposes that the Board of Directors be authorized to decide in its discretion on the distribution of assets from the invested unrestricted equity fund in the manner set forth below. Based on this authorization, the maximum total amount of equity repayment distributed from the invested unrestricted equity fund shall not exceed EUR 0.50 per share.*
[3] *Kista Galleria 50% not included.*
[4] *Issue-adjusted number of shares excluding Treasury shares held by the company.*

FORMULAS FOR KEY FIGURES AND RATIOS

1) Equity ratio, %

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

2) Loan to value (LTV), %

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

3) Return on equity (ROE), %

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

4) Return on investment (ROI), %

$$\frac{\text{Profit/loss before taxes + interest and other financial expenses}}{\text{Balance sheet total (average) - non-interest-bearing liabilities (average)}} \times 100$$

5) Quick ratio

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

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

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

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

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

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

8) Net cash from operating activities per share, EUR

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

9) Equity per share, EUR

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

10) P/E ratio (price/earnings)

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

11) Dividend and return of equity per earnings, %

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

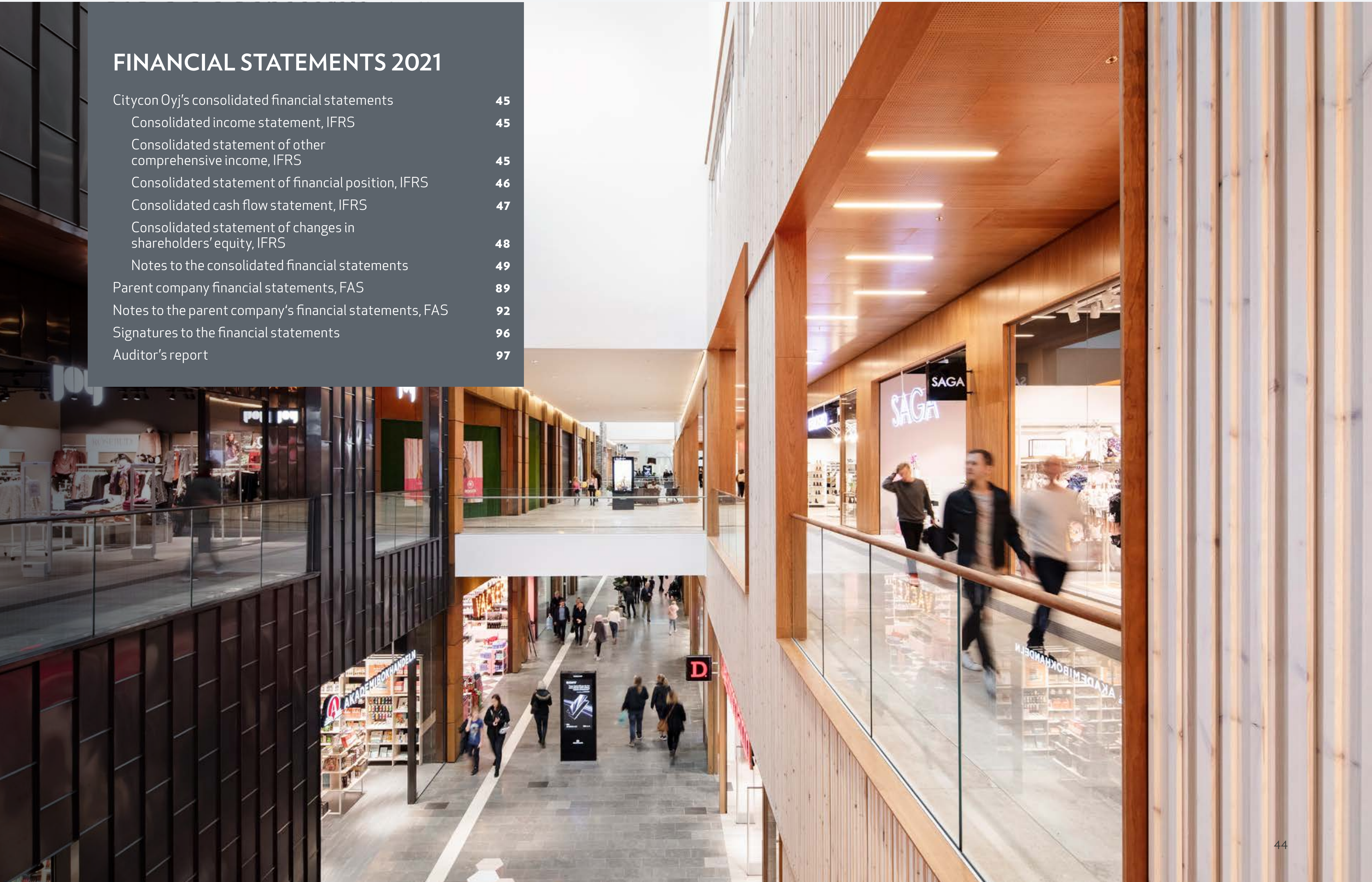
12) Effective dividend and return of equity yield, %

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

13) Occupancy rate (economic), %

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

FINANCIAL STATEMENTS 2021



CITYCON OYJ'S CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT, IFRS

MEUR	Note	2021	2020
Gross rental income	1.2.	222.2	224.3
Service charge income	1.3.	70.2	71.2
Property operating expenses	1.4.	-88.6	-84.9
Other expenses from leasing operations		-1.4	-5.3
Net rental income	1.1.	**202.3**	**205.4**
Administrative expenses	1.5.	-26.1	-25.9
Other operating income and expenses	1.3, 1.7.	-0.4	0.9
Net fair value gains/losses on investment property	2.1.	48.6	-146.9
Net gains/losses on sale of investment property	2.1., 2.2.	-6.5	0.7
Operating profit		**217.8**	**34.1**
Financial income		25.0	113.3
Financial expenses		-80.0	-165.1
Net financial income and expenses	3.2.	-55.0	-51.8
Share of profit of associated companies and joint ventures	2.4.	-6.3	-28.0
Profit before taxes		**156.5**	**-45.7**
Current taxes	4.1.	-3.3	-1.8
Change in deferred taxes	4.2.	-32.2	19.6
Income taxes		-35.5	17.8
Profit for the period		**121.0**	**-27.9**
Profit attributable to			
Parent company shareholders		121.0	-28.0
Non-controlling interest		0.0	0.1
Earnings per share attributable to parent company shareholders [1]:			
Earnings per share (basic), EUR	1.8.	0.55	-0.25
Earnings per share (diluted), EUR	1.8.	0.54	-0.25

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

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME, IFRS

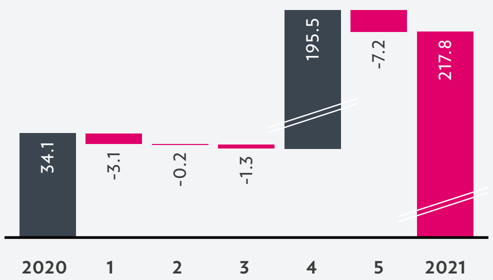
MEUR	Note	2021	2020
Profit for the period		**121.0**	**-27.9**
Other comprehensive expenses/income			
Items that may be reclassified to profit or loss in subsequent periods			
Net gains/losses on cash flow hedges	3.2.	1.2	-1.3
Share of other comprehensive income of associated companies and joint ventures		0.0	0.0
Exchange gains/losses on translating foreign operations		36.0	-30.5
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**37.3**	**-31.8**
Other comprehensive expenses for the period, net of tax		**37.3**	**-31.8**
Total comprehensive profit/loss for the period		**158.3**	**-59.6**
Total comprehensive profit/loss attributable to			
Parent company shareholders		158.2	-59.8
Non-controlling interest		0.0	0.1

Operating profit and profit for the period increased significantly due to positive investment property fair value development

Net rental income stayed close to previous year's levels despite the pandemic and divestments. The net fair value gain from investment properties was EUR 48.6 million and share of profit of associated companies and joint ventures improved EUR 21.7 million from the previous year due to better valuation result in Kista.

CHANGE IN OPERATING PROFIT

MEUR

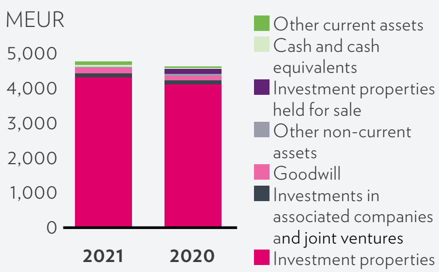


1 Change in net rental income
2 Change in administrative expenses
3 Change in other operating income and expenses
4 Change in fair value gains/losses
5 Change in gains/losses on sale

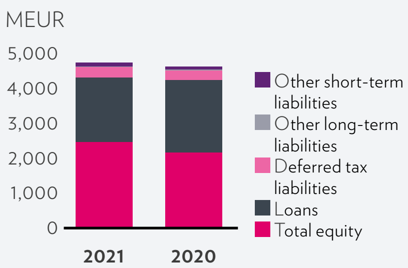
CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

MEUR	Note	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Investment properties	2.1.	4,189.2	4,152.2
Goodwill	5.1.	145.4	141.1
Investments in associated companies and joint ventures	2.4.	129.3	108.6
Intangible assets	4.3.	7.6	17.6
Property, plant and equipment		3.4	3.5
Deferred tax assets	4.2.	16.4	14.2
Derivative financial instruments and other non-current assets	3.6.	15.8	15.4
Total non-current assets		**4,507.2**	**4,452.5**
Investment properties held for sale	2.2.	**150.9**	**149.7**
Current assets			
Derivative financial instruments	3.6.	1.0	0.2
Current tax receivables	4.1.	0.2	0.3
Trade and other receivables	3.3., 4.4.	89.1	51.5
Cash, cash equivalents and current financial investments	3.8.	54.7	25.9
Total current assets		**145.0**	**77.8**
Total assets		**4,803.0**	**4,680.0**

ASSETS



EQUITY AND LIABILITIES



MEUR	Note	31 December 2021	31 December 2020
EQUITY AND LIABILITIES			
Equity	3.1.		
Share capital		259.6	259.6
Share premium fund		131.1	131.1
Fair value reserve		1.4	0.2
Invested unrestricted equity fund		744.2	823.2
Translation reserve		-114.8	-150.9
Retained earnings		778.6	755.4
Total equity attributable to parent company shareholders		**1,800.1**	**1,818.6**
Hybrid bond	3.1.	689.1	347.2
Non-controlling interest		0.3	0.2
Total equity		**2,489.5**	**2,166.0**
Long-term liabilities			
Loans	3.3., 3.4.	1,871.9	1,863.8
Derivative financial instruments	3.3., 3.6.	11.5	18.5
Deferred tax liabilities	4.2.	296.7	275.7
Other liabilities	3.3.	0.3	1.0
Total long-term liabilities		**2,180.5**	**2,159.0**
Short-term liabilities			
Loans	3.3., 3.4.	6.5	257.4
Derivative financial instruments	3.3., 3.6.	5.1	8.3
Current tax liabilities	4.1.	2.4	2.3
Trade and other payables	3.3., 4.5.	118.9	87.0
Total short-term liabilities		**133.0**	**355.0**
Total liabilities		**2,313.5**	**2,514.0**
Total liabilities and equity		**4,803.0**	**4,680.0**

Investment property values improved

The value of properties increased due to investments and acquisitions of EUR 190.4 million, due to fair value gains of EUR 48.6 million and EUR 55.1 million due to stronger NOK and SEK currencies. On the contrary, divestments decreased the value of investment properties by EUR 9.1 million and transfers to held-for-sale by EUR 260.5 million. Equity increased due to new hybrid bond issued in Q2 2021.

CONSOLIDATED CASH FLOW STATEMENT, IFRS

MEUR	Note	2021	2020
Cash flow from operating activities			
Profit before taxes		**156.5**	**-45.7**
Adjustments		22.7	230.5
Cash flow before change in working capital		**179.3**	**184.8**
Change in trade and other receivables	4.4.	-16.1	-6.0
Change in trade and other payables	4.5.	23.7	5.8
Change in working capital		7.7	-0.3
Cash generated from operations		**186.9**	**184.6**
Interest expenses and other financial expenses paid		-58.6	-58.2
Interest income and other financial income received		0.5	1.4
Taxes paid		-2.1	-2.0
Net cash from operating activities		**126.7**	**125.7**
Cash flow from investing activities			
Acquisition of subsidiaries, less cash acquired	2.1.	0.6	-7.9
Capital expenditure on investment properties	2.1.	-189.9	-155.8
Capital expenditure on investments in joint ventures, intangible assets and PP&E	2.4., 4.3.	-26.8	-2.5
Sale of investment properties	2.1., 2.2.	226.0	10.8
Purchase of current financial investments		-285.0	-
Repayment of current financial investments		264.9	-
Net cash used in investing activities		**-10.2**	**-155.4**
Cash flow from financing activities			
Proceeds from short-term loans	3.4.	862.3	831.4
Repayments of short-term loans	3.4.	-1,082.5	-942.8
Proceeds from long-term loans	3.4.	346.1	554.2
Repayments of long-term loans	3.4.	-386.9	-306.3
Proceeds from hybrid bond	3.1.	342.5	-
Hybrid bond interest and expenses	3.1.	-20.3	-4.4
Repurchase of treasury shares and costs		-68.6	-
Dividends and return from the invested unrestricted equity fund		-87.8	-95.7
Realised exchange rate gains and losses		-12.7	3.8
Net cash from/used in financing activities		**-107.8**	**40.3**
Net change in cash and cash equivalents		**8.6**	**10.7**
Cash and cash equivalents at period-start	3.8.	25.9	14.2
Effects of exchange rate changes		0.3	1.0
Cash and cash equivalents at period-end	3.8.	**34.7**	**25.9**

MEUR	Note	2021	2020
Adjustments:			
Depreciation and amortisation	1.5., 4.3.	2.7	2.6
Net fair value gains/losses on investment property	2.1.	-48.6	146.9
Gains/losses on disposal of investment property	2.2.	6.5	-0.7
Financial income	3.2.	-25.0	-113.3
Financial expenses	3.2.	80.0	165.1
Share of profit of associated companies and joint ventures	2.4.	6.3	28.0
Share-based payments	1.6.	0.8	0.7
Other adjustments		0.1	1.2
Total		**22.7**	**230.5**

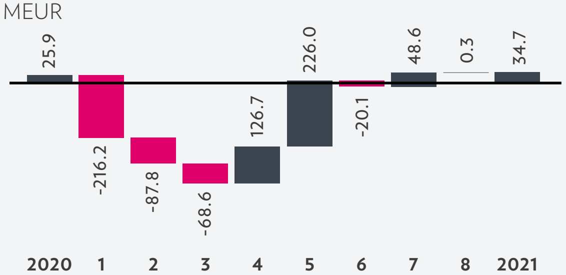
MEUR	2021	2020
Net cash from operating activities	126.7	125.7
Average number of shares (1,000)	177,033	177,998
Net cash from operating activities per share	**0.72**	**0.71**

Net cash from operating activities per share increased slightly to EUR 0.72 from previous year's EUR 0.71.

Net cash from operations per share increased slightly from previous year. During 2021 Citycon invested EUR 216.2 million in aqcuisitions and development projects, which were financed mainly by selling three properties in Sweden and one in Finland. The biggest development investment in 2021 was Lippulaiva.

CASH NEEDS AND CASH PROCEEDS

MEUR



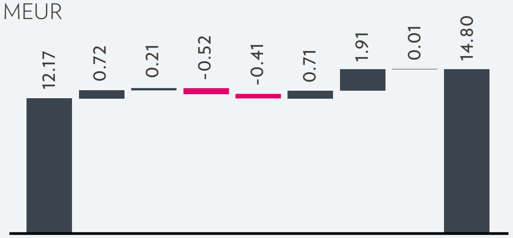
1 Acquisitions and investments
2 Dividends and equity returns
3 Repurchase of treasury shares and costs
4 Sale of properties
5 Cash from operations
6 Changes in current financial investments
7 Cash from financing
8 Other

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS

	Equity attributable to parent company shareholders									
MEUR	Share capital	Share premium fund	Fair value reserve	Invested unrestricted equity fund	Translation reserve	Retained earnings	Total	Hybrid bond	Non-controlling interest	Total equity
Balance at 31 December2019	**259.6**	**131.1**	**1.4**	**909.9**	**-120.3**	**796.7**	**1,978.4**	**346.6**	**0.1**	**2,325.2**
Profit for the period 2020						**-28.0**	**-28.0**		**0.1**	**-27.9**
Net gains on cash flow hedges (Note 3.2.)			-1.3				-1.3			-1.3
Share of other comprehensive income of joint ventures							0.0			0.0
Exchange gains/losses on translating foreign operations					-30.5		-30.5		0.0	-30.5
Total other comprehensive expenses/income for the period, net of tax			**-1.3**		**-30.5**		**-31.8**		**0.0**	**-31.8**
Total comprehensive loss/profit for the period			**-1.3**		**-30.5**	**-28.0**	**-59.8**		**0.1**	**-59.6**
Proceeds from hybrid bond										
Hybrid bond interest and expenses						-4.5	-4.5	0.6		-3.9
Dividends and return from the invested unrestricted equity fund (Note 3.1.)				-86.8		-8.9	-95.7			-95.7
Share-based payments (Note 1.6.)						0.0	0.0			0.0
Acquisition of non-controlling-interests						0.0	0.0			0.0
Balance at 31 December 2020	**259.6**	**131.1**	**0.2**	**823.2**	**-150.9**	**755.4**	**1,818.6**	**347.2**	**0.2**	**2,166.0**
Profit for the period 2021						**121.0**	**121.0**		**0.0**	**121.0**
Net gains on cash flow hedges (Note 3.2.)			1.2				1.2			1.2
Share of other comprehensive income of joint ventures							0.0			0.0
Exchange gains/losses on translating foreign operations					36.0		36.0		0.0	36.0
Total other comprehensive income/expenses for the period, net of tax			**1.2**		**36.0**		**37.3**		**0.0**	**37.3**
Total comprehensive profit/loss for the period			**1.2**		**36.0**	**121.0**	**158.2**		**0.0**	**158.3**
Hybrid bond interest and expenses						-20.5	-20.5	0.6		-19.8
Proceeds from hybrid bond							0.0	**341.2**		341.2
Repurchase of treasury shares and costs						-68.6	-68.6			-68.6
Dividends and return from the invested unrestricted equity fund (Note 3.1.)				-78.9		-8.9	-87.8			-87.8
Share-based payments (Note 1.6.)						0.4	0.4			0.4
Other changes						-0.2	-0.2			-0.2
Balance at 31 December 2021	**259.6**	**131.1**	**1.4**	**744.2**	**-114.8**	**778.6**	**1,800.1**	**689.1**	**0.3**	**2,489.5**

DEVELOPMENT OF EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS PER SHARE

MEUR



1 Profit for the period
2 Translation differences
3 Dividends and equity return
4 Repurchase of treasury shares and costs
5 Effect of cancellation of repurchased Treasury shares on share amount
6 Hybrid bond interest and expenses
7 Other changes

The issuance of Green Hybrid Bond increased the equity and strenghtened the balance sheet.
Hybrid bond increased the equity by EUR 341.2 million. During 2021, Citycon paid a dividend of EUR 0.05 per share and an equity return of EUR 0.45 per share from the invested unrestricted equity fund. Distributed dividends were EUR 8.9 million and equity return EUR 78.9 million. In November, Citycon Oyj carried out the repurchase of a total amount of 9,500,000 shares in the company as a result of a market based reverse accelerated bookbuild process, for a total purchase price of EUR 65.8 million. The repurchased shares were cancelled on 30 November.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Accounting Principle	Note	Number	IFRS
Segment information	Segment information	1.1.	IFRS8
Revenue recognition, other income and trade and other receivables	Gross rental income, Revenue from contracts with customers, Other operating income and expenses, Trade and other receivables	1.2., 1.3., 1.7., 4.4.	IFRS16, IFRS15, IFRS9
Employee benefits and share-based payments	Employee benefits and personnel expenses	1.6.	IAS19, IFRS2
Earnings per share	Earnings per share	1.8.	IAS33
Investment property	Investment properties and related liabilities, Right-of-use assets	2.1., 2.3	IAS40, IFRS13, IFRS16
Assets held for sale	Investment properties held for sale	2.2.	IAS40, IFRS5
Investments in associates and joint ventures	Investments in joint ventures, Investments in associates	2.4.	IAS28, IFRS11, IFRS12
Financial Instruments: Disclosures, Presentation, Recognition and Measurement	Equity, Net financial income and expenses, Classification of financial instruments, Loans, Financial risk management, Derivative financial instruments, Cash and cash equivalents, Trade and other receivables, Trade and other payables	3.1, 3.2., 3.3., 3.4., 3.5., 3.6., 3.8., 4.4., 4.5.	IAS32, IFRS7, IFRS9, IFRS16
Provisions, Contingent Liabilities, Contingent Assets	Commitments and contingent liabilities	2.1., 3.7.	IAS37
Consolidated Financial Statements, Business Combination	Business Combinations, Goodwill, Acquisition of non-controlling interests	5.1., 5.2.	IFRS10, IFRS3
Related Party Disclosures	Related party transactions and changes in group structure	5.3.	IAS24
Impairment of Assets	Goodwill, Intangible assets, Trade and other receivables	4.3., 4.4., 5.1.	IAS36, IFRS9
Income taxes	Income taxes, Deferred tax assets and liabilities	4.1., 4.2	IAS12
Intangible assets	Intangible assets	4.3.	IAS38
Events after the Reporting Period	Post balance sheet date events	5.5.	IAS10
Contingent liabilities	Capital Commitments, VAT refund liabilities, Securities and Pledges	2.1., 3.7.	-

BASIC COMPANY DATA

As a real estate investment company specialising in retail properties, Citycon operates in Finland, Norway, Sweden, Estonia and Denmark. Citycon is a Finnish public limited liability company established under Finnish law and domiciled in Helsinki, the address of its registered office being Piispansilta 9 A 1, 02230 Espoo.

The Board of Directors has approved the financial statements of the company on 16th February 2022. In accordance with the Finnish Limited Liability Companies Act, Annual General Meeting has the right to not approve the financial statements approved by the Board of Directors and return the financial statements back to the Board of Directors for a correction.

A copy of Citycon's consolidated financial statements is available on the corporate website at **www.citycon.com** and from the Group's headquarters at the address Piispansilta 9 A FI-02230 Espoo, Finland.

BASIS OF PREPARATION

Citycon has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and applied the International Accounting Standards (IAS) and IFRS as well as Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) interpretations effective as of 31 December 2021. International financial reporting standards refer to the approved applicable standards and their interpretations under Finnish accounting legislation and the following rules on European Union Regulation No. 1606/2002. Notes to the consolidated financial statements are also in compliance with Finnish accounting legislation and community legislation.

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

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

KEY ESTIMATES AND ASSUMPTIONS AND ACCOUNTING POLICIES REQUIRING JUDGMENT

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

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

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

1. OPERATING PERFORMANCE

1.1. SEGMENT INFORMATION

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

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

Citycon's Board of directors assess the business units' performance on the basis of Net Rental Income and Direct Operating Profit. Fair value changes are also reported to Citycon's Board of directors, by business unit.

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

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

None of the tenants' proportion of Citycon's gross rental income exceeded 10% during financial years 2021 and 2020, and the management does not manage operations according to customer segments.

1 JANUARY–31 DECEMBER 2021

MEUR	Finland & Estonia	Norway	Sweden & Denmark	Other	Total IFRS segments	Kista Galleria (50%)
Gross rental income	90.7	85.8	45.7	0.0	222.2	9.8
Service charge income	30.1	27.0	13.0	0.0	70.2	3.6
Property operating expenses	-34.8	-34.8	-18.8	-0.2	-88.6	-6.2
Other expenses from leasing operations	-0.7	-0.2	-0.7	0.2	-1.4	-0.8
Net rental income	**85.2**	**77.8**	**39.2**	**0.0**	**202.3**	**6.4**
Direct administrative expenses	-2.6	-4.5	-5.2	-13.8	-26.1	-0.1
Direct other operating income and expenses	-0.1	0.2	-0.1	0.0	0.0	-0.2
Direct operating profit	**82.5**	**73.6**	**33.8**	**-13.8**	**176.1**	**6.1**
Indirect other operating income and expenses	-	-	-0.4	-	-0.4	-
Net fair value losses/gains on investment property	2.7	16.0	29.9	-	48.6	-1.4
Gains/losses on disposal of investment property	-2.2	0.0	-4.3	-	-6.5	-
Operating profit/loss	**83.0**	**89.5**	**59.1**	**-13.8**	**217.8**	**4.7**
Allocated assets						
Investment properties	1,961.2	1,427.3	800.7	-	4,189.2	252.2
Investment properties held for sale	0.0	150.9	0.0	-	150.9	-
Other allocated assets	48.6	121.8	20.4	239.6	430.3	11.1
Unallocated assets						
Deferred tax assets				16.4	16.4	
Derivative financial instruments				16.2	16.2	
Assets	**2,009.8**	**1,699.9**	**821.1**	**272.2**	**4,803.0**	**263.3**
Allocated liabilities						
Trade and other payables	39.8	36.4	131.6	-88.9	118.9	8.5
Unallocated liabilities						
Interest-bearing liabilities				1,878.5	1,878.5	237.3
Deferred tax liabilities				296.7	296.7	-
Derivative financial instruments				16.7	16.7	-
Other unallocated liabilities				2.7	2.7	11.1
Liabilities	**39.8**	**36.4**	**131.6**	**2,105.7**	**2,313.5**	**256.8**
Capital expenditure	**163.6**	**21.7**	**35.2**	**3.6**	**224.1**	**3.3**
Number of shopping centres	**11**	**18**	**7**			**1**
Number of other properties	**1**	**-**	**-**			**-**

1 JANUARY–31 DECEMBER 2020

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

1.2. GROSS RENTAL INCOME

Breakdown of gross rental income

MEUR	2021	2020
Straight-lining of lease incentives	-0.5	2.4
Temporary and contractual rental discounts	-4.7	-4.0
Gross rental income (excl. items above)	227.4	226.0
Total	**222.2**	**224.3**

General description of Citycon's lease agreements
In the majority, i.e. in 89% (90) of Citycon's lease agreements the rent is divided into base rent and maintenance rent. Base rent is typically tied to a yearly rent revision which is based on an index, such as cost-of-living index, or percentual minimum increase. Maintenance rent, charged separately from the lessee, are used for covering operating expenses incurred by the property owner due to property maintenance.

Part of Citycon's lease agreements also contain a turnover-linked component in addition to base rent. In addition, Citycon also has some lease agreements which are fully tied to tenant's turnover. At the end of 2021 approximately 66% (66%) of lease agreements in Citycon's lease portfolio had turnover based components.

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

In accordance with the below table, Citycon had 3,326 (3,810) lease agreements on 31 December 2021. The decrease in the number of lease agreements was mainly due to divested properties in Finland & Estonia and Sweden & Denmark.

Number of leases

	31 December 2021	31 December 2020
Finland & Estonia	1,262	1,373
Norway	1,306	1,324
Sweden & Denmark	758	1,113
Total	**3,326**	**3,810**

In accordance with the table presented below, the average remaining length of Citycon's lease portfolio was 3.1 (2.9) years on 31 December 2021. The duration of a new lease depends on the type of premises to be leased and the tenant. With larger anchor tenants, Citycon typically concludes long-term leases of 10–15 or even 20 years while leases for smaller retail premises are mainly agreed for a term of 3 to 5 years.

Average remaining length of lease portfolio, years

	31 December 2021	31 December 2020
Finland & Estonia	3.5	2.9
Norway	2.8	2.9
Sweden & Denmark	2.7	2.8
Average	**3.1**	**2.9**

Citycon mainly seeks to sign fixed-term leases with the exception of apartment, storage and individual parking space leases. At the year end 2021, fixed-term leases represented around 91% (91), initially fixed-term leases 5% (5) and leases in effect until further notice 4% (4) of Citycon's lease portfolio.

The table below presents the future minimum lease payments by first possible termination dates based on the valid rent roll at the end of the year 2021 and 2020.

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

MEUR	31 December 2021	31 December 2020
Not later than 1 year	71.2	75.9
1–5 years	141.9	151.8
Over 5 years	42.6	40.0
Total	**255.6**	**267.7**

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

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

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

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

THE EFFECTS OF COVID-19 TO RENTAL INCOME

Citycon has given minimal rent concessions to its tenants in various forms due to difficulties imposed by COVID-19 during years 2021 and 2020. These rent concessions have included rental discounts, payment schedule changes and rent-free periods during the pandemic. The rent discounts or rent-free periods have been given to tenants in Finland & Estonia and Sweden & Denmark segments. The total amount of rent discounts given was 0.8 EUR million in 2021 (EUR 4.4 million in 2020).

Based on contract analysis prepared by the company, the COVID-19 related discounts given during the pandemic 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 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 the pandemic. Some of these government grants have been aimed at Citycon's tenants and some have been 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.

1.3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Contracts with customers

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

Breakdown of revenues 1 January–31 December 2021

MEUR	Finland & Estonia	Norway	Sweden & Denmark	Other	Total
Service charges [1]	23.7	19.4	10.6	-	53.6
Utility charges [1]	4.3	3.1	1.0	0.0	8.4
Other service income [1]	2.1	4.5	1.4	0.0	8.1
Total	**30.1**	**27.0**	**13.0**	**0.0**	**70.2**
Management fees [2]	0.1	0.4	0.4	0.0	0.9
Total	**0.1**	**0.4**	**0.4**	**0.0**	**0.9**
Revenue from contracts with customers	**30.2**	**27.4**	**13.4**	**0.0**	**71.1**

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

Breakdown of revenues 1 January–31 December 2020

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

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

SERVICE CHARGES

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

UTILITY CHARGES

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

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

OTHER SERVICE INCOME

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

MANAGEMENTS FEES

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

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

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

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

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

Contract balances

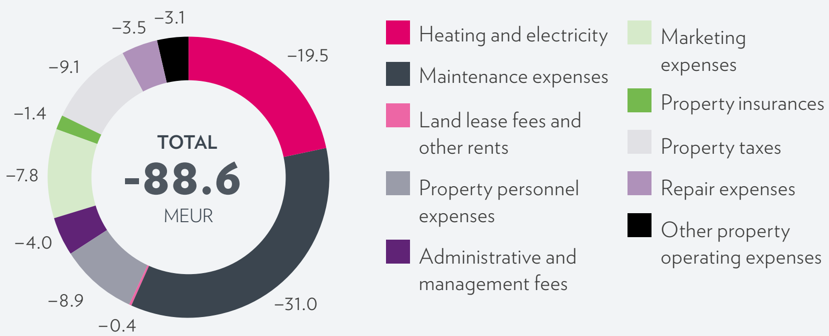
MEUR	2021	2020
Contract assets	4.8	6.2
Contract liabilities	5.3	3.6

CONTRACT BALANCES

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

OPERATING EXPENSES 2021

MEUR



1.4. PROPERTY OPERATING EXPENSES

MEUR	2021	2020
Heating and electricity	-19.5	-17.7
Maintenance expenses	-31.4	-31.5
Property personnel expenses	-8.9	-8.3
Administrative and management fees	-4.0	-3.8
Marketing expenses	-7.8	-8.3
Property insurances	-1.4	-1.1
Property taxes	-9.1	-9.0
Repair expenses	-3.5	-3.2
Other property operating expenses	-3.1	-1.8
Total	**-88.6**	**-84.9**

PROPERTY OPERATING EXPENSES

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

1.5. ADMINISTRATIVE EXPENSES

MEUR	2021	2020
Personnel expenses	-12.7	-12.6
Expenses related to management and organizational changes	-0.5	-0.2
Consultancy and advisory fees as well as external services	-5.7	-6.1
Office and other administrative expenses	-4.6	-4.4
Depreciation and amortisation	-2.7	-2.6
Total	**-26.1**	**-25.9**

Depreciation and amortisation
Depreciation and amortisation are booked from intangible and tangible assets.

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

MEUR	2021 Group	2021 Parent company
Audit fees	**-1.0**	**-0.3**
Ernst & Young Oy	-0.3	-0.3
Other EY offices	-0.7	-
Other advisory services	**-0.3**	**-0.3**
Ernst & Young Oy	-0.3	-0.3
Other EY offices	-	-
Total	**-1.2**	**-0.5**

MEUR	2020 Group	2020 Parent company
Audit fees	**-1.0**	**-0.4**
Ernst & Young Oy	-0.5	-0.4
Other EY offices	-0.5	-
Other advisory services	**0.0**	**0.0**
Ernst & Young Oy	0.0	0.0
Other EY offices	0.0	-
Total	**-1.0**	**-0.4**

1.6. EMPLOYEE BENEFITS AND PERSONNEL EXPENSES

MEUR	Note	2021	2020
Wages and salaries of management			
CEO	A	-1.2	-1.2
Management committee	B	-1.7	-1.4
Board	C	-0.7	-0.6
Other wages and salaries		-13.7	-14.9
Pension charges: defined contribution plans		-2.4	-2.5
Social charges		-3.3	-3.1
Expense of share based payments	D	-0.8	-0.7
Total		**-23.8**	**-24.5**

Personnel expenses of EUR 12.7 million (12.6) are included in administrative expenses, EUR 8.9 million (8.3) in property operating expenses and EUR 2.2 million (2.5) in other operating income and expenses. In addition, during 2020 EUR 1.1 million were charged from the managed centers owned by third parties.

PENSIONS

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

Group full-time equivalent (FTE) by Business Units as at 31 December	2021	2020
Finland & Estonia	56	49
Norway	80	97
Sweden & Denmark	66	61
Group functions	49	39
Total	**251**	**246**

A) CEO wages and salaries

	2021	2020
Base salary including benefits	698,183	702,380
Short-term incentives	486,000	507,600
Long-term incentives and other one-time payments	365,106	446,395
Total	**1,549,289**	**1,656,375**

F. Scott Ball (B.Sc., born 1961) started as CEO of Citycon on 1 January 2019. According to his service agreement, the CEO's gross base salary in 2021 amounted to EUR 625,000. In November 2021, a new service agreement entered into force, setting an annual salary of EUR 660,000.

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

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

In 2021, in connection with the vesting date of 15 November, the CEO was paid the value of 40,000 shares in cash, including taxes and employment related payments, and he was obliged to acquire company's shares with the amount of paid net reward.

In accordance with the new agreement that entered into force in November 2021, going forward, the CEO is included CEO Restricted Share Plan 2021–2025 and Stock Option Plan 2022

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

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

MEUR	2021	2020
Wages and salaries	-1.7	-1.4
Pensions: defined contribution plans	-0.2	-0.2
Social charges	-0.6	-0.3
Total	**-2.5**	**-1.9**

During 2021, the travel expenses of the Board members amounted to EUR 0.0 million (0.1).

Board members do not participate in the company's share-based incentive schemes (excluding CEO F. Scott Ball).

C) Remuneration of the members of the Board of Directors

EUR	2021	2020
Chaim Katzman	165,000	165,000
Ariella Zochovitzky (until 1 July 2021)	43,900	88,000
Yehuda (Judah) L. Angster (as of 11 June 2020)	65,000	32,540
Arnold de Haan	63,800	64,400
Zvi Gordon (as of 11 June 2020)	60,200	31,940
Bernd Knobloch (until 17 March 2020)	-	1,800
Alexandre (Sandy) Koifman	78,100	62,000
David Lukes	65,200	65,400
Andrea Orlandi[1] (until 26 April 2021)	-	-
Per-Anders Ovin	63,200	60,200
Ofer Stark[2]	59,600	59,600
F. Scott Ball[3] (as of 2 August 2021)	-	-
Ljudmila Popova (as of 2 August 2021)	31,000	-
Total	**695,000**	**630,880**

1) *Andrea Orlandi has notified the company that he will not accept any annual fees or meeting fees payable by the company.*
2) *Transactions with The Board Members are presented in Note 5.3.B Related party transactions.*
3) *As set out in the Remuneration Policy, Mr F. Scott Ball, CEO of Citycon, is not entitled to separate fee for the Board membership.*

D) Long-term share-based incentive plans

Citycon has currently six long-term incentive plans based on shares. Four of these are directed only to the members of the Corporate Management Committee (Matching Share Plan 2018–2020 decided on 23 February 2018, Performance Share Plan 2020–2022 decided on 17 March 2020, CFO Restricted Share Plan 2021–2024 decided on 20 September 2021 and CEO Restricted Share Plan 2021–2025 decided on 27 October 2021) and two to key employees of the group (Restricted Share Plan 2018–2020 decided on 23 February 2018 and Restricted Share Plan 2020–2022 decided on 11 December 2019).

During 2021 the CEO Restricted Share Plan 2018–2021 decided on 12 December 2018 expired after its last vesting date.

The aim of the share-based incentive plans is to combine the objectives of the shareholders and the key employees to increase the value of the company in the long-term, to retain the key employees in the service of the company, and to offer them competitive reward plans based on earning and accumulating the company's shares.

In 2021, expenses from long-term share-based incentive plans recognised in consolidated financial statements amounted to EUR 0.6 million (0.7).

MATCHING SHARE PLAN 2018–2020

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

The Matching Share Plan 2018–2020 includes three matching periods, calendar years 2018–2019, 2019–2020 and 2020–2021. The prerequisite for participation in the plan and for reward payment is that the member of the Corporate Management Committee invests in the company's shares a pre-determined percentage of the bonus earned from the company's short-term performance bonus scheme during the calendar year preceding a matching period. If share ownership prerequisite is fulfilled and his or her employment or service is in force with a Citycon group company upon reward payment, he or she will receive free matching shares for the invested shares subject to the share ownership prerequisite.

The rewards to be paid under the plan correspond to the value of a maximum total of 40,000 shares. In addition, a cash proportion is included to cover taxes and tax-related costs arising from the reward to the participant in accordance with the terms and conditions of the plan.

The rewards paid on the basis of the matching period 2019–2020 corresponded to the total value of 5,493 shares, and in addition a cash proportion was included in the reward to cover taxes and tax-related costs arising from the reward in accordance with the terms and conditions of the plan.

PERFORMANCE SHARE PLAN 2020–2022

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

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

The rewards allocated and to be paid based on the performance period 2021–2024 correspond to the value of an approximate maximum total of 50,000 shares, including any cash proportion to be used for taxes and tax-related costs.

RESTRICTED SHARE PLAN 2018–2020

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

The rewards from the Restricted Share Plan 2018–2020 were allocated in 2018–2020. The rewards will be based on a valid employment or service contract of a key employee upon the reward payment, and it will be paid partly in shares and partly in cash, to be used for taxes and tax-related costs, after the end of a vesting period of 12 to 36 months. The rewards to be paid correspond to the value of an approximate maximum total of 40,000 shares, including any cash proportion for taxes and tax-related costs.

The rewards paid in 2021 corresponded to the total value of 8,000 shares, including cash proportion to cover taxes and tax-related costs.

RESTRICTED SHARE PLAN 2020–2022

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

The rewards from the plan may be allocated in 2020–2022. The reward will be based on a valid employment or service contract of a key employee upon the reward payment, and it may be paid partly in the company's shares and partly in cash, to be used for taxes and tax-related costs, after the end of a vesting period of 24 to 36 months.

The rewards to be paid on the basis of the plan in total correspond to the value of a maximum total of 60,000 shares including any cash proportion for taxes and tax-related costs.

The rewards allocated in 2021 correspond to the value of a total 43,000 shares, including any cash proportion to cover taxes and tax-related costs.

THE CFO RESTRICTED SHARE PLAN 2021–2024

The CFO Restricted Share Plan 2021–2024 is directed to the CFO Bret D. McLeod.

The CFO Restricted Share Plan 2021–2024 includes three vesting periods starting on 20 September and ending on 1 August 2022, 2023 and 2024. The rewards to be paid corresponded to the value of a total of 45,000 shares. The rewards are paid in three equal instalments of maximum of 15,000 shares after the end of each vesting period based on the CFO performance. The rewards may be paid partly in shares or partly or fully in cash to cover taxes and tax related costs, in which case the CFO may be obliged to acquire shares with the net reward. The payment of the rewards requires that the CFO has not terminated his director contract.

THE CEO RESTRICTED SHARE PLAN 2021–2025

The CEO Restricted Share Plan 2021–2025 is directed to the CEO F. Scott Ball.

The CEO Restricted Share Plan 2021–2025 includes three vesting periods starting on 27 October 2021 and ending on 15 November 2023, 2024 and 2025. The rewards to be paid correspond to the value of a total of 570,000 shares. The rewards are paid in three equal instalments of 190,000 shares after the end of each vesting period. The rewards may be paid partly in shares or partly or fully in cash to cover taxes and tax related costs, in which case the CEO may be obliged to acquire shares with the net reward. All unvested shares under the CEO Restricted Share Plan are eligible for dividend equivalent at the beginning of the vesting periods. The value of dividend equivalent per reward share equals to the distributed dividends or other distributed assets per share. All paid shares shall be subject to a lock-up undertaking by the CEO until 14 January 2025 unless the CEO agreement is terminated prior to such date. Should the CEO be relieved from the CEO position before the reward payment, the CEO shall be entitled to the allocated reward prorated until the date of relief.

LONG-TERM INCENTIVE PLANS EXPIRED DURING 2020 AND 2021

The CEO Restricted Share Plan 2018–2021 expired during the financial year 2021

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

The CEO Restricted Share Plan 2018–2021 included three vesting periods ending on 15 November 2019, 2020 and 2021. The rewards paid on the basis of the plan corresponded to the value of a total of 120,000 shares. The rewards from the plan were paid in three equal instalments of 40,000 shares after the end of each vesting period. The rewards may have been paid partly in company's shares or partly or fully in cash to cover taxes and tax related costs, in which case the CEO may have been obliged to acquire shares with the net reward. All unvested shares under the CEO Restricted Share Plan were eligible for dividend equivalent at the beginning of the vesting periods. The value of dividend equivalent per reward share equalled to the distributed dividends or other distributed assets per share. The payment of the rewards under the CEO Restricted Share Plan were due by the end of each respective calendar year on 2019, 2020 and 2021 provided that the CEO had not terminated his director contract.

The reward paid on the basis of the plan in 2021 corresponded to the value of 40,000 shares.

Restricted Share Plan 2015

The Restricted Share Plan 2015 was directed to selected key employees, including members of the Corporate Management Committee. The rewards from the plan were allocated during 2015–2018. The rewards were based on a valid employment or service contract of a key employee upon the reward payment and paid after the end of a two-year or a three-year individual vesting period. In January 2021 a total of 17,600 shares, including cash proportion to be used for tax and tax-related costs, that had vested in December 2020 were paid based on the plan.

Further information on the long-term share-based incentive plans is available on the company's website at **citycon.com/remuneration**.

MANAGEMENT FEES

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

1.7. OTHER OPERATING INCOME AND EXPENSES

MEUR	2021	2020
Management fees	0.9	3.1
Management fee related expenses	-	-1.3
Depreciation on contract values of managed and rented centres	-	-0.9
Other operating income	-1.3	0.0
Total	**-0.4**	**0.9**

1.8. EARNINGS PER SHARE

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

Earnings per share, basic	2021	2020
Profit/loss attributable to parent company shareholders (MEUR)	121.0	-28.0
Hybrid bond coupons and amortized fees [2]	-24.3	-16.2
Weighted average number of ordinary shares (1,000) [1]	177,033	177,998
Earnings per share (basic) (EUR)	**0.55**	**-0.25**

Earnings per share, diluted	2021	2020
Profit/loss attributable to parent company shareholders (MEUR)	121.0	-28.0
Hybrid bond coupons and amortized fees [2]	-24.3	-16.2
Adjustment for share-based incentive plans (1,000)	369	258
Weighted average number of ordinary shares, diluted (1,000)	177,403	178,256
Earnings per share (diluted) [1]	**0.54**	**-0.25**

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

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

	Days	No. of shares
Weighted average (daily) number of shares	365	177,402,910

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

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

2. PROPERTY PORTFOLIO AND ASSETS

2.1. INVESTMENT PROPERTIES AND RELATED LIABILITIES

INVESTMENT PROPERTIES IN THE FINANCIAL STATEMENT

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

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

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

In addition, the external appraiser conducts the fair value evaluation of properties under (re)development.

(Re)development projects are classified as investment properties and determined at fair value after an investment decision has been made and the external appraiser considers that sufficient information is available for a reliable valuation. In the fair value valuation on 31 December 2021 property (1) was classified as (re)development project. Potential development projects are projects whose realization is uncertain. Therefore they have been left out of the valuation conducted by the external appraiser.

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

The fair value of Citycon's properties was measured by CBRE (Norway, Denmark, Estonia) and JLL (Finland, Sweden) for the financial statements for 2021 and 2020. The resulting fixed fees based on the 2021 valuations totaled EUR 0.3 million (0.3). The reconciliation between the fair value determined by the external appraiser and the fair value of investment properties in Citycon's balance sheet, is presented below:

MEUR	31 December 2021	31 December 2020
Fair value of investment properties determined by the external appraiser per 31 December	4,268.2	4,231.1
Capital expenditure on development projects	26.2	25.8
Right-of-use assets classified as investment properties (IFRS 16)	45.7	45.0
Transfer into investment properties held for sale	-150.9	-149.7
Acquisition cost of properties acquired during the last quarter of the year	-	-
Fair value of investment properties per 31 December	**4,189.2**	**4,152.2**

FAIR VALUE DEFINITION AND HIERARCHY

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

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

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

FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTIES, FAIR VALUE MEASUREMENT HIERARCHY

MEUR	31 December 2021	31 December 2020
Quoted prices (Level 1)	-	-
Observable inputs (Level 2)	-	-
Unobservable inputs (Level 3)	4,268.2	4,231.1
Total	**4,268.2**	**4,231.1**

FAIR VALUE OF INVESTMENT PROPERTIES

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

FAIR VALUE MEASUREMENT

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

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

INPUTS

31 December 2021

MEUR	Finland & Estonia	Norway	Sweden & Denmark	Average
Yield requirement (%)	5.3	5.4	5.5	5.4
Market rents (EUR/sq.m.)	27.8	21.8	26.6	25.4
Operating expenses (EUR/sq.m.)	6.1	5.4	7.0	6.0
Vacancy during the cash flow period (%)	4.7	3.8	4.4	4.3
Market rent growth assumption (%)	2.1	2.1	2.0	-
Operating expense growth assumption (%)	1.9	2.1	2.0	-

31 December 2020

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

INPUTS

The segments' inputs used by the external appraisers in the cash flow analysis per 31 December 2021 and 31 December 2020 are presented in the following tables.

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

The weighted average market rent for the whole property portfolio was 25.4 EUR/sq.m. (26.2). The weighted average vacancy assumption for the cash flow period was 4.3% (4.4).

SENSITIVITY ANALYSIS

Sensitivity to change in the properties' fair value, or the risk associated with fair value, can be tested by altering the key parameters. The sensitivity analysis below uses the investment properties' fair value of EUR 4,268.2 million defined by the external appraiser at 31 December 2021 as the starting value. Sensitivity analysis indicates that the market value is most sensitive to changes in market rents and yield requirement. A 10% increase in market rents increases the market value of the investment properties by approximately 13%. Correspondingly, a 10% decrease in the yield requirement results in an approximately 11% increase in market value.

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

SENSITIVITY ANALYSIS

	Fair value (MEUR)				
Change %	**-10%**	**-5%**	**±0%**	**+5%**	**+10%**
Yield requirement	4,734.6	4,489.2	4,268.2	4,068.3	3,886.6
Market rents	3,721.7	3,995.0	4,268.2	4,541.5	4,814.8
Operating expenses	4,412.0	4,340.1	4,268.2	4,196.3	4,124.5
Change, percentage points	**-2**	**-1**	**±0**	**1**	**2**
Vacancy	4,390.1	4,329.2	4,268.2	4,207.3	4,146.3

INVESTMENT PROPERTY CHANGES AND CLASSIFICATION

31 December 2021 MEUR	Investment properties under construction	Operative investment properties	Investment properties total
At period-start	**271.5**	**3,880.7**	**4,152.2**
Acquisitions	-	-0.6	-0.6
Investments	141.0	43.1	184.1
Disposals	-9.1	0.0	-9.1
Capitalised interest	6.5	0.4	6.9
Fair value gains on investment property	-	106.1	106.1
Fair value losses on investment property	-27.7	-18.0	-45.7
Valuation gains and losses from Right-of-Use-Assets	-	-11.8	-11.8
Exchange differences	-	55.1	55.1
Transfer between operative investment properties, joint ventures and transfer into investment properties held for sale	-	-260.5	-260.5
Changes in right-of-use assets classified as investment properties (IFRS 16)	-	12.6	12.6
At period-end	**382.3**	**3,807.0**	**4,189.2**

31 December 2020 MEUR	Investment properties under construction	Operative investment properties	Investment properties total
At period-start	**169.0**	**3,991.2**	**4,160.2**
Acquisitions	0.0	156.0	156.0
Investments	121.5	56.1	177.6
Disposals	0.0	-10.0	-10.0
Capitalised interest	4.6	0.3	4.9
Fair value gains on investment property	0.0	39.8	39.8
Fair value losses on investment property	-23.6	-157.5	-181.1
Valuation gains and losses from Right-of-Use-Assets	0.0	-5.7	-5.7
Exchange differences	0.0	-43.4	-43.4
Transfer between operative investment properties, joint ventures and transfer into investment properties held for sale	0.0	-145.8	-145.8
Changes in right-of-use assets classified as investment properties (IFRS 16)	0.0	-0.4	-0.4
At period-end	**271.5**	**3,880.7**	**4,152.2**

INVESTMENT PROPERTIES 2021
MEUR

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

INVESTMENT PROPERTIES 2020
MEUR

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

Citycon divides its investment properties into two categories: Investment Properties Under Construction (IPUC) and Operative Investment Properties. On reporting date and the comparable period 31 December 2020, 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.

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

Contingent liabilities related to investment properties

MEUR	31 December 2021	31 December 2020
Capital commitments	81.7	183.9
VAT refund liabilities	108.2	91.4

Capital commitments

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

VAT refund liability

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

2.2. INVESTMENT PROPERTIES HELD FOR SALE

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

MEUR	2021	2020
Acquisition cost January 1	**149.7**	**0.0**
Disposals	-256.3	0.0
Exchange differences	-3.2	0.0
Transfers from investment properties	260.5	149.7
Accumulated acquisition cost December 31	**150.9**	**149.7**

The Held for Sale Investment Properties consisted of two shopping centers in Norway on 31 December 2021. One investment property in Finland & Estonia segment was sold during Q4 2021. On 31 December 2020 Investment Properties Held for Sale comprised of three properties in Sweden & Denmark segment, which were sold during Q1 2021.

Transfer from investment properties includes also fair value changes of properties in Investment Properties Held for Sale.

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

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

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

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

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

A sale is deemed highly probable when

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

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

2.3. RIGHT-OF-USE ASSETS

The IFRS 16 Leases standard replaced the IAS 17 standard at the beginning of the 2019 financial period. First and foremost, the standard provided reporting entities with instructions on the accounting treatment of leases in the lessee's financial statements, changed the definition of leasing and set the principles regarding the recognition of leases in the balance sheet both as a right-of-use asset and a lease liability. The application of the standard did not result in any changes to the accounting treatment of leases where Citycon Group acts as the lessor. Nonetheless, with regard to the majority of the Group's leases where Citycon acts as the lessee, Citycon has recognized assets and liabilities to the Group's balance sheet pertaining to these leases starting from Q1 2019 .

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

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

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

Citycon applies the recognition exemptions permitted by the standard and, hence, does not apply the standard to short-term leases with a duration of less than a year or leases of a low value, such as leases applicable to specific office equipment.

During the finacial year 2021 the contract values of managed and rented centers were transferred to Right-of-use assets according to IFRS 16.

The impact from the standard to Citycon's reporting in 2021 is as follows:

Consolidated income statement

MEUR	2021	2020
Property operating expenses	6.8	6.6
Net rental income	6.8	6.6
Administrative expenses	0.0	0.0
Net fair value losses on investment property [1]	-11.8	-5.7
Other operating income and expenses	0.0	0.0
Operating profit	-5.0	1.0
Net financial income and expenses	-1.5	-1.6
Loss before taxes	-6.5	-0.6
Deferred taxes	0.1	0.1
Loss/profit for the period	-6.4	-0.5

1) Includes a one-off amortization of EUR 5.6 million to the contract value of rented centers.

Consolidated statement of financial position

MEUR	Investment properties	Tangible assets	Total Right-of-use assets	Lease liabilities
1 January 2021	45.0	2.4	47.4	48.8
31 December 2021	45.7	2.1	47.7	43.2
1 January 2020	51.1	3.3	54.4	55.2
31 December 2020	45.0	2.4	47.4	48.8

THE EFFECT OF IFRS 16 TO CALCULATION OF KEY FIGURES

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

Consolidated cash flow statement

MEUR	2021	2020
Net cash flows from operating activities	5.3	5.0
Net cash flows from financing activities	-5.3	-5.0

Depreciations of right-of-use assets by asset class

MEUR	2021	2020
Valuation gains/losses	-11.8	-5.7
Depreciation of right-of use assets	-0.8	-0.9

Impact of recognition exemptions permitted by the standard

MEUR	2021	2020
Short-term leases	0.0	0.0
Low-value assets	0.1	0.1
Variable rents	0.0	0

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

MEUR	2021	2020
Less than 1 month	0.6	0.5
1 to 12 months	5.9	5.5
1–5 years	23.4	26.0
over 5 years	13.3	16.8
Total	43.2	48.8

2.4. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

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

A) Investments in joint ventures

	2021			2020		
MEUR	**Kista Galleria Group**	**Norwegian joint ventures**	**Joint ventures total**	**Kista Galleria Group**	**Norwegian joint ventures**	**Joint ventures total**
Investment property	504.4	3.1	507.5	511.2	2.9	514.1
Other non-current assets	5.4	6.8	12.2	0.0	0.1	0.1
Cash and cash equivalents	7.5	0.8	8.3	7.4	1.0	8.4
Other current assets	9.3	0.4	9.7	12.2	1.7	13.9
Long-term loans	474.5	0.0	474.5	471.0	0.2	471.2
Deferred tax liabilities	22.2	0.0	22.2	19.8	-	19.8
Short-term liabilities	16.9	1.9	18.8	15.2	0.4	15.6
Equity	**12.9**	**9.2**	**22.1**	**24.8**	**5.3**	**30.1**
Portion of the Group's ownership, %	50%	50%		50%	50%	
Share of joint venture's equity	6.5	4.6	11.1	12.4	2.6	15.0
Share of loans of joint ventures	118.4	-	118.4	93.5	-	93.5
Investments in joint ventures	**124.8**	**4.6**	**129.3**	**105.9**	**2.6**	**108.6**
Gross rental income	19.5	-	19.5	21.8	-	21.8
Net rental income	12.8	-	12.8	15.2	-	15.2
Administrative expenses	-0.2	0.0	-0.2	-0.3	-3.8	-4.1
Other operating income/expenses	-0.4	-0.1	-0.5	-0.8	3.8	3.0
Net fair value losses/gains on investment property	-2.8	0.0	-2.8	-64.5	-	-64.5
Operating profit	9.4	0.0	9.4	-50.4	0.0	-50.4
Financial income	1.3	0.0	1.3	0.0	0.0	0.0
Financial expenses	-20.4	0.0	-20.4	-15.8	0.0	-15.8
Taxes	-2.9	0.0	-2.9	10.0	0.0	10.0
Loss / Profit for the period	**-12.5**	**0.0**	**-12.5**	**-56.3**	**0.0**	**-56.3**
Share of loss/profit of joint ventures	**-6.3**	**0.0**	**-6.3**	**-28.1**	**0.0**	**-28.1**
Other comprehensive income for the period, net of tax	0.0	0.0	0.0	0.0	0.0	0.0
Exchange losses/gains on translating foreign operations	7.1	0.0	7.1	-13.2	-0.4	-13.6
Share of other comprehensive income of associated companies and joint ventures	**3.5**	**0.0**	**3.5**	**-6.6**	**-0.2**	**-6.8**
Total comprehensive loss/profit for the period	**-5.4**	**0.0**	**-5.4**	**-69.4**	**-0.2**	**-69.6**

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

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

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

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

KISTA GALLERIA SHOPPING CENTRE

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

JOINT VENTURES IN NORWAY

Citycon acquired all the shares in Norwegian shopping centre company Sektor on 14 July 2015. The acquired portfolio includes five joint ventures: Klosterfoss Utvikling AS, Dr Juells Park AS, Sandtranda Bolig AS, Centerteam AS and Magasinet Drammen AS, all of which Citycon owns 50% of the shares. First three of the former companies are residential real estate development companies, others operate outside of the real estate business.The 50% ownership of Centerteam AS was sold on 18.12.2020 and it is not included in the group balance sheet on 31.12.2020.

B) Investments in associated companies

MEUR	2021	2020
Investment properties	0.0	0.0
Current assets	1.3	0.4
Short-term liabilities	1.2	0.3
Long-term liabilities	0.0	0.0
Total shareholders' equity	**0.1**	**0.1**
Portion of the Group's ownership, %	38%	38%
Share of associated companies' equity	0.0	0.0
Share of loans of associated companies	0.0	0.0
Investments in associated companies	**0.1**	**0.0**
Gross rental income	2.1	1.3
Net rental income	0.4	0.9
Net fair value losses/gains on investment property	0.0	0.0
Net financial income and expenses	0.0	-0.6
Taxes	0.0	0.0
Profit for the period	**0.1**	**0.3**
Share of loss/profit of associated companies	**0.0**	**0.1**
Share of other comprehensive income of associated companies and joint ventures	**0.0**	**0.0**
Total comprehensive loss/profit for the period	**0.1**	**0.3**

ASSOCIATED COMPANIES IN NORWAY

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

Citycon acquired the remaining interest in Sektor Portefolje II AS on 5th February 2020 and sold one of the three shopping centres (Markedet) during Q1 2020. After the transactions, Citycon owns 100% of Stovner and Torvbyen shopping centers, which have been consolidated as subsidiaries regarding the period after the transaction. The result of Sektor Portefolje II AS prior to acquisition has been consolidated to consolidated income statement on row share of profit of associated companies and joint ventures. On the reporting date 31.12.2021 and the comparison period 31.12.2020 Citycon has only one associated company, Torvbyen Drift AS, from which the group owns 38%.

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

3. FINANCING

3.1. EQUITY

A) Description of funds and reserves included in the equity

SHARE CAPITAL

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

SHARE PREMIUM FUND

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

INVESTED UNRESTRICTED EQUITY FUND

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

FAIR VALUE RESERVE

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

TRANSLATION RESERVE

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

HYBRID BOND

Citycon has two EUR 350 million hybrid bonds, issued in November 2019 and in June 2021. The hybrid bond is treated as a part of shareholder's equity in the IFRS financial statements. The hybrid bonds are unsecured, subordinated to all debt and senior only to ordinary share capital. A holder of hybrid bond notes has no shareholder rights. The hybrid bonds have fixed coupons until the first reset date 10 September 2026, and thereafter coupons are reset every five years with applicable 5 year swap rate plus margin. Citycon has the right to postpone interest payment if it does not distribute dividend or any other equity to its shareholders. The bonds have no set maturity date, but the company has the right to redeem them after five years from the issue date and thereafter on every yearly interest payment date. Fees related to the hybrids are amortised in retained earnings and interest is recorded in retained earnings upon payment or when the commitment to payment arises. Earnings per share includes the interests. The hybrid loans have an off-balance sheet accrued interest of EUR 17.3 million as of 31 December 2021.

TREASURY SHARES

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

Citycon Oyj repurchased 9,796,463 treasury shares during year 2021. 30 November 2021 Citycon reversed 9,500,000 repurchased shares. Purchase price of cancelled shares recorded as a deduction of retained earnings. On 31 December 2021 Citycon holds a total of 296,463 treasury shares.

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

The Board of Directors proposes that based on the balance sheet to be adopted for the financial period ended on 31 December 2021, no dividend is distributed by a resolution of the Annual General Meeting.

Nonetheless, the Board of Directors proposes that the Board of Directors be authorized to decide in its discretion on the distribution assets from the invested unrestricted equity fund in the manner set forth below.

Based on this authorization, the maximum total amount of equity repayment distributed from the invested unrestricted equity fund shall not exceed EUR 0.50 per share. Based on the current total number of issued shares in the company, the authorization would equal to a maximum of EUR 84,004,470 in equity repayment.

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

Unless the Board of Directors decides otherwise for a justified reason, the authorization will be used to distribute equity repayment four times during the period of validity of the authorization. The Board of Directors will make separate resolutions on each distribution of the equity repayment so that the preliminary record and payment dates will be as set out below. Citycon shall make separate announcements of each such Board resolution.

Preliminary payment date	Preliminary record date
31 March 2022	24 March 2022
30 June 2022	23 June 2022
30 September 2022	23 September 2022
30 December 2022	15 December 2022

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

3.2. NET FINANCIAL INCOME AND EXPENSES

A) Recognised in the consolidated income statement

MEUR	2021	2020
Interest income on loans	6.9	5.7
Interest income on derivatives and other items	0.0	0.1
Foreign exchange gains	18.0	107.5
Fair value gain from derivatives	0.0	0.0
Other financial income	0.1	0.0
Financial income, total	**25.0**	**113.3**
Interest expenses on loans	-49.5	-47.7
Interest expenses on derivatives and other items	-3.0	-2.6
Foreign exchange losses	-17.9	-107.6
Fair value loss from derivatives	-0.8	-5.1
Development interest capitalised	8.1	4.9
Other financial expenses	-15.4	-5.4
Interest expenses on IFRS 16 lease liabilities	-1.5	-1.6
Financial expenses, total	**-80.0**	**-165.1**
Net financial income and expenses	**-55.0**	**-51.8**
Of which attributable to financial instrument categories:		
Interest-bearing loans and receivables	-31.2	-30.0
Lease liabilities (IFRS 16)	-1.5	-1.6
Derivative financial instruments	-21.5	-19.8
Other liabilities and receivables	-0.8	-0.4
Net financial income and expenses	**-55.0**	**-51.8**

Net financial expenses increased compared to last year mainly following one-off indirect losses related to bond buy-backs and fair value changes of derivatives. Indirect losses of EUR 7.3 million (5.8) were recorded related to cost for bond tenders and non-cash write downs of unamortized fees on the prepaid bonds. In addition, EUR 0.8 million indirect losses (0.8 gains) related to fair value changes of cross-currency swaps not under hedge accounting was booked.

In 2021, foreign exchange gains of EUR 0.0 million (2.5) and foreign exchange losses of EUR -17.9 million (-15.6) were recognised in the consolidated income statement from debt instruments.

Citycon's weighted average interest rate was 2.47% (2.39%) and the weighted average interest excluding derivatives was 2.48% (2.37%) as at 31 December 2021. Interest on development expenditure is capitalised at a rate of 2.74% (2.51%) as at 31 December 2021.

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

Fair value gains and losses of derivatives relate to cross-currency swaps not under hedge accounting. Other financial expenses mainly consist of amortisations and write-downs of arrangement fees, paid commitment fees and other bank fees.

B) Recognised in the other consolidated comprehensive income

MEUR	2021	2020
Gains/losses arising during the period from cash flow hedges	1.2	-1.3
Added (Less): interest income (expenses) recognised in the consolidated income statement on cash flow hedges	-0.1	-0.3
Net gains/losses on cash flow hedges	**1.1**	**-1.6**

INTEREST INCOME

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

DIVIDEND INCOME

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

BORROWING COSTS

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

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

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

3.3. CLASSIFICATION OF FINANCIAL INSTRUMENTS

FINANCIAL ASSETS AND LIABILITIES

Recognition and measurement

Starting 1 January 2018 Citycon has taken into use IFRS 9 for recognition and measurement of financial assets and liabilities. Financial assets are classified into the following categories for measurement purposes according to IFRS 9

1. financial assets at amortised cost or
2. financial assets at fair value through profit or loss.

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

Assets classified at amortised cost include financial assets which the company has created by providing money, goods or services directly to the debtor. Initially recognised at fair value these assets under current and non-current assets are carried at amortised cost. Their balance sheet value is impaired by the amount of any credit loss. In the company's consolidated statements of financial position as at 31 December 2021 and 31 December 2020, financial assets held at amortised cost include rent and trade receivables, interest receivables and cash and cash equivalents, which are reported in the balance sheet within the following items "Trade and other receivables" and "Cash and cash equivalents".

In the company's consolidated statements of financial position as at 31 December 2021 financial assets at fair value through profit or loss cost include cash investments into highly liquid money market funds which are reported in the balance sheet within "Current financial investments".

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

Financial liabilities are classified as

1. financial liabilities at fair value through profit or loss or
2. financial liabilities at amortised costs

Financial liabilities are initially recognised at fair value. Afterwards, financial liabilities excluding derivative debt are recognised at amortised cost using the effective interest method. In the company's consolidated statement of financial position, on 31 December 2021 and 31 December 2020, financial liabilities at amortised cost include loans, trade payables and interest payables which are reported in the balance sheet under the items "Loans" and "Trade payables and other payables". On 31 December 2021 and 31 December 2020 Citycon had foreign exchange derivative contracts and cross currency interest rate swaps classified as financial assets and liabilities at fair value through profit or loss.

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

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

MEUR	Note	Carrying amount 2021	Fair value 2021	Carrying amount 2020	Fair value 2020
Financial assets					
I Financial assets amortised at cost					
Financial assets within Rent, trade and other receivables	4.4.	19.7	19.7	20.6	20.6
Cash and cash equivalents	3.8.	34.7	34.7	25.9	25.9
II Financial assets at fair value through profit and loss					
Money market funds	3.8.	19.9	20.0	-	-
Derivative financial instruments	3.6.	14.8	14.8	14.8	14.8
III Derivative contracts under hedge accounting					
Derivative financial instruments	3.6.	1.4	1.4	0.2	0.2
Financial liabilities					
I Financial liabilities amortised at cost					
I.I Loans					
Loans from financial institutions	3.4.	-	-	313.6	313.6
Bonds	3.4.	1,835.3	1,860.3	1,758.8	1,784.4
Lease liabilities (IFRS 16)	2.3.	43.2	43.2	48.8	48.8
I.II Other liabilities					
Financial liabilities within Trade and other payables	4.5.	52.4	52.4	36.0	36.0
II Financial liabilities at fair value through profit and loss					
Derivative financial instruments	3.6.	16.7	16.7	26.8	26.8
III Derivative contracts under hedge accounting					
Derivative financial instruments	3.6.	-	-	0.0	0.0

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

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

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

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

Cash investments into highly liquid money market funds are EUR 19.9 million. The fair value of cash investments corresponds to level 2 of the fair value hierarchy according to IFRS13.72-90.

DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

The fair value of both interest rate and foreign exchange derivative financial instruments corresponds to level 2 of the fair value hierarchy according to IFRS13.72-90. For financial instruments that are recognised at fair value on a recurring basis, Citycon determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the period there was no transfers between the levels of the fair value hierarchy.

LOANS FROM FINANCIAL INSTITUTIONS

Citycon's loans from financial institutions (if credit limit drawn) are floating rate loans which have a fair value equal to the nominal amount of the loan. The difference between the fair value and carrying amount is the unamortised capitalised arrangement fees of the loans. The fair value of loans from financial institutions corresponds to level 2 according to IFRS13.72-90.

BONDS

All bonds are loans which have fair values equal to the nominal amount of the loans. The difference between the fair value and carrying amount is the unamortised capitalised arrangement fees for the bonds, and for fixed rate bonds also the unamortised reoffer discount. The fair value of the bonds corresponds to level 1 according to IFRS13.72-90.

According to Citycon's accounting policy the fair value of bonds differs from the secondary market price. As of 31 December 2021 the secondary market price was EUR 48.2 million higher (21.8 higher) than the fair value of the bonds and EUR 73.3 million higher (47.4 higher) than the carrying amount of bonds.

3.4. LOANS

All Citycon loans were interest-bearing liabilities on 31 December 2021 and 2020. These interest-bearing loans are explained here in detail.

Breakdown of interest-bearing liabilities

MEUR	Maturity	Effective interest rate, %	Carrying amount 2021	Carrying amount 2020
Long-term interest-bearing liabilities				
Bonds				
Eurobond 1/2014	10/2024	2.64	348.1	347.4
NOK Bond 2/2015	9/2025	3.90	129.7	123.7
Eurobond 3/2015	9/2022	2.40	-	254.3
Eurobond 1/2016	9/2026	1.26	348.7	348.4
NOK Bond 1/2017	9/2025	2.77	99.6	94.9
Eurobond 1/2018	1/2027	2.50	297.1	296.6
Eurobond 1/2020 (1/2014 bond tap)	10/2024	4.50	188.1	184.1
NOK Bond 2/2020	11/2023	3M Nibor +2.80	79.8	76.0
Eurobond 1/2021	3/2028	1.79	344.2	-
Syndicated revolving credit facilities				
EUR 250 million unsecured revolving credit facility	6/2024	Reference rate + 2.40 [1]	-	-
EUR 250 million secured revolving credit facility	6/2024	Reference rate + 1.90 [1]	-	95.5
Lease liabilities (IFRS 16)	-	-	36.7	42.9
Total long-term interest-bearing liabilities			**1,871.9**	**1,863.8**
Short-term interest-bearing liabilities				
NOK Bond 1/2015	3/2021	3M Nibor +1.55	-	33.4
Commercial papers	1–9/2021	-	-	218.1
Lease liabilities (IFRS 16)	-	-	6.5	5.9
Total short-term interest-bearing liabilities			**6.5**	**257.4**

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

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

Maturity of long-term interest-bearing debt (excl. IFRS16 liabilities)

MEUR	2021	2020
1–2 years	79.8	254.3
2–3 years	536.2	76.0
3–4 years	229.4	627.0
4–5 years	348.7	218.6
over 5 years	641.3	645.0
Total	**1,835.3**	**1,820.9**

Long-term interest-bearing liabilities by currency

MEUR	2021	2020
EUR	1,202.0	1,099.7
NOK	309.2	390.1
SEK	324.2	331.2
Total	**1,835.3**	**1,820.9**

Short-term interest-bearing liabilities by currency

MEUR	2021	2020
EUR	-	200.6
NOK	-	33.4
SEK	-	17.5
Total	**-**	**251.5**

Currency split is including cross-currency swaps. Maturity of liabilities related to IFRS 16 right-of-use assets is presented in note 2.3.

3.5. FINANCIAL RISK MANAGEMENT

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

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

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

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

INTEREST RATE RISK

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

During recent years, the amount of fixed rate debt has increased, so now a relatively small part of Citycon's debt is floating rate. This floating rate debt has been converted to fixed rate using interest rate swaps. Under the company's interest rate risk management policy, the target debt portfolio is one in which a minimum of 70% and a maximum of 90% of interest bearing liabilities are based on fixed interest rates over time. At year-end the ratio of fixed rate debt was 100.0%.

The interest sensitivity of Citycon's loan portfolio at the end of 2021 is described by the fact that a one-percentage point rise in money market interest rates would increase its interest expenses by EUR 0.0 million on a yearly basis, while a fall of one-percentage point in such rates would decrease them by EUR 0.0 million.

INTEREST RATE SENSITIVITY

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

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

MEUR	2021	2020
Euro	-	2.0
Norwegian crown	-	1.0
Swedish crown	-	0.2
Total	**-**	**3.1**

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

Effect on shareholders equity of an increase of 100 basis points

MEUR	2021	2020
Euro	-	-
Norwegian crown	1.7	2.3
Swedish crown	-	-
Total	**1.7**	**2.3**

LIQUIDITY RISK

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

Citycon's financing policy states that all maturing debt, committed capital expenditures and committed acquisitions for the coming rolling 12 months period, not covered by Operating cash flow in approved budget or forecast or by committed disposals of assets must be covered by available liquidity consisting of cash and long-term committed credit limit facilities. On 31 December 2021, unused committed credit limits amounted to EUR 500.0 million, in addition Citycon had unused cash pool limits of EUR 17.0 million and unrestricted cash and cash equivalents of EUR 46.7 million.

Despite the continuation of Covid-19 during 2021, the capital and commercial paper markets fully recovered and showed even lower spreads than pre-Covid. Therefore, Citycon issued a 7 year EUR 350 million bond in March 2021 and a EURO 350 million hybrid bond in June 2021. Proceeds were used to buy back the 2022 notes fully and repay all other short term debt including commercial paper and a NOK 350 million bond. As of year end 2021 Citycon had no short term refinancing needs and the next refinancing need is not until November 2023 for NOK 800 million.

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

Maturity profile of financial liabilities including interest flows

MEUR	Less than 1 month	1 to 12 months	1–5 years	Over 5 years	Total
31 December 2021					
Loans from financial institutions	-	-	-	-	-
Bonds	7.1	34.6	1,645.8	355.7	2,043.2
Derivative financial instruments	0.3	1.1	0.3	-	1.7
Financial liabilities within Trade and other payables	31.2	21.2	-	-	52.4

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

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

MEUR	Less than 1 month	1 to 12 months	1–5 years	Over 5 years	Total
31 December 2021					
Undrawn committed credit facilities	-	-	500.0	-	500.0

MEUR					
31 December 2020					
Undrawn committed credit facilities	-	-	405.7	-	405.7

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

Changes in liabilities from financing activities

MEUR	1 January 2021	Cash flow	Foreign exchange movement	Change in fair values	Amortised fees	Other changes	31 December 2021
Long term interest bearing liabilities	1,820.9	-7.9	17.9	-	4.4	0.0	1,835.3
Short-term interest bearing liabilities	251.5	-251.9	0.4	0.0	0.0	-	-
Derivatives	26.8	0.0	-10.0	-0.2	0.0	0.0	16.7
Total in liabilities from financing activities	**2,099.2**	**-259.7**	**8.3**	**-0.2**	**4.4**	**0.0**	**1,851.9**

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

CREDIT RISK

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

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

EXCHANGE RATE RISK

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

FOREIGN EXCHANGE SENSITIVITY

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

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

MEUR	2021	2020
Swedish crown	0.2	0.1
Norwegian crown	-0.6	-0.7
Total	**-0.4**	**-0.6**

B) Capital management and financial covenants

CAPITAL MANAGEMENT

The objective of the company's capital management is to support the strategy, maximise shareholder value, comply with loan agreement provisions and ensure the company's ability to pay dividend. Citycon's capital structure is managed in an active manner and capital structure requirements are taken into account when considering various financing alternatives. The company can adjust the capital structure by deciding on the issuance of new shares, raising debt financing, raising hybrid financing, divesting investment properties or making adjustments to the dividend.
Citycon monitors its capital structure based on equity ratio and loan-to-value (LTV). The company's long term LTV target is 40–45%.

Equity ratio:

MEUR	2021	2020
Total shareholders' equity (A)	2,489.5	2,166.0
Total assets	4,803.0	4,680.0
Less advances received	17.7	16.0
./. (Total assets - advances received) (B)	4,785.3	4,664.0
Equity ratio, % (A/B)	**52.0%**	**46.4%**

LTV (Loan to value) -%:

MEUR	2021	2020
Interest-bearing debt total (Note 3.4.)	1,878.5	2,121.2
Less lease liabilities (IFRS 16, Note 2.3)	43.2	48.8
Less cash and cash equivalents (Note 3.8.)	54.7	25.9
Interest-bearing net debt (A)	1,780.6	2,046.5
Fair value of investment properties including properties held for sale and investments in joint ventures (Notes 2.1 and 2.2)	4,423.7	4,410.5
Less right-of-use assets classified as investment properties (IFRS 16, Note 2.3)	-47.7	-45.0
Fair value of investment properties (B)	4,376.0	4,365.5
LTV, % (A/B)	**40.7%**	**46.9%**

LTV decreased considerably in 2021 mainly as a result of the hybrid issuance in June and higher property values. Loan to value is calculated excluding both hybrid debt and IFRS16 lease liabilities.

FINANCIAL COVENANTS

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

Accordingly, net debt to total asset ratio on 31 December 2021 stood at 0.38 (0.45) and interest coverage ratio stood at 4.1 (4.1).

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

Accordingly, the solvency ratio on 31 December 2021 stood at 0.39 (0.46) and the secured solvency ratio at 0.00 (0.02).

3.6. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

Citycon uses interest rate swaps to hedge the interest rate cash flow risk. These interest rate swaps hedge against volatility in future interest payment cash flows (cash flow hedging) resulting from interest rate fluctuations, and the resulting profit fluctuations. Hedged instruments consist of long term floating rate debt, which is expected to be refinanced upon maturity on similar terms. Starting 1 January 2018 Citycon applies hedge accounting according to IFRS 9 to its interest rate swaps. Before 1 January 2018 Citycon applied hedge accounting according to IAS 39 to its interest rate swaps. Hedge accounting for Citycon's interest rate swaps did not change in practice when implementing IFRS 9, even though IFRS 9 sets out different requirements for applying hedge accounting than IAS 39. Subsequently, the fair value change of the effective part of the derivative hedge is recognised in the fair value reserve in equity and correspondingly under other consolidated comprehensive income. Any significant fair value change resulting from an ineffective part of the derivative hedge is recognised in the statement of consolidated comprehensive income under financial income and expenses. The amount in the fair value reserve is recognised in the statement of consolidated comprehensive income during the period when the cash flow from the hedged item is realised and affects earnings. If the criteria for hedge accounting are not met, changes in fair value are recognised in full through profit or loss. At the moment Citycon has one interest rate swap under hedge accounting with a nominal of NOK 800 million, corresponding to EUR 80.1 million.

Interest payments based on interest rate swaps are included in interest expenses. Fair value changes that are booked through profit or loss are recognised as financial expenses or income, if hedge accounting is not applied. The fair value of interest rate swaps is shown in current or non-current receivables or current and non-current liabilities in the statement of financial position. As of 31 December 2021 Citycon's interest rate swap was under hedge accounting.

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

As at 31 December 2021 Citycon does not apply hedge accounting to any of its cross-currency swaps.

A) Nominal amounts and fair values of derivative financial instruments

MEUR	Nominal amount 2021	Fair value 2021	Nominal amount 2020	Fair value 2020
Interest rate swaps				
Maturity:				
less than 1 year	-	-	33.4	0.0
1–5 years	80.1	1.4	76.4	0.2
over 5 years	-	-	-	-
Subtotal	**80.1**	**1.4**	**109.8**	**0.2**
Cross-currency swaps				
Maturity:				
less than 1 years	-	-	-	-
1–5 years	314.8	2.3	-	-
over 5 years	-	-	314.8	-3.9
Subtotal	**314.8**	**2.3**	**314.8**	**-3.9**
Foreign exchange forward agreements				
Maturity:				
less than 1 year	322.1	-4.1	317.8	-8.1
Total	**717.0**	**-0.4**	**742.4**	**-11.8**

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

The fair values include a foreign exchange loss of EUR -12.5 million (-24.2) from foreign exchange rate derivatives and cross-currency swaps, which is recognised in the consolidated income statement.

The average fixed interest rate of the interest rate swaps and cross-currency swaps as at 31 December 2021 was 1.07% (1.08%).

B) Derivatives under hedge accounting

Interest rate swaps MEUR	Assets 2021	Liabilities 2021	Assets 2020	Liabilities 2020
Interest rate swaps, fair value	1,4	-	0.2	0.0

The Group applies hedge accounting in accordance with IFRS 9 to all of its interest rate swaps valid as at 31 December 2021, according to which the amount of financial instruments' fair value change from effective hedging is recognised under other consolidated comprehensive income. Fair value gains and losses are transferred to the statement of consolidated income when the forecasted cash flows realize and affect the statement of consolidated income. Citycon also has cross-currency swaps to effectively convert EUR debt into SEK debt, for these, hedge accounting is currently not applied as of 31 December 2021.

Hedge accounting is applied to an interest derivative which has a nominal amount of EUR 80.1 million (109.8). The fixed interest rate in this derivative is 0.525%.

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

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

At 31 December 2021 and at 31 December 2020, derivatives under hedge accounting were assessed as highly effective. The fair values of these derivatives were EUR 1.4 million (0.2) and the change of these fair values EUR 1.2 million (-1.3) is recognised under other consolidated comprehensive income.

C) Impact of hedging instruments on the financial statements

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

MEUR	Nominal amount	Carrying amount	Line item in statement of financial position	Change in fair value used for measuring effectiveness for the period
As at 31 December 2021				
Interest rate swaps	80.1	1.4	Non-current assets, Derivative financial instruments	1.2
As at 31 December 2020				
Interest rate swaps	109.8	0.2	Non-current assets and short-term liabilitites, Derivative financial instruments	-1.3

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

MEUR	Total hedging gain/loss recognised in OCI	Ineffectiveness recognised in profit or loss	Line item in statement of profit and loss	Amount recycled from OCI to profit or loss	Line item in statement of profit and loss
Year ended 31 December 2021					
Interest rate swaps	1.4	-	-	-	-
Year ended 31 December 2020					
Interest rate swaps	0.2	-	-	-0.5	Financial expenses

3.7. COMMITMENTS AND CONTINGENT LIABILITIES

Pledges and other contingent liabilities

MEUR	2021	2020
Loans, for which mortgages are given in security and shares pledged		
Loans from financial institutions	-	95.5
Contingent liabilities for loans		
Mortgages on land and buildings	250.0	250.0
Bank guarantees and parent company guarantees	92.8	93.6

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

Bank guarantees and parent company guarantees
Guarantees are mainly related to parent company guarantees on behalf of subsidiaries for third parties, or alternatively third party bank guarantees.

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

3.8. CASH AND CASH INVESTMENTS

MEUR	2021	2020
Cash in hand and at bank	26.8	16.7
Restricted cash	7.9	9.2
Total cash	**34.7**	**25.9**
Current financial investments	19.9	-
Total cash and cash investments	**54.7**	**25.9**

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

CASH AND CASH EQUIVALENTS

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

4. OTHER NOTES TO THE ACCOUNTS

4.1. INCOME TAXES

MEUR	2021	2020
Current taxes	-3.3	-1.7
Taxes for prior periods	0.0	0.0
Deferred taxes	-32.2	19.6
Income tax	**-35.5**	**17.8**

Citycon did not recognise any current taxes directly in the equity during 2021 and 2020.

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

MEUR	2021	2020
Profit before taxes	156.5	-45.7
Taxes at Finnish tax rate	-31.3	9.1
Change in subsidiaries' tax rate	0.0	2.2
Decision by the Eu Court related to prior years interest deductibility in Swedish companies	0.0	7.2
Fair value of investment properties	-8.8	-4.4
Difference in foreign subsidiaries' tax rate	4.6	3.8
Unrecognised tax receivables from losses	0.0	-0.9
Utilisation of tax losses	0.8	2.0
Tax free income deducted by non-deductible expenses	0.0	-0.7
Other	-0.7	-0.5
Income taxes	**-35.5**	**17.8**

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

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

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

4.2. DEFERRED TAX ASSETS AND LIABILITIES

Changes in deferred tax assets and liabilities in 2021:

MEUR	1 January 2021	Recognised in income statement	Recognised in other comprehensive income	Items recognised in equity	Exchange rate differences	31 December 2021
Deferred tax assets						
Tax losses	13.8	2.1	-	-	-	15.9
Measurement of interest-rate swaps at fair value	0.0	-	-	-	-	0.0
Other items	0.4	0.1	-	-	-	0.5
Deferred tax assets, total	**14.2**	**2.2**	**-**	**-**	**-**	**16.4**
Deferred tax liabilities						
Measurement of investment property at fair value [1]	274.2	34.7	-	-	-14.0	295.0
Contract values of managed and rented centre	1.0	-0.3	-	-	0.0	0.8
Temporary difference in financial expenses	0.5	-	-	0.5	-	1.0
Deferred tax discounts due to sales of assets	0.0	-	-	-	-	0.0
Deferred tax liabilities, total	**275.7**	**34.5**	**-**	**0.5**	**-13.9**	**296.7**

[1] *Deferred tax liabilities are net of EUR 16.1 million of deferred tax assest arising from confirmed tax losses. The deferred tax asset increase in financial statement 2020 includes EUR 7.2 million due to a positive decision by the EU Court of Justice given to a company, which does not belong to Citycon Group. The decision has a positive effect also to the deductibility of prior years interest expenses in Citycon's Swedish companies.*

Changes in deferred tax assets and liabilities in 2020:

MEUR	1 January 2020	Recognised in income statement	Recognised in other comprehensive income	Items recognised in equity	Exchange rate differences	31 December 2020
Deferred tax assets						
Tax losses	9.2	4.6	-	-	-	13.8
Measurement of interest-rate swaps at fair value	0.0		-	-	-	0.0
Other items	0.2	0.2	-	-	-	0.4
Deferred tax assets, total	**9.4**	**4.8**	**0.0**	**0.0**	**0.0**	**14.2**
Deferred tax liabilities						
Measurement of investment property at fair value [1]	294.6	-14.6	-	-	-5.8	274.2
Contract values of managed and rented centers	1.3	-0.2	-	-	-0.1	1.0
Temporary difference in financial expenses	0.6	-	-	-0.1	-	0.5
Deferred tax discounts due to sales of assets	0.0	-	-	-	-	0.0
Deferred tax liabilities, total	**296.4**	**-14.8**	**0.0**	**-0.1**	**-5.9**	**275.7**

[1] *Deferred tax liabilities are net of EUR 15.2 million of deferred tax assets arising from confirmed tax losses. The deferred tax asset increase in financial statement 2020 includes EUR 7.2 million due to a positive decision by the EU Court of Justice given to a company, which does not belong to Citycon Group. The decision has a positive effect also to the deductibility of prior years interest expenses in Citycon's Swedish companies.*

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

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

On 31 December 2021, Group companies had confirmed losses of EUR 1.4 million (1.5) for which deferred tax assets were not recognised, since these Group companies are unlikely to record a taxable profit, before the expiration of carry forwards of these losses, against which loss carry forwards can be utilised.

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

4.3. INTANGIBLE ASSETS

MEUR	2021	2020
Acquisition cost January 1.	**36.4**	**36.4**
Additions during the period	3.7	1.9
Disposals during the period	-	-0.7
Transfers between items	-12.7	-
Exchange rate differences	0.9	-1.2
Accumulated acquisition cost December 31.	**28.4**	**36.4**
Accumulated depreciation and impairment losses, January 1.	**-18.8**	**-17.1**
Amortization during the period	-1.6	-2.1
Exchange rate differences	-0.4	0.3
Accumulated depreciation and impairment losses, Dec 31.	**-20.8**	**-18.8**
Net carrying amount January 1.	**17.6**	**19.3**
Net carrying amount December 31.	**7.6**	**17.6**

Intangible assets consist of computer software and licenses. The contract values of managed and rented centers were transferred to Right-of-use assets according to IFRS16.

INTANGIBLE ASSETS

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

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

The following depreciation periods apply:

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

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

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

IMPAIRMENT OF INTANGIBLE ASSETS

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

4.4. TRADE AND OTHER RECEIVABLES

MEUR	2021	2020
Rent and trade receivables	20.6	24.8
Expected credit losses	-6.7	-9.6
Rent and trade receivables (net)	13.9	15.2
Interest receivables	5.9	5.5
Financial assets total	**19.7**	**20.6**
Accrued income and prepaid expenses	43.6	15.0
VAT-receivables	13.5	3.9
Other receivables	12.3	12.0
Total	**89.1**	**51.5**

Ageing structure of rent and trade receivables:

MEUR	2021	Expected credit loss rate	Expected credit loss
Not past due	1.5	4.2%	0.1
Past due, less than 1 month	2.9	1.1%	0.0
Past due, 1–3 months	2.4	30.9%	0.7
Past due, 3–6 months	2.2	45.6%	1.0
Past due, 6–12 months	4.6	59.5%	2.8
Past due, 1–5 years	7.1	29.6%	2.1
Total	**20.6**		**6.7**

Ageing structure of rent and trade receivables:

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

Movement in expected credit loss:

MEUR	2021	2020
At the beginning of the year	-9.6	-4.9
Charge for the year	-3.1	-5.7
Utilised	2.6	0.6
Unused amounts reversed	3.3	0.4
Expected credit loss at the end of the year	**-6.7**	**-9.6**

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

FINANCIAL ASSETS
Financial assets include trade receivables and other receivables not held for trading, which the company has created by providing money, goods or services directly to the debtor. Initially recognised at fair value these assets under current and non-current assets are carried at amortised cost. Their balance sheet value is impaired by the amount of any credit loss.

IMPAIRMENT OF FINANCIAL ASSETS
A financial asset is impaired if its carrying amount exceeds its estimated recoverable amount. If there is objective evidence that a financial asset measured at amortized cost is impaired, the resulting impairment loss must be recognized in the consolidated income statement. If the amount of impairment loss decreases during a subsequent financial period and this fall can be regarded as relating to an event after the date of impairment recognition, the asset's impairment will be reversed.

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

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

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

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

4.5. TRADE AND OTHER PAYABLES

MEUR	2021	2020
Trade payables	33.0	19.2
Interest liabilities	19.4	16.8
Financial liabilities total	**52.4**	**36.0**
Short-term advances received	17.6	15.2
VAT-liabilities	13.0	4.3
Accrued expenses and other short-term payables	35.9	31.5
Non-interest bearing short-term liabilities total	**66.5**	**51.0**
Total	**118.9**	**87.0**

Due dates of future payments of trade and other payables:

MEUR	2021	2020
Due in less than 1 month	101.1	71.8
Due in 1–3 months	16.1	4.3
Due in 3–6 months	0.4	0.1
Due in 6–12 months	0.9	9.7
Due in 1–2 years	0.4	1.1
Total	**118.9**	**87.0**

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

5. CONSOLIDATION

GROUP ACCOUNTING POLICIES

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

SUBSIDIARIES

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

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

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

JOINT OPERATIONS

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

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

FOREIGN CURRENCY TRANSACTIONS

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

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

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

5.1. BUSINESS COMBINATIONS AND GOODWILL

BUSINESS ACQUISITIONS

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

GOODWILL

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

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

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

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

BUSINESS ACQUISITIONS AND ASSET ACQUISITIONS

Citycon purchases investment properties through business acquisitions and asset acquisitions.

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

A) Business combinations and goodwill

MEUR	2021	2020
Acquisition cost January 1	**141.1**	**146.5**
Change from exchange rate	4.3	-5.5
Accumulated acquisition cost December 31	**145.4**	**141.1**

Goodwill at the end of 2021 results fully from the acquisition of Norwegian business unit on 14.7.2015. The goodwill is allocated to the Norway business unit as a whole. During financial year 2021 no shopping centres were sold. In 2020 one shopping centre (Markedet) was sold.

Citycon did not acquire any businesses during financial years 2021 and 2020.

B) Impairment testing of Goodwill

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

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

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

MEUR	2021	2020
Total goodwill	**145.4**	**141.1**
Residual balance of deferred tax liability, in excess of the fair value, initially provided on acquisition	-84.8	-80.9
Goodwill tested for impairment	**60.6**	**60.2**

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

Total carrying value including goodwill to be tested was approximately EUR 1,568.1 million (1,469.3) .The pre-tax discount rate applied to the cash flow projections was 4,94% (5.00). The recoverable amount of Norway amounted to EUR 1,679.1 million (1,539.9) with an impairment cushion of EUR 111.0 million (70.6) to balance value, hence there is no need for goodwill impairment.

KEY ASSUMPTIONS USED IN VALUE IN USE CALCULATIONS
The calculation of value in use is most sensitive to discount rate and assumptions used in net rental income projections. Net rental income is based on external appraiser's 10 year cash flow analysis to determine fair value of investment properties. The assumption related to aforementioned cash flows are presented in Note 2.1. Discount rate represents the current market assessment of the risks specific to Norway, taking into consideration the time value of money and individual risks of Norway. The discount rate calculation is based on weighted average cost of capital (WACC). Terminal value is capitalized with external appraiser's yield assumption 5.45% (5.58) which reflects property specific risks and market risks.

SENSITIVITY TO CHANGES IN ASSUMPTIONS
The implications of the key assumptions for the recoverable amount are net rental income and yield requirement as presented in Note 2.1. Sensitivity has been analysed regarding net rental income and yield assumptions seperately. Asset's total recoverable amount would fall below total carrying value if net rental income decreased more than 5.74% (3.96) from current level. If both WACC determined by the company 4.94% (5.00) and yield assumption determined by external appraiser 5.45% (5.58) would increase more than 0.38% points (0.27), then total recoverable amount of asset would fall below total carrying value.

5.2. ACQUISITION OF NON-CONTROLLING INTERESTS

On 29th 2021 of April Citycon bought the remaining 7% minority interest in Heikintori Oy. After the transaction Citycon now owns 100% of Heikintori Oy.

During, 2020 Citycon bought out 24% of minority shareholders in Heikintori, which increased Citycon's ownership of Heikintori to 93%.

5.3. RELATED PARTY TRANSACTIONS AND CHANGES IN GROUP STRUCTURE

A) Related parties

Citycon Group's related parties comprise the parent company Citycon Oyj and its subsidiaries, associated companies and joint ventures; Board members; CEO and other Corporate Management Committee members; and the company's largest shareholder Gazit-Globe Ltd.

In total, Gazit and its wholly owned subsidiaries own 51.96% (31 December 2020: 48.9%) of the total shares and votes in the company (87,559,016 shares as of 31 December 2021).

Group companies and changes in group structure

Group companies on 31 December 2021	Country	Group holding, %	Parent company holding, %
Parent company: Citycon Oyj	Finland		
Albertslund Centrum ApS	Denmark	100	
Asematie 3 Koy	Finland	100	
Asunto Oy Espoon Huukkari[1]	Finland	100	
Asunto Oy Espoon Jolla[1]	Finland	100	
Asunto Oy Lippulaivan Loiste	Finland	100	
Asunto Oy Lippulaivan Luoto	Finland	100	
Asunto Oy Lippulaivan Lysti	Finland	100	
Big Apple Top Oy	Finland	100	
Citycon AB	Sweden	100	100
Citycon Buskerud Eiendom AS	Norway	100	
Citycon Buskerud Invest AS	Norway	100	
Citycon Buskerud Invest KS	Norway	100	
Citycon Denmark ApS	Denmark	100	100
Citycon Development AB	Sweden	100	
Citycon Down Town Eiendom AS	Norway	100	
Citycon Eiendomsmegling AS	Norway	100	
Citycon Finland Oy	Finland	100	100
Citycon Herkules Eiendom AS	Norway	100	
Citycon Holding AS	Norway	100	100
Citycon Jakobsbergs Centrum AB	Sweden	100	
Citycon Kilden Eiendom AS	Norway	100	
Citycon Kolbotn Torg Eiendom AS	Norway	100	
Citycon Kolbotn Torg Næring AS	Norway	100	
Citycon Kongssenteret Eiendom AS	Norway	100	
Citycon Kremmertorget Eiendom AS	Norway	100	
Citycon Liertoppen Eiendom AS	Norway	100	
Citycon Liljeholmen Bostad AB	Sweden	100	
Citycon Liljeholmstorget Galleria AB	Sweden	100	
Citycon Linderud Eiendom AS	Norway	100	
Citycon Magasinet Drammen Eiendom AS	Norway	100	

Group companies on 31 December 2021	Country	Group holding, %	Parent company holding, %
Citycon Magasinet Drammen Invest AS	Norway	100	
Citycon Magasinet Drammen Invest I ANS	Norway	100	
Citycon Magasinet Drammen Invest II ANS	Norway	100	
Citycon Norway AS	Norway	100	
Citycon Oasen Eiendom AS	Norway	100	
Citycon Oasen Kontoreiendom AS	Norway	100	
Citycon Residentials Finland Oy	Finland	100	
Citycon Residentials Oy	Finland	100	100
Citycon Senterdrift AS	Norway	100	
Citycon Services AB	Sweden	100	
Citycon Shopping Centers AB	Sweden	100	
Citycon Sjøsiden Eiendom AS	Norway	100	
Citycon Solsiden Eiendom AS	Norway	100	
Citycon Stopp Eiendom AS	Norway	100	
Citycon Storbyen Eiendom AS	Norway	100	
Citycon Strædet Cinema ApS	Denmark	100	
Citycon Strædet Pedestrian Street ApS	Denmark	100	
Citycon Innovation Sweden Ab	Sweden	100	
Citycon Treasury B.V.	The Netherlands	100	100
Citycon Trekanten Eiendom AS	Norway	100	
Espoonlahden Bussiterminaali Koy	Finland	100	
Espoonlahden Metroasema Koy	Finland	100	
Kauppakeskus Isokarhu Oy	Finland	100	
Kristiina Management Oy	Finland	100	
Kristiine Keskus Oü	Estonia	100	
Lahden Hansa Koy	Finland	100	
Lippulaiva Koy	Finland	100	

Group companies on 31 December 2021	Country	Group holding, %	Parent company holding, %
Lippulaivan Palvelutilat Koy	Finland	100	
Manhattan Acquisition Oy	Finland	100	
Montalbas B.V.	The Netherlands	100	
Myyrmanni Koy	Finland	100	
Mölndals Galleria AB	Sweden	100	
Mölndals Galleria Fastighets AB	Sweden	100	
Riddarplatsen Fastigheter HB	Sweden	100	
Rocca al Mare Kaubanduskeskuse AS	Estonia	100	
Sektor Stovner Eiendom AS	Norway	100	
Sektor Torvbyen Eiendom AS	Norway	100	
Stenungs Torg Fastighets AB	Sweden	100	
Tampereen Koskikeskus Koy	Finland	100	
Torvbyen Utvikling AS	Norway	100	
Åkersberga Centrum AB	Sweden	100	
Lahden Trio Koy	Finland	89.5	
Myyrmäen Kauppakeskus Koy	Finland	78.6	
Heikintori Oy	Finland	100	
Myyrmäen Autopaikoitus Oy	Finland	62.7	
Dr Juells Park AS	Norway	50	
Holding Big Apple Housing Oy	Finland	50	
Lappeenrannan Villimiehen Vitonen Oy	Finland	50	
Kista Galleria JV AB	Sweden	50	
Kista Galleria Kommanditbolag	Sweden	50	
Kista Galleria Holding AB	Sweden	50	
Kista Galleria LP AB	Sweden	50	
Klosterfoss Utvikling AS	Norway	50	
Magasinet Drammen AS	Norway	50	
Retail Park Oy	Finland	50	
Sandstranda Bolig AS	Norway	50	
Tikkurilan Kassatalo As Oy	Finland	39	
Hansaparkki Koy	Finland	36	
Liesikujan Autopaikat Oy	Finland	35.7	
Branch offices:			
Citycon Oyj filial	Sweden		
Partnerships for taxation purposes:			
Parkeringshuset Väpnaren	Sweden	64	

Companies sold (Group holding, % on the time of sale)		
Citycon Tumba Centrumfastigheter AB (100%)	Sweden	31 March 2021
Citycon Högdalen Centrum AB (100%)	Sweden	31 March 2021
Fruängen (100%)	Sweden	31 March 2021
Kiinteistö Oy Kauppakeskus Columbus Oy (100%)	Finland	31 November 2021

Companies established		
Asunto Oy Lippulaivan Loiste	Finland	2 June 2021
Asunto Oy Lippulaivan Luoto	Finland	2 June 2021
Asunto Oy Lippulaivan Lysti	Finland	2 June 2021
Citycon Residentials Finland Oy	Finland	19 May 2021
Citycon Residentials Oy	Finland	19 May 2021

Acquired companies		
Heikintori Oy (92.7->100%)	Finland	29 April 2021

Merged centres		
Sektor Portefolje II AS merged to Citycon Norway AS	Norway	3 March 2021

Liquidated companies		
Red City Ab	Sweden	16 January 2021

B) Related party transactions

GROUP COMPANIES

Group companies have paid each other fees such as maintenance and financial charges, interest expenses, loan repayments and other administrative service charges.

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

MANAGEMENT REMUNERATION

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

TRANSACTIONS WITH GAZIT-GLOBE LTD.

Purchases of services and expenses charged forward

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

REPORTING TO GAZIT-GLOBE LTD.

The company's main shareholder is Gazit-Globe Ltd. In total, Gazit and its wholly owned subsidiaries own 51.96% of the shares in the company. Gazit-Globe has announced that it has been applying IFRS in its financial reporting starting from 2007. Gazit-Globe Ltd. holds the view that it exercises a controlling interest, as defined in IFRS, in Citycon Oyj based on the fact that it has been able to exercise controlling interest in Citycon's shareholders' meetings pursuant to its shareholding. In accordance with an agreement concluded between the companies, Citycon will provide Gazit-Globe Ltd. with a more detailed breakdown of the accounting information it discloses in its interim and full-year reports, so that Gazit-Globe Ltd. can consolidate Citycon Group figures into its own IFRS financial statements.

5.4. CHANGES IN IFRS AND ACCOUNTING POLICIES

New standards as well as interpretations and amendments applied in 2021

In April 2021, IFRS Interpretations Committee published their final agenda decision on the accounting of configuration and customization costs in a cloud computing arrangement (IAS 38 Intangible Assets). In this agenda decision, the Committee considered when an intangible asset can be recognized in relation to configuration and customization of an application software. As the IFRIC agenda decisions do not have a date when they enter into force, they are expected to be applied as soon as possible.

Citycon has analyzed the effects of the agenda decision to its accounting principles and the IFRIC decision did not have significant impact to Citycon's financial reporting.

5.5. EVENTS AFTER THE REPORTING DATE

On 19 January 2022 was published that Mr Ofer Stark elected to resign from the Board as of 31 January 2022.

On 7 February 2022 was published that Citycon acquired a residential asset, comprising more than 200 apartments, in Sweden and divested two non-core centres in Norway.

PARENT COMPANY FINANCIAL STATEMENTS, FAS

PARENT COMPANY INCOME STATEMENT, FAS

MEUR	Note	1 January–31 December 2021	1 January–31 December 2020
Service charge income		3.5	4.8
Turnover	2	**3.5**	**4.8**
Administrative expenses	3.4	-13.4	-14.8
Other operating income and expenses	5	-0.1	0.0
Operating profit		**-10.0**	**-10.0**
Financial income		84.5	120.3
Financial expenses		-106.6	-133.8
Net financial income and expenses	6	-22.1	-13.5
Profit/loss before appropriations and taxes		**-32.1**	**-23.4**
Group contributions		24.4	-
Income tax expense	7	0.0	-0.1
Profit/loss for the period		**-7.7**	**-23.5**

PARENT COMPANY BALANCE SHEET, FAS

MEUR	Note	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Intangible assets	8	7.4	5.5
Tangible assets	9	0.3	0.5
Investments			
Shares in subsidiaries	10	1,350.4	1,350.4
Loan receivables and derivative contracts	11	2,197.5	2,174.3
Total investments		3,547.9	3,524.7
Total non-current assets		**3,555.7**	**3,530.7**
Current assets			
Short-term receivables	13	128.1	135.2
Current financial investments		19.9	-
Cash and cash equivalents		7.0	0.0
Total current assets		**155.1**	**135.2**
Total assets		**3,710.8**	**3,666.0**

MEUR	Note	31 December 2021	31 December 2020
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity	14		
Share capital		259.6	259.6
Share premium fund		133.1	133.1
Invested unrestricted equity fund		760.0	838.9
Holds of treasury shares		-2.0	-
Retained earnings		-6.2	92.1
Profit for the period		-7.7	-23.5
Total shareholders' equity		**1,136.7**	**1,300.1**
Liabilities	15		
Long-term liabilities			
Loans		-	95.5
Hybrid bond		690.1	347.7
Other long-term liabilities		1,657.3	1,562.5
Total long-term liabilities		**2,347.5**	**2,005.6**
Short-term liabilities			
Short-term liabilities		226.6	360.2
Total short-term liabilities		**226.6**	**360.2**
Total liabilities		**2,574.1**	**2,365.8**
Total liabilities and shareholders' equity		**3,710.8**	**3,666.0**

PARENT COMPANY CASH FLOW STATEMENT, FAS

MEUR	1 January–31 December 2021	1 January–31 December 2020
Cash flow from operating activities		
Profit before taxes	-32.1	-23.4
Adjustments:		
Depreciation and impairment loss	1.8	1.5
Net financial income and expenses	22.1	13.5
Cash flow before change in working capital	-8.1	-8.5
Change in working capital	31.2	28.6
Cash generated from operations	**23.1**	**20.1**
Interest expense and other financial expenses paid	-65.7	-47.5
Interest income and other financial income received	58.2	53.4
Realised exchange rate gains and losses	-18.2	4.9
Net cash flow from operating activities	**-2.6**	**30.9**
Cash flow used in investing activities		
Investment in tangible and intangible assets	-3.6	-1.9
Loans granted	-605.6	-784.8
Repayments of loans receivable	721.8	808.3
Purchase of current financial investments	-285.0	-
Repayment of current financial investments	264.9	-
Net cash from investing activities	**92.6**	**21.6**
Cash flow from financing activities		
Proceeds from short-term loans	810.8	837.9
Repayments of short-term loans	-1,033.2	-825.7
Proceeds from long-term loans	-	94.7
Repayments of long-term loans	-94.7	-
Proceeds from hybrid bond	342.5	-
Received group contributions	1.7	-
Dividends paid and return from the invested unrestricted equity fund	-87.8	-95.7
Purchase and costs of purchase of treasury shares	-68.6	-
Net cash used in financing activities	**-129.3**	**11.3**
Net change in cash and cash equivalents	**-39.3**	**63.8**
Cash and cash equivalents at period-start	-90.0	-153.8
Cash and cash equivalents at period-end [1)]	**-129.3**	**-90.0**

[1)] *Cash and cash equivalents of Citycon Oyj EUR -129.3 million consist of EUR 7.0 million cash and bank receivables in the balance sheet, EUR 19.9 million of current financial investments and Group cash pool account EUR -156.2 million. Cash pool balance of EUR -156.2 million has been recognised in the parent company's balance sheet under short-term liabilities.*

NOTES TO THE PARENT COMPANY‘S FINANCIAL STATEMENTS, FAS

1. ACCOUNTING POLICIES

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

Income statement format

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

Non-current assets

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

Intangible assets

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

Tangible assets

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

Pension schemes

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

Foreign currency receivables and payables

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

Income taxes

Current taxes are recognised on an accrual basis.

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

Derivatives

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

Important note

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

2. TURNOVER

MEUR	2021	2020
Turnover by country:		
Finland	1.0	1.6
Other countries	2.5	3.2
Total	**3.5**	**4.8**

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

MEUR	2021	2020
Administrative fees from Group companies	3.5	4.8

3. PERSONNEL EXPENSES

MEUR	2021	2020
Average number of employees during period	46	39
Personnel expenses		
Wages and salaries	-6.9	-6.2
Pension charges	-1.0	-1.1
Other social charges	-0.3	-0.2
Total	**-8.2**	**-7.5**

Personnel expenses include the following management wages and salaries

MEUR	2021	2020
CEO's wages and salaries	-1.1	-1.1
Board remuneration	-0.7	-0.6
Total	**-1.9**	**-1.8**

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

4. DEPRECIATION AND AMORTISATION AND IMPAIRMENTS

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

MEUR	2021	2020
Amortisation on intangible assets	-1.6	-1.3
Depreciation on machinery and equipment	-0.2	-0.2
Total	**-1.8**	**-1.5**

5. OTHER OPERATING INCOME AND EXPENSES

MEUR	2021	2020
Other operating income	-0.1	0.0
Total	**-0.1**	**0.0**

6. NET FINANCIAL INCOME AND EXPENSES

MEUR	2021	2020
Interest and other financial income		
From Group companies	62.2	57.9
Foreign exchange gains	20.9	62.3
Other interest and financial income	1.4	0.1
Total	**84.5**	**120.3**
Total financial income	**84.5**	**120.3**
Interest and other financial expenses		
To Group companies	56.8	39.5
Foreign exchange losses	17.4	65.9
Interest and other finan-cial expenses	32.3	28.5
Total financial expenses	**106.6**	**133.8**
Net financial income and expenses	**-22.1**	**-13.5**

7. INCOME TAX EXPENSE

MEUR	2021	2020
Income tax expense	0.0	-0.1
Total	**0.0**	**-0.1**

Income taxes for the financial year consist of the income tax of the Swedish branch of Citycon Oyj.

The parent company has taxable losses (including not yet confirmed year 2021) of EUR 79.8 million from which the parent company has not recognized deferred tax asset of EUR 15.9 million.

8. INTANGIBLE ASSETS

MEUR	2021	2020
Intangible rights		
Acquisition cost 1 January	11.8	11.0
Additions during the period	3.5	0.8
Accumulated acquisition costs 31 December	15.3	11.8
Accumulated depreciation 1 January	-7.2	-6.0
Depreciation for the period	-1.5	-1.2
Accumulated depreciation 31 December	-8.7	-7.2
Net carrying amount 31 December	**6.6**	**4.6**
Other non-current assets		
Acquisition cost 1 January	2.6	1.7
Additions during the period	0.0	1.0
Accumulated acquisition costs 31 December	2.6	2.6
Accumulated depreciation 1 January	-1.7	-1.6
Depreciation for the period	-0.2	0.0
Accumulated depreciation 31 December	-1.8	-1.7
Net carrying amount 31 December	**0.8**	**1.0**
Total intangible assets 31 December	**7.5**	**5.5**

9. TANGIBLE ASSETS

MEUR	2021	2020
Machinery and equipment		
Acquisition cost 1 January	2.1	1.9
Additions during the period	0.1	0.1
Accumulated acquisition costs 31 December	2.1	2.1
Accumulated depreciation 1 January	-1.6	-1.4
Depreciation for the period	-0.2	-0.2
Accumulated depreciation 31 December	-1.8	-1.6
Net carrying amount 31 December	**0.3**	**0.5**
Construction in progress		
Acquisition cost 1 January	0.0	0.0
Net carrying amount 31 December	**0.0**	**0.0**
Total tangible assets 31 December	**0.3**	**0.5**

10. SHARES IN SUBSIDIARIES

MEUR	2021	2020
Acquisition cost 1 January	1,350.4	1,350.4
Net carrying amount 31 December	**1,350.4**	**1,350.4**

11. LONG-TERM LOAN RECEIVABLES AND DERIVATIVE CONTRACTS

MEUR	2021	2020
Loan receivables from Group companies	2,182.3	2,159.4
Derivative financial instruments, from outside the Group	15.2	14.8
Total other investments 31 December	**2,197.5**	**2,174.2**
Total investments 31 December	**3,547.9**	**3,524.7**

12. SUBSIDIARIES AND ASSOCIATED COMPANIES

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

13. SHORT-TERM RECEIVABLES AND CASH AND CASH EQUIVALENTS

MEUR	2021	2020
Receivables from outside the Group		
Trade receivables	0.1	0.1
Derivative financial instruments	1.0	0.2
Other receivables	0.1	0.1
Cash and cash equivalents	7.0	0.0
Current financial investments	19.9	-
Accrued income and prepaid expenses	4.3	3.1
Total	**32.5**	**3.5**
Receivables from Group companies		
Trade receivables	0.0	1.2
Loan receivables	84.1	82.6
Derivative financial instruments	0.0	0.0
Other receivables	-	1.5
Total other receivables	84.1	84.1
Interest receivables	14.0	12.5
Group contributions receivables	24.4	34.0
Total	**122.6**	**131.8**
Total short-term receivables	**155.1**	**135.2**

14. SHAREHOLDERS' EQUITY

MEUR	2021	2020
Share capital at 1 January	**259.6**	**259.6**
Share capital at 31 December	**259.6**	**259.6**
Share premium fund at 1 January	**133.1**	**133.1**
Share premium fund at 31 December	**133.1**	**133.1**
Invested unrestricted equity fund at 1 January	**838.9**	**925.7**
Equity return from the invested unrestricted equity fund	-78.9	-86.8
Invested unrestricted equity fund at 31 December	**760.0**	**838.9**
Retained earnings at 1 January	**68.6**	**101.0**
Dividends	-8.9	-8.9
Profit for the period	-7.7	-23.5
Reversed repurchased Shares	-65.8	-
Repurchase of own shares	-2.0	-
Retained earnings at 31 December	**-15.9**	**68.6**

Citycon Oyj repurchased 9,796,463 treasury shares during year 2021. 30 November 2021 Citycon reversed 9,500,000 repurchased shares. Purchase price of cancelled shares recorded as a deduction of retained earnings. On 31 December 2021 Citycon holds a total of 296,463 treasury shares.

Total shareholders' equity at 31 December	**1,136.7**	**1,300.1**

15. LIABILITIES

A) Long-term liabilities

MEUR	2021	2020
Long-term interest-bearing liabilities		
Syndicated Revolving Credit Facility	-	95.5
Hybrid bond	690.1	347.7
Loans from Group companies	1,644.4	1,543.8
Total	**2,334.5**	**1,986.9**
Derivative financial instruments	11.5	18.5
Derivative financial instruments, from Group companies	1.4	0.2
Total long-term liabilities	**2,347.5**	**2,005.6**
Loans maturing later than 5 years	**1,350.0**	**1,093.2**

B) Short-term liabilities

MEUR	2021	2020
Short-term interest-bearing liabilities		
Commercial paper	0.0	218.1
Loans from Group companies	158.4	92.2
Total	**158.4**	**310.2**
Short-term non-interest-bearing liabilities		
Payables to outside the Group		
Accounts payable	0.8	0.5
Derivative financial instruments	5.1	8.0
Total other payables	5.1	8.0
Interest liability	17.5	14.2
Other accrued expenses and deferred income	9.8	4.9
Total accrued expenses and deferred income	27.3	19.1
Total	**33.2**	**27.6**
Payables to Group companies		
Accounts payable	15.0	4.7
Other payables	0.0	1.2
Interest liability	20.1	16.4
Total accrued expenses and deferred income	20.1	16.4
Total	**35.0**	**22.4**
Total short-term liabilities	**226.6**	**360.2**
Total liabilities	**2,574.1**	**2,365.8**

The company has a syndicated revolving credit facility, which matures in 2024. In addition, the company has a hybrid bond issued in November 2019, which is reported under long term liabilities. The hybrid bond is unsecured, subordinated to all debt and senior only to ordinary share capital. A holder of hybrid bond notes has no shareholder rights. Citycon has the right to postpone interest payment on its hybrid bonds if it does not distribute dividend or any other equity to its shareholders. The hybrids has no set maturity date, but the company has the right to redeem it after five years from the issue date and thereafter on every yearly interest payment date.

Derivative financial instruments are used in Citycon group in accordance with the Treasury Policy to hedge the interest rate risk of interest bearing liabilities and foreign currency risk. All Group external derivative financial instruments in Citycon are executed by the parent company Citycon Oyj. Citycon Oyj values derivatives according to the Finnish bookkeeping act KPL 5.2a fair value model and fair value changes are booked through profit and loss. The fair value definition of derivatives are presented in note 3.6 of the consolidated Financial Statements. In addition Citycon Oyj had group internal derivatives as of 31 December 2021 with a fair value of EUR -1.4 million (-0.2) and a nominal amount of EUR 80.1 million (109.8).

16. CONTINGENT LIABILITIES

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

A) Lease liabilities

MEUR	2021	2020
Payables on lease commitments		
Maturing next financial year	0.4	0.3
Maturing later	1.6	1.8
Total	**2.0**	**2.1**

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

B) Guarantees given

MEUR	2021	2020
Guarantees	1,956.6	1,886.9
Of which on behalf of Group companies	1,956.6	1,886.9

Guarantees in 2021 and in 2020 mainly relate to issued bonds of subsidiaries which Citycon Oyj has guaranteed via parent guarantee or alternatively third party bank guarantees.

SIGNATURES TO THE FINANCIAL STATEMENTS

Signatures to the Financial Statements 1 January - 31 December 2021

Helsinki, 16 February 2022

Chaim Katzman	Alexandre Koifman
Judah Agnster	Zvi Gordon
Arnold de Haan	David Lukes
Per-Anders Ovin	Ljudmila Popova

F. Scott Ball
CEO, member of the Board

We have today submitted the report on the conducted audit.

Helsinki, 16 February 2022

Ernst & Young Oy
Authorized Public Accountant Firm

Antti Suominen
Authorized Public Accountant

AUDITOR'S REPORT (Translation of the Finnish original)

TO THE ANNUAL GENERAL MEETING OF CITYCON OYJ

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Citycon Oyj (business identity code 0699505-3) for the year ended 31 December, 2021. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

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

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

Basis for Opinion

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

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

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

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

Key Audit Matters

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

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of Investment Properties *We refer to the note 2.1* At the balance sheet date, the fair value of investment properties amounted to 4.189 million euro representing 87 % of the total assets and 168 % of the total equity Fair value measurement of the investment properties is a key audit matter, because the fair value measurement involves judgment and assumptions. Market rents, yield requirement, vacancy rate and operating expenses form the key variables used in investment property's fair-value measurement. The evaluation of these variables involves judgment and assumptions of Citycon management. This matter is a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).	Our audit procedures to address the risk of material misstatement in respect of valuation of Investment Properties included among others: • Our valuation specialists assisted us in evaluating the assumptions and methodologies used. • We assessed the competence and objectivity of the external appraiser engaged by the management of Citycon as well as historical accuracy of management's judgment and assumptions. • We focused audit on the market rents, yield requirement, vacancy rate and operating expenses. The methodologies and key inputs used in the valuation and sensitivity analysis are presented in note 2.1. We assessed the adequacy of these disclosures.
Valuation of Goodwill *We refer to the note 5.1* At the balance sheet date, the carrying amount of goodwill amounted to 145 million euro representing 3 % of the total assets and 6 % of the total equity Valuation of goodwill was a key audit matter because the assessment process is complex and is based on numerous judgmental estimates and because the amount of goodwill is significant to the financial statements. Citycon's management uses assumptions in respect of discount rate, net rental income projections and other operating income and expenses. This matter is a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).	Our audit procedures to address the risk of material misstatement in respect of valuation of Investment Properties included among others: • Our valuation specialists assisted us in evaluating the methodologies and assumptions used, in particular those relating to net rental income and the weighted average cost of capital. • We assessed the competence and objectivity of the external appraiser engaged by the management of Citycon as well as historical accuracy of management's judgment and assumptions. • We focused audit on how much the recoverable amount exceeds the carrying amount of goodwill, and whether any reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount. The key assumptions used in the impairment test of goodwill are presented in note 5.1. We assessed the adequacy of these disclosures.

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

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

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

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

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

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

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

OTHER REPORTING REQUIREMENTS

Information on our audit engagement
We were first appointed as auditors by the Annual General Meeting on 5 April 2005, and our appointment represents a total period of uninterrupted engagement of 17 years.

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

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

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

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

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

Helsinki 16 February 2022

Ernst & Young Oy
Authorized Public Accountant Firm

Antti Suominen
Authorized Public Accountant

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