



H1 | 2022

HALF-YEARLY REPORT
JANUARY—JUNE

OPERATIONAL PERFORMANCE Q2/2022

+9.1%

Like-for-like NRI growth in Q2
(excluding one-time items +6.2%)
(vs. Q2/2021)

+3.0%

Leasing spread

+1.0 EUR

Average rent / sq.m. increase
(vs. Q4/2021)

+14.6%

Like-for-like footfall increase
(vs. Q2/2021)

95.0%

Retail occupancy

+8.8%

Like-for-like tenant sales
(vs. Q2/2021)

100%

Fixed debt
(next significant maturity
October 2024)

92%

Indexation with majority
impact occurring in 2023

54.2 MEUR

IFRS Operating Profit
Q2/2022

Lippulaiva world's
FIRST SMART BUILDING GOLD
certificate for retail property

CEO F. SCOTT BALL:

At the half-way period of the year, the operating performance continues to demonstrate the strength and resilience of Citycon's portfolio. Like-for-like net rental income increased 9.1% for the quarter and 6.1% year-to-date, (excluding one-time items 6.2% in Q2 and 4.6% in Q1-Q2). NRI improvement was driven by like-for-like tenant sales in Q2/2022, which were 8.8% above Q2/2021 and 5.4% above Q1-Q2/2019 pre-pandemic levels. This performance reflects the quality and stability of Citycon's grocery- / municipal-anchored centres, which serve as last mile logistic hubs for customers and tenants. Moving forward into 2023, these assets will continue to benefit from inflation as 92% of leases are tied to indexation, which is calculated at the end of the year. Strong leasing activity also contributed to the outperformance in the first half of the year as retail occupancy grew to 95.0%. Positive leasing spreads (+3%) translated to average rent per square meter continuing its positive trend and increased 1.0 EUR to 23.6 EUR/sq.m, year-to-date.

Phase I of Lippulaiva opened on March 31, 2022 and the retail is currently 94% leased. Lippulaiva is the prototype of the direction of our portfolio, combining large grocery anchors (44% of total GLA), a wide range of private and municipal services, significant food and beverage, and great public transportation access, as the brand-new metro line attached to the centre begins operation by year-end. Just as importantly, the project is completely powered using geothermal energy generated on site, and has been recognized as the world's first retail property to be awarded Smart Building's Gold certificate. In addition, the first residential towers at Lippulaiva will come online in late 2022. Leasing of these residential units has begun, and lease rates are outperforming our underwriting. Construction of the two pads, which were sold to Hausia, are near completion and will open at the end of the year with sales at the condos reported to be very strong. In total, there will be 560 residential units as part of the final project. As stated previously, we expect Lippulaiva to contribute EUR 9+ million of NRI in partial-year 2022 with the stabilized NRI estimated to be approximately EUR 21 million, including six rental residential buildings.

As previously discussed, we have identified approximately EUR 300 million of potential building rights imbedded in our existing assets, which offer significant value creation potential with minimal capital expenditure. We expect that approximately EUR 60 million of building rights will be realized in the next 12 months. We have multiple ways to monetize the value of these rights (sell, joint venture, self develop) and, they enhance our grocery-anchored urban hubs, further solidifying these assets which are connected to transportation and are located in most densely populated cities in the Nordics. Our current capital commitments consist of Lippulaiva residential units (EUR 47.9 million), Origo/Stockholm (EUR 62.9 million in 2024) and Herkules (no capex as land contributed to JV). It is important to note that our limited construction commitments are at guaranteed fixed pricing.

Looking to the balance sheet, Citycon remains committed to maintaining its an investment grade rating. During Q2 and subsequent to quarter end, we continued to reduce debt by repurchasing bonds in the open market for approx. EUR 54 million notional and EUR 50 million in cash. These actions, combined with continued improvements in operating and fair value metrics, further stabilizes Citycon's well laddered maturity profile and credit metrics. Year-to-date, Citycon has now accretively repurchased EUR 79 million of notional bonds during 2022. We have no significant maturities until October 2024, 100% of our debt is fixed, 100% of our assets unencumbered, and over EUR 533.8 million of liquidity, including the full availability of our credit facility.

Our operational metrics continue to positively impact asset values as our operating properties recorded a sixth consecutive quarter of uplift in net fair value change of investment properties. Net fair value change of investment properties in Q2/2022 was EUR 8.0 million. Fair values were negatively impacted by recently weaker SEK and NOK currency rates. EPRA NRV per share increased by 1.8% compared to Q2/2021. Year-to-date we have sold two assets for EUR 145 million, and over EUR 400 million over the last 18 months, at pricing that exceeded our book values.

Overall, the operating performance has been strong in the face of an inflationary environment. With 92% of leases being indexed for inflation and occupancy cost at 8.8%, there is ample headroom for rent growth. As mentioned, this indexation is calculated at the end of each year so the bulk of the inflation impact on rents will be seen starting in 2023. Given our tenant mix, our centres are also more resilient and less reliant on consumer discretionary spending than fashion-oriented centres. As evidenced by our operational outperformance during the pandemic, Citycon's portfolio is positioned to, once again, outperform in the current economic environment. These factors, combined with strong results from Q2, have provided us the confidence to tighten and raise our guidance by 2% on Direct operating profit, 5% on EPRA EPS and 2% on Adjusted EPRA EPS versus our initial 2022 guidance provided in February.

CITYCON RESULTS SUMMARY:

FINANCIAL PERFORMANCE

- Like-for-like net rental income in Q2 increased 9.1% compared to the previous year (+6.2% excluding one-time items)
- Year-to-date, LFL net rental income increased 6.1% (+4.6%, excluding one-time items)
- Continuing the Q1 trend, average rent per sq.m. increased by EUR 0.2 in Q2
 - Year-to-date, total average rent per sq.m. increased by EUR 1.0 to EUR 23.6 per sq.m through the combination of indexation and positive leasing spread in all our countries
 - Indexation is calculated at the end of each year so the majority of inflation impact on rents will benefit in 2023
- Like-for-like footfall in Q2 increased 14.6% and year-to-date 15.3%
- Like-for-like tenant sales in Q2 increased 8.8%; 5.4% higher than the same period in Q1-Q2/2019 (pre-pandemic level)
 - Year-to-date, like-for-like tenant sales increased 10.0% compared to previous year
- Operating properties recorded a sixth consecutive quarter of uplift as fair value change of investment properties in Q2/2022 increased by EUR 8.0 million

DEVELOPMENT ACTIVITIES

- Phase I of Lippulaiva (retail) opened on 31 March 2022 to an excellent reception from the tenants and customers
 - Over 90% occupancy rate with 1.5 million visitors during first 3 months
 - Anticipated partial 2022 NRI contribution approximately EUR 9 million
 - Stabilized NRI for full Lippulaiva project (retail and residential) estimated at EUR 21 million
- Metro completed and opening by year-end 2022
- Residential towers opening late 2022
 - Building rights for two residential towers sold demonstrates strong market demand for apartment leasing
 - 6 of 8 residential towers under construction and opening between 2022-2024 (Citycon will own 6).
- Continue to execute on approximately EUR 300 million of additional building rights' potential in our existing portfolio with minimal capital expenditure required
 - Approximately EUR 60 million of building rights will be fully available in the next 12 months
 - Opportunity to sell, develop or execute strategic joint ventures
 - Currently, all construction commitments are at guaranteed fix pricing

BALANCE SHEET

- Repurchased EUR 33.8 million of notional bonds in Q2
 - Additional EUR 20.6 million purchased subsequent to Q2
- Bond repurchases accretively funded by partial proceeds from non-core Norwegian dispositions
 - 5.2% yield on asset sales vs. 5.3% average yield on recent bond repurchases
- Citycon has now completed EUR 79 million notional amount of bond repurchases by using approx. EUR 75 million of cash

KEY FIGURES

		Q2/2022	Q2/2021	FX Adjusted		Q1- Q2/2022	Q1- Q2/2021	FX Adjusted		2021
				%	% ¹⁾			%	% ¹⁾	
Net rental income	MEUR	52.8	50.8	3.9%	4.3%	101.8	101.2	0.6%	0.4%	202.3
Like-for-like net rental income development	%	9.1	0.9	-	-	6.1	-4.5	-	-	-1.5
Direct Operating profit ²⁾	MEUR	46.3	44.1	4.9%	5.2%	86.4	89.0	-2.9%	-3.1%	176.1
IFRS Earnings per share (basic) ³⁾	EUR	0.13	0.18	-30.9%	-30.6%	0.26	0.31	-15.4%	-15.4%	0.55
Fair value of investment properties	MEUR	4,216.9	4,292.7	-1.8%	-	4,216.9	4,292.7	-1.8%	-	4,189.2
Loan to Value (LTV) ^{2) 4) 6)}	%	40.8	38.9	5.0%	-	40.8	38.9	5.0%	-	40.3

EPRA based key figures²⁾

EPRA Earnings	MEUR	32.2	32.7	-1.5%	-1.1%	60.3	64.3	-6.2%	-6.4%	124.4
Adjusted EPRA Earnings ³⁾	MEUR	24.6	27.6	-10.9%	-10.5%	45.2	55.2	-18.2%	-18.3%	100.0
EPRA Earnings per share (basic)	EUR	0.192	0.183	4.4%	4.8%	0.359	0.361	-0.6%	-0.8%	0.703
Adjusted EPRA Earnings per share (basic) ³⁾	EUR	0.146	0.155	-5.6%	-5.2%	0.269	0.310	-13.3%	-13.5%	0.565
EPRA NRV per share ⁵⁾	EUR	11.87	11.66	1.8%	-	11.87	11.66	1.8%	-	12.15

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.

⁵⁾ Calculation updated from this and comparison periods. Divided by number of shares at balance sheet date instead of average amount of shares during the reporting period.

⁶⁾ LTV Q4/2021 changed due to correction related to presentation of IFRS 16 assets. Previously reported LTV for Q4/2021 was 40.7

STANDING PORTFOLIO KEY FIGURES¹⁾

		Q2/2022	Q2/2021	%	Q1-Q2/2022	Q1-Q2/2021	%
Net rental income	MEUR	52.8	47.5	11.2%	100.5	92.2	9.0%
Direct Operating profit ²⁾	MEUR	46.3	41.2	12.5%	85.2	80.5	5.8%

EPRA based key figures²⁾

EPRA Earnings	MEUR	32.2	29.7	8.4%	59.0	55.8	5.8%
Adjusted EPRA Earnings ³⁾	MEUR	24.6	24.6	-0.1%	43.9	46.7	-6.0%
EPRA Earnings per share (basic)	EUR	0.192	0.167	14.9%	0.351	0.313	12.1%
Adjusted EPRA Earnings per share (basic) ³⁾	EUR	0.146	0.138	5.8%	0.261	0.262	-0.4%

¹⁾ New presentation method. Standing portfolio key figures include only income and expenses from investment properties that were on group balance sheet on 30 June 2022. The portfolio is the same in the reporting period and in the comparison period, hence the numbers are comparable.

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

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

OUTLOOK FOR THE YEAR 2022 (SPECIFIED)

Citycon forecasts the 2022 direct operating profit to be in range EUR 170–180 million, EPRA EPS EUR 0.68–0.72 and adjusted EPRA EPS EUR 0.50–0.58.

		Current (10 August 2022)	Previous (5 May 2022)	Midpoint change vs. previous	Initial (17 February 2022)	Midpoint change vs. initial
Direct operating profit	MEUR	170–180	168–180	+1	164–180	+3
EPRA Earnings per share (basic)	EUR	0.68–0.72	0.66–0.72	+0.01	0.62–0.72	+0.03
Adjusted EPRA Earnings per share (basic)	EUR	0.50–0.58	0.49–0.58	+0.005	0.48–0.58	+0.01

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 and no major disruptions from the war in Ukraine.

These estimates are based on the existing property portfolio as well as on the prevailing level of inflation, the EUR–SEK and EUR–NOK exchange rates, and current interest rates.

1. NET RENTAL INCOME

Like-for-like net rental income in Q2 increased 9.1 % compared to Q2/2021. Excluding one-time items, like-for-like net rental income in Q2 increased by 6.2% compared to the previous year.

Like-for-like net rental income in Q1-Q2/2022 increased by 6.1%. Excluding one-time items, like-for-like net rental income increased by 4.6% for Q1-Q2/2022.

Total net rental income for the period was EUR 101.8 million (101.2 Q1-Q2/2021).

Like-for-like net rental income from the Finnish & Estonian operations increased by 3.1% in Q1-Q2/2022.

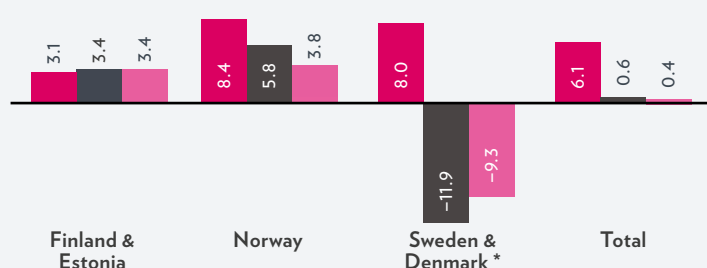
Like-for-like net rental income from Swedish & Danish operations increased by 8.0% in Q1-Q2/2022.

Like-for-like net rental income from the Norwegian operations increased by 8.4% in Q1-Q2/2022.

LIKE-FOR-LIKE AND TOTAL NET RENTAL INCOME DEVELOPMENT, Q1-Q2/2022 VS. Q1-Q2/2021

* Total NRI affected by disposals executed in Q1 2021.

%



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

NET RENTAL INCOME AND GROSS RENTAL INCOME BREAKDOWN

MEUR	Net rental income				Total	Gross rental income Total
	Finland & Estonia	Norway	Sweden & Denmark	Other		
Q1-Q2/2021	42.6	38.1	20.2	0.3	101.2	111.3
(Re)development projects	3.2	1.1	-0.5	-	3.9	4.1
Divestments	-2.8	-2.5	-2.5	-	-7.7	-7.9
Like-for-like properties ¹⁾	1.0	2.5	1.1	-	4.5	4.4
Other (incl. exchange rate differences)	0.0	1.1	-0.5	-0.6	-0.1	0.3
Q1-Q2/2022	44.0	40.3	17.8	-0.3	101.8	112.2

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.

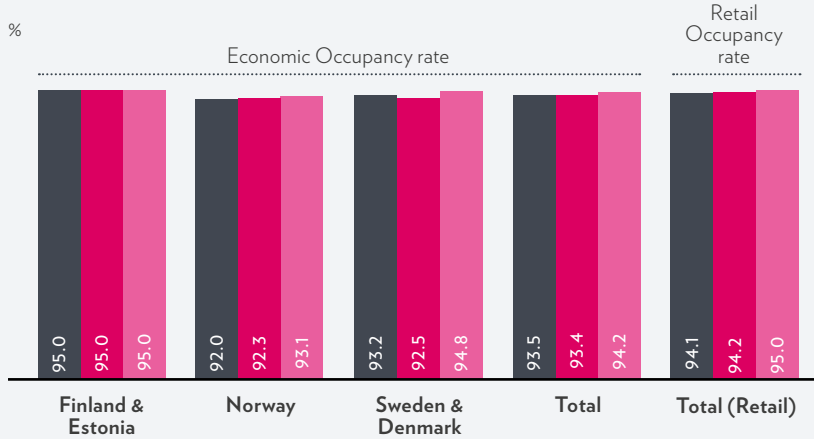
2. OCCUPANCY RATE, SALES AND FOOTFALL

The retail occupancy rate increased to 95.0% in Q2/2022 and was 90 bps improvement versus the same time last year (94.1% Q2/2021). Economic occupancy for Q2/2022 was 94.2% (93.5% Q2/2021). Furthermore, the average rent per sq.m. increased by 0.2 EUR to 23.6 EUR (23.4 Q1/2022) as we leased over 50,000 sq.m. during the second quarter at a leasing spread of 3.0%. This improves year-to-date average rent per sq.m. by 1.0 EUR.

In Q2/2022, like-for-like tenant sales increased 8.8% and in Q1-Q2/2022 10.0%. Notably, like-for-like tenant sales in Q1-Q2/2022 are up 5.4% compared to same time period in 2019.

Like-for-like footfall increased by 14.6 % in Q2/2022 and 15.3% in Q1-Q2/2022 compared to the same period last year.

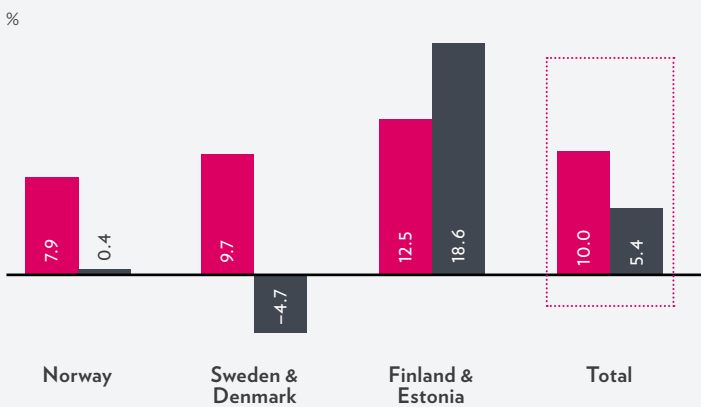
ECONOMIC OCCUPANCY RATE ¹⁾



■ 30 June 2021 ■ 31 December 2021 ■ 30 June 2022

¹⁾ Kista Galleria 50% not included.

TENANT SALES DEVELOPMENT, Q1-Q2/2022 VS. Q1-Q2/2021 ¹⁾

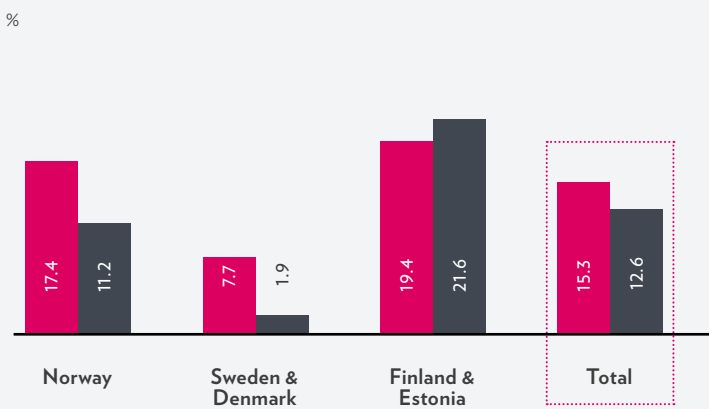


■ Like-for-like sales

■ Total sales (including impact of divested assets)

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

FOOTFALL DEVELOPMENT, Q1-Q2/2022 VS. Q1-Q2/2021 ¹⁾



■ Like-for-like footfall

■ Total footfall (including impact of divested assets)

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

LEASE PORTFOLIO SUMMARY ¹⁾

		30 June 2022	30 June 2021	31 December 2021
Number of leases	pcs	3,238	3,401	3,326
Average rent	EUR/sq.m.	23.6	22.7	22.6
Average remaining length of lease portfolio	years	2.9	2.9	3.1
Occupancy cost ratio ²⁾	%	8.8%	9.3%	8.8%
Leasing Spread	%	3.0%	5.1%	0.9%

¹⁾ Kista Galleria 50% not included.

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

LEASING ACTIVITY ¹⁾

		Q1-Q2/2022	Q1-Q2/2021	Q1-Q4/2021
Total area of leases started	sq.m.	159,019	131,551	247,526
Total area of leases ended	sq.m.	165,145	189,246	319,011

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

3. FINANCIAL RESULT Q1-Q2/2022 VS. Q1-Q2/2021

Operating profit (IFRS) was EUR 95.4 million (EUR 107.9 million Q1-Q2/2021).

Administrative expenses were EUR 14.7 million (EUR 12.1 million Q1-Q2/2021), mainly due to IFRS treatment of share-based compensation. At the end of the reporting period, Citycon Group employed a total of 254 (233) full-time employees (FTEs), including bringing the Norwegian outsourced accounting team in-house, of whom 62 worked in Finland & Estonia, 84 in Norway, 50 in Sweden & Denmark, and 58 in Group functions.

Net financial expenses (IFRS) decreased to EUR 18.4 million (EUR 27.4 million Q1-Q2/2021) due to lower interest expenses following lower debt levels, coupled with indirect one-off gains related to prepayment of debt in the comparison period. The comparison period included indirect one-off costs related to prepayment of debt. In addition, EUR 3.2 million indirect gains (EUR 0.4 million loss Q1-Q2/2021) 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 -5.2 million (EUR -3.5 million Q1-Q2/2021) mainly due to weaker development of property fair values in joint venture Kista.

Profit for the period was EUR 58.6 million (EUR 63.5 million Q1-Q2/2021).

4. PROPERTY PORTFOLIO VALUE DEVELOPMENT

From year-end the fair value of investment properties increased by EUR 27.7 million (EUR 4,189.2 million on 31 December 2021). Net investments, including both acquisitions and disposals and development projects increased the fair value by EUR 77.8 million. Fair value gains increased the value of investment properties by EUR 22.2 million, offsetting the impact of exchange rates, which decreased the value of investment properties by EUR 78.5 million. In addition, changes in right-of-use –assets increased the value of investment properties by an additional EUR 6.3 million.

PROPERTY PORTFOLIO SUMMARY

30 June 2022	No. of properties	Gross leasable area	Fair value, MEUR	Properties held for sale, MEUR	Portfolio, %
Shopping centres, Finland & Estonia ¹⁾	11	450,947	2,022.4	-	48%
Other properties, Finland & Estonia	1	2,240	3.7	-	0%
Finland & Estonia, total	12	453,187	2,026.2	-	48%
Shopping centres, Norway	15	396,400	1,360.3	-	32%
Rented shopping centres, Norway ²⁾	1	14,500	-	-	0%
Norway, total	16	410,900	1,360.3	-	32%
Shopping centres, Sweden & Denmark	7	209,500	775.4	-	18%
Other properties, Sweden & Denmark	1	-	6.4	-	0%
Sweden & Denmark, total	8	209,500	781.8	-	19%
Shopping centres, total	34	1,071,347	4,158.2	-	99%
Other properties, total	2	2,240	10.2	-	0%
Investment properties, total	36	1,073,587	4,168.3	-	99%
Right-of-use assets classified as investment properties (IFRS 16)	-	-	48.6	-	1%
Investment properties in the statement of financial position, total	36	1,073,587	4,216.9	-	100%
Kista Galleria (50%)	1	46,300	236.3	-	-
Investment properties and Kista Galleria (50%), total	37	1,119,887	4,453.1	-	-

¹⁾ Includes Lippulaiva development project.

²⁾ Value of rented properties is recognised within IFRS 16 investment properties based on IFRS rules.

FAIR VALUE CHANGES

Q1-Q2/2022 fair value change of investment properties amounted to EUR 22.2 million (EUR 24.4 million Q1-Q2/2021). The company recorded a total value increase of EUR 44.9 million (EUR 44.8 million Q1-Q2/2021) and a total value decrease of EUR 19.3 million (EUR -17.4 million Q1-Q2/2021). In addition, the application of IFRS 16 standard had an impact of EUR -3.4 million to the fair value change of investment properties during the January-June reporting period.

MEUR	Q2/2022	Q2/2021	Q1-Q2/2022	Q1-Q2/2021	2021
Finland & Estonia	3.5	3.4	11.1	6.6	3.4
Norway	0.4	9.8	8.3	8.5	26.2
Sweden & Denmark	5.9	4.2	6.2	12.3	30.8
Investment properties, total	9.8	17.4	25.6	27.4	60.4
Right-of-use assets classified as investment properties (IFRS 16)	-1.7	-1.5	-3.4	-2.9	-11.8
Investment properties in the statement of financial position, total	8.0	15.9	22.2	24.4	48.6
Kista Galleria (50%)	-4.9	-0.4	-7.0	-1.1	-1.4
Investment properties and Kista Galleria (50%), total	3.1	15.5	15.2	23.4	47.2

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.

5. RECYCLING OF CAPITAL CONTINUED

No transaction activity occurred in Q2/2022.

In Q1/2022 Citycon signed an agreement to sell two non-core centres in Norway with price of approximately EUR 145.4 million which is in-line with IFRS book value. Divestment further bolsters Citycon's portfolio valuations and liquidity. Transaction closed on 28 February 2022.

Additionally, Citycon signed on 7 February 2022 an off-market, forward commitment to acquire newly developed residential asset in Stockholm, Sweden for a fixed price of EUR 69.5 million. The brand-new property will consist of over 200 well-appointed rental and freehold apartments and is located in the growing and dynamic neighbourhood of Barkarbystaden, in close proximity to Citycon's existing necessity-based assets in Kista and Jakobsberg.

The transactions follow Citycon's strategy to focus on larger, grocery/municipal services-anchored, urban hubs with a connection to transportation links, while also providing further densification potential to add residential units, offices and other complimentary uses. Strengthening the balance sheet remains a key priority and the company will continue evaluating opportunistic capital recycling actions going forward.

ACQUISITIONS AND DIVESTMENTS Q1-Q2/2022

		Location	Gross leasable area, sq.m.	Date	Price, MEUR
Divestments					
Portfolio of 2 centres				28 February 2022	145.4
Buskerud	Shopping centre	Krokstadelva, Norway	32,100		
Magasinet	Shopping centre	Drammen, Norway	15,000		
Divestments, total			47,100		145.4

		Location	Gross leasable area, sq.m.	Date	Price, MEUR
Acquisitions					
Barkarbystaden	Residential asset	Stockholm, Sweden	12,950	7 February 2022	69.5 ¹⁾
Acquisitions, total			12,950		69.5

¹⁾ The transaction has been structured as a forward commitment, whereby Citycon made a deposit of EUR 6.6 million in April 2022 and will 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.

6. (RE)DEVELOPMENT PROJECTS PROGRESSED

	Location	Area before/after, sq.m.	Expected gross investment, MEUR	Actual gross investment by 30 June 2022, MEUR	Completion
Lippulaiva residential	Helsinki metropolitan area, Finland	-/18,000	90.5	42.6	2022-2024
Herkules, residential (50%)	Skien, Norway	-/7,600	28.0	4.3	2024
Barkarby, residential	Stockholm, Sweden	-/12,950	69.5 ¹⁾	6.6 ¹⁾	2024

¹⁾ The transaction has been structured as a forward commitment, whereby Citycon made a deposit of EUR 6.6 million in April 2022 and will 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.

COMPLETED (RE)DEVELOPMENT PROJECTS ON 30 JUNE 2022

	Location	Area before/after, sq.m.	Expected investment, MEUR	Actual investment by 30 June 2022, MEUR	Completion
Lippulaiva shopping centre	Helsinki metropolitan area, Finland	19,200/44,300	358.6 ¹⁾	346.1 ¹⁾	Q1/2022

¹⁾ Expected gross investment is 412 MEUR with the proceeds from net rental income of Lippulaiva, sale of additional building rights and metro & bus terminal offsetting for a expected net investment of 358.6 MEUR. Actual gross investment by 30 June 2022 was 399.7 MEUR.

Further information on Citycon's completed, ongoing and planned (re)developments can be found in the company's Financial Review 2021.

7. SHAREHOLDERS' EQUITY

Equity per share was EUR 14.56 (EUR 14.80 on 31 December 2021). Result for the period increased equity per share and paid equity return and translation losses decreased it.

At period-end, shareholders' equity attributable to parent company's shareholders was EUR 1756.4 million (EUR 1800.1 million on 31 December 2021).

8. FINANCING

KEY FINANCING FIGURES

		30 June 2022	30 June 2021	31 December 2021
Fair value of debt	MEUR	1,797.0	2,080.5	1,860.3
Interest bearing liabilities, carrying value ¹⁾	MEUR	1,822.5	2,097.0	1,878.5
Available liquidity	MEUR	533.8	835.7	583.7
Average loan maturity	years	3.7	4.3	4.2
Loan to Value (LTV) ²⁾	%	40.8	38.9	40.3 ³⁾
Interest cover ratio (financial covenant > 1.8)	x	4.2	4.0	4.1
Net debt to total assets (financial covenant < 0.60)	x	0.39	0.35	0.38
Solvency ratio (financial covenant < 0.65)	x	0.40	0.37	0.39
Secured solvency ratio (financial covenant < 0.25)	x	0.00	0.00	0.00

¹⁾ Including EUR 46.1 million (45.2) 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.

³⁾ LTV Q4/2021 changed due to correction related to presentation of IFRS 16 assets. Previously reported LTV for Q4/2021 was 40.7%.

In January, Citycon finalised the share buy-back programme launched in December 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.

In February, Citycon announced that it had signed an agreement to sell two non-core shopping centres in Norway, Buskerud centre and Magasinet centre. The gross purchase price for the assets was approximately EUR 145.4 million and the transaction closed at the end of February.

In March, the company decided to deploy part of the cash from the Norwegian asset sales to repurchase bonds at an attractive price and strengthen its balance sheet. In total, EUR 25 million of the company's 2024 notes were repurchased in the open market, of which EUR 4.7 million was executed during Q1/2022 and the rest at the beginning of Q2/2022.

In June, the company continued to repurchase bonds at a discount in the open market. A total of EUR 25 million was repurchased of the 2024 notes and EUR 29.4 million of the 2027 notes. EUR 33.8 million was executed during the end of Q2/2022 and EUR 20.6 million during the beginning of Q3/2022.

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

INTEREST-BEARING DEBT

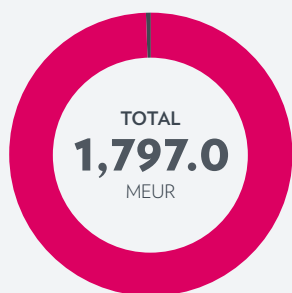
Fair value of interest-bearing debt decreased during the quarter by EUR 67.5 million to EUR 1,797.0 million, due to repurchases of bonds of EUR 54.1 million and weakening of the NOK currency rate. The carrying amount of interest-bearing liabilities in the balance sheet was EUR 1,822.5 million including IFRS 16 liabilities of EUR 46.1 million.

The weighted average loan maturity decreased during the quarter and was 3.7 years.

The LTV (IFRS) increased during the quarter to 40.8 %. This was mainly due to weaker SEK and NOK currency rates which had a negative impact on property valuations and, as a result, LTV.

BREAKDOWN OF LOANS

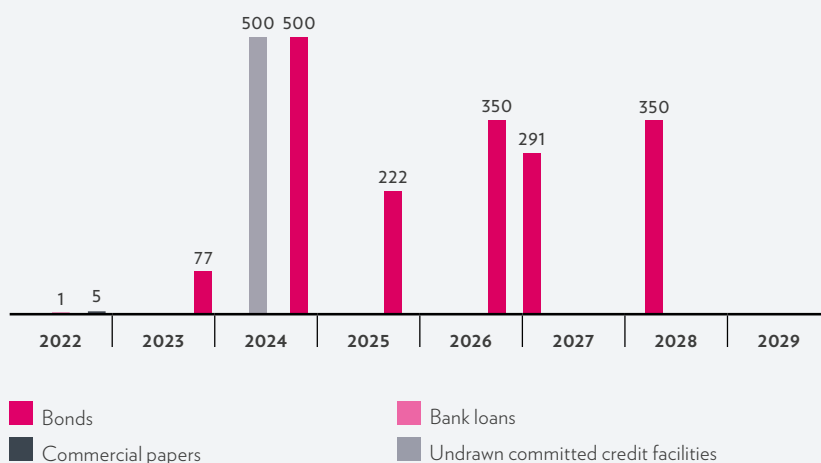
%



- Bank loans, 0.1
- Bonds, 99.7
- Commercial papers, 0.3

DEBT MATURITIES

MEUR



FINANCIAL EXPENSES

FINANCIAL EXPENSES KEY FIGURES

		Q1-Q2/2022	Q1-Q2/2021	2021
Financial expenses ¹⁾	MEUR	-27.0	-30.9	-62.0
Financial income ¹⁾	MEUR	8.6	3.5	7.1
Net financial expenses (IFRS)	MEUR	-18.4	-27.4	-55.0
Direct net financial expenses (EPRA)	MEUR	-22.2	-23.9	-46.8
Weighted average interest rate ²⁾	%	2.44	2.43	2.47
Weighted average interest rate excluding derivatives	%	2.47	2.42	2.48
Year-to-date weighted average interest rate ²⁾	%	2.48	2.38	2.41

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

²⁾ Including interest rate swaps and cross-currency swaps

The direct net financial expenses (EPRA) decreased compared to last year mainly due to lower interest expenses following debt repurchases and slightly increased capitalised interest on development projects with phase I of Lippulaiva shopping centre being finalised.

Net financial expenses (IFRS) decreased considerably to EUR 18.4 million (27.4) due to the above mentioned reasons, coupled with indirect one-off gains related to prepayment of debt of EUR 0.5 million recorded during the year. In the comparison period, the company recorded indirect losses of EUR 3.1 million related to prepayment of debt.

The financial income mainly consisted of interest income on a loan to Kista Galleria. In addition, an amount of EUR 3.2 million indirect gains (0.4 loss) was booked related to fair value changes of cross-currency swaps not under hedge accounting. The foreign exchange differences are netted in financial expenses in the table above.

The period-end weighted average interest rate was 2.44 %.

FINANCIAL RISK MANAGEMENT

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

FINANCIAL RISK MANAGEMENT

		30 June 2022	30 June 2021	31 December 2021
Average interest-rate fixing period	years	3.7	4.3	4.2
Fixed interest rate ratio	%	99.7	96.9	100.0

9. BUSINESS ENVIRONMENT

BUSINESS ENVIRONMENT KEY FIGURES

	Finland	Norway	Sweden	Denmark	Estonia	Euro area
GDP growth forecast, 2022	1.6%	4.0%	2.3%	2.6%	1.0%	2.7%
Inflation, forecast 2022	4.5%	3.5%	5.3%	5.1%	11.2%	6.1%
Unemployment, 2022	7.2%	3.2%	7.8%	4.8%	6.8%	7.3%
Retail sales growth, 5/2022	2.7%	4.7%	-2.3%	0.0%	2.0%	3.9%

Sources: European Commission, Eurostat, Statistics Finland/Norway/Sweden/Estonia/Denmark (as of 30 June 2022)

The Nordic economies have recovered well from the short-lived pandemic dip, and the GDP growth is expected to continue strong through 2022 propelled by strong business performance and consumer demand. For example, the Norwegian economy has recovered strongly, with GDP rising already above pre-pandemic levels. Return to the office and resumption of tourism and business travel during 2022 will improve retail footfall and retail sales which will support an increase in leasing levels and rental growth. While inflation is trending higher in all Nordic markets, this remains a tailwind for Citycon operations due to 92% of leases tied to indexation and the nature of Citycon's necessity-based urban hubs.

Despite headwinds coming from geopolitical uncertainty, inflation, and rising interest rates, the trend in consumer demand and traffic has been positive in the Nordics following the lifting of health measures and other covid restrictions. In general, the Nordics are expected to be less affected by the war in Ukraine because those countries are less dependent on Russian natural gas in particular.

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

10. RISKS AND UNCERTAINTIES

The most significant near-term risks and uncertainties in Citycon's business operations are associated with the general development of the economy and consumer confidence in the Nordic countries and, Estonia and how this affects fair values, occupancy rates and rental levels of the shopping centres and thereby, Citycon's financial results. Increased competition locally or from e-commerce, might affect demand for retail premises, which could lead to lower rental levels or increased vacancy, especially outside capital city regions. Costs of development projects could increase due to rising construction costs or projects could be delayed due to unforeseeable challenges. The war in Ukraine and the COVID-19 virus continue to pose risks to economic health in Europe as well.

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.

11. GENERAL MEETING

Citycon's Annual General Meeting 2022 (AGM) was held in Espoo, Finland on 22 March 2022. 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 2021 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 assets from the invested unrestricted equity fund. Based on the authorisation, the maximum amount of equity repayment to be distributed from the invested unrestricted equity fund shall not exceed EUR 0.50 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/agm2022.

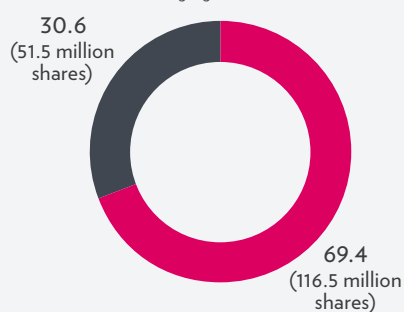
12. SHARES, SHARE CAPITAL AND SHAREHOLDERS

The company has a single series of shares, with each share entitling to one vote at a General Meeting of shareholders. At the end of June 2022, the total number of shares outstanding in the company was 168,008,940. The shares have no nominal value.

At the end of June 2022, Citycon had a total of 28,452 (27,230 Q2/2021) registered shareholders, of which 11 were account managers of nominee-registered shares. Holders of the nominee-registered shares held approximately 116.5 million (131.2 million Q2/2021) shares, or 69.4% (73.7% Q2/2021) 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/investors/major-shareholders.

SHAREHOLDERS 30 JUNE 2022

% of shares and voting rights



- Nominee-registered shareholdings
- Directly registered shareholdings

SHARES AND SHARE CAPITAL

		Q1-Q2/2022	Q1-Q2/2021	2021
Share capital at period-start	MEUR	259.6	259.6	259.6
Share capital at period-end	MEUR	259.6	259.6	259.6
Number of shares at period-start		168,498,525	177,998,525	177,998,525
Number of shares at period-end		168,008,940	177,998,525	168,498,525

SHARE PRICE AND TRADING

		Q1-Q2/2022	Q1-Q2/2021	%	2021
Low	EUR	6.48	7.09	-8.6%	6.67
High	EUR	7.57	8.18	-7.5%	8.18
Average	EUR	7.02	7.58	-7.4%	7.34
Latest	EUR	6.48	7.19	-9.8%	7.00
Market capitalisation at period-end	MEUR	1,088.7	1,278.9	-14.9%	1,179.5
Number of shares traded	million	48.8	43.2	12.9%	94.3
Value of shares traded	MEUR	341.7	324.7	5.2%	686.0

DIVIDEND AND EQUITY REPAYMENT

Citycon's equity repayments paid in 2022:

DIVIDENDS AND EQUITY REPAYMENTS PAID ON 30 JUNE 2022¹⁾

	Record date	Payment date	EUR / share
Equity repayment Q1	24 March 2022	31 March 2022	0.125
Equity repayment Q2	23 June 2022	30 June 2022	0.125
Total			0.25

REMAINING BOARD AUTHORISATION FOR EQUITY REPAYMENT²⁾

	Preliminary record date	Preliminary payment date	EUR / share
Equity repayment Q3	23 September 2022	30 September 2022	0.125
Equity repayment Q4	15 December 2022	30 December 2022	0.125
Total			0.25

¹⁾ Board decision based on the authorisation issued by the AGM 2022.

²⁾ The AGM 2022 authorised the Board of Directors to decide in its discretion on the distribution of assets from the invested unrestricted equity fund. Based on the authorisation the maximum amount of equity repayment distributed from the invested unrestricted equity fund shall not exceed EUR 0.50 per share. Unless the Board of Directors decides otherwise for a justified reason, the authorisation will be used to distribute equity repayment four times during the period of validity of the authorisation. In this case, the Board of Directors will make separate resolutions on each distribution of the equity repayment so that the preliminary record and payment dates will be as stated above. Citycon shall make separate announcements of such Board resolutions.

BOARD AUTHORISATIONS

In addition to the above explained asset distribution authorisation of the Board of Directors, the Board of Directors of the company had two valid authorisations at the period-end granted by the AGM held on 22 March 2022:

- The Board of Directors may decide on an issuance of a maximum of 16 million shares or special rights entitling to shares referred to in Chapter 10 Section 1 of the Finnish Companies Act, which corresponded to approximately 9.52% 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 2023.
- 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 30 million shares, which corresponded to approximately 17.86% 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 2023.

During January – June 2022, the Board of Directors used two times its authorisation to repurchase its own shares and issue them by conveying repurchased shares. The repurchases and conveyances were made for payment of rewards earned under the company's share plans in accordance with the terms and conditions of the plans:

Restricted Share Plan 2018–2020

- On 3 January 2022, the company repurchased total of 10,415 of its own shares and conveyed them on 4 January 2022 to four key persons of the company.

Performance Share Plan 2020-2022

- On 23 March 2022, the company repurchased total of 10,000 of its own shares and conveyed them on 25 March 2022 to one key person of the company.

Matching Share Plan 2018–2021

- On 23 March 2022, the company repurchased total of 11,241 of its own shares and conveyed them on 25 March 2022 to three key persons 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:

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.
- During the share buy-back program, a total of 500,000 own shares were repurchased for an average price of approximately EUR 6.97 per share. The total amount used for the repurchase was approximately EUR 3.49 million. During Q1/2022 a total of 203,537 share were repurchased under the share buy-back program. 10,415 repurchased shares were conveyed to four key employees in accordance with the Company's share-based incentive plans and the rest of the repurchased shares, i.e., 489,585 Citycon shares, were cancelled on 14 January 2022.

OWN SHARES

During the reporting period, the company held a total of 521,241 of the company's own shares of which 489,585 shares were cancelled and 31,656 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 or its subsidiaries held no shares in the company.

FLAGGING NOTICES

The company did not receive any notifications of changes in shareholding during the reporting period.

After quarter end Citycon received a flagging notifications (6 July and 12 July 2022) according to which G City's (former Gazit-Globe Ltd.) direct holding of shares in Citycon has decreased below fifty (50) percent. The change in ownership is due to the completion of a share transfer under a share purchase agreement, as notified in a previous flagging notification published on 28 December 2021, entered into by G City Ltd (former Gazit-Globe Ltd.) and its wholly-owned subsidiary Gazit Europe Netherlands BV. The completion of the share transfers under the share purchase agreement will not affect the aggregate total direct and indirect holdings of G City Ltd.

INCENTIVE PLANS

Long-term Share-based Incentive Plans

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

- CEO Restricted Share Plan 2021–2025
- CEO Option Plan 2022-2025
- CFO Restricted Share Plan 2021–2024
- Performance Share Plan 2020–2022 (Corporate Management Committee excl. the CEO)
- Matching Share Plan 2022–2024 (Corporate Management Committee excl. the CEO)
- Restricted Share Plan 2020–2022 (Key employees, excl. Corporate Management Committee) and
- Restricted Share Plan 2018–2020 (Key employees)

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

13. EVENTS AFTER THE REPORTING PERIOD

No material events after the reporting period.

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

Helsinki, 10 August 2022

Citycon Oyj

Board of Directors

For further information, please contact:

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Citycon is a leading owner, manager and developer of mixed-use real estate featuring modern, necessity-based retail with residential, office and municipal service spaces that enhance the communities in which they operate. Citycon is committed to sustainable property management in the Nordic region with assets that total approximately EUR 4.5 billion. Our centres are located in urban hubs in the heart of vibrant communities with direct connections to public transport and anchored by grocery, healthcare and other services that cater to the everyday needs of customers.

Citycon has investment-grade credit ratings from Moody's (Baa3) and Standard & Poor's (BBB-). Citycon Oyj's shares are listed on Nasdaq Helsinki.

www.citycon.com

EPRA PERFORMANCE MEASURES

Citycon applies to the best practices policy recommendations of EPRA (European Public Real Estate Association) for financial reporting. More information about EPRA's performance measures is available in Citycon's Financial Statements 2021 in section "EPRA performance measures".

EPRA PERFORMANCE MEASURES

		Q2/2022	Q2/2021	%	Q1-Q2 /2022	Q1-Q2 /2021	%	2021
EPRA Earnings	MEUR	32.2	32.7	-1.5%	60.3	64.3	-6.2%	124.4
Adjusted EPRA Earnings ¹⁾	MEUR	24.6	27.6	-10.9%	45.2	55.2	-18.2%	100.0
EPRA Earnings per share (basic)	EUR	0.192	0.183	4.4%	0.359	0.361	-0.6%	0.703
Adjusted EPRA Earnings per share (basic) ¹⁾	EUR	0.146	0.155	-5.6%	0.269	0.310	-13.3%	0.565
EPRA NRV per share ²⁾	EUR	11.87	11.66	1.8%	11.87	11.66	1.8%	12.15

¹⁾ The key figure includes hybrid bond coupons and amortized fees.

²⁾ Calculation updated from this and comparison periods. Divided by number of shares at balance sheet date instead of average amount of shares during the reporting period.

The following tables present how EPRA Performance Measures are calculated.

1) EPRA EARNINGS

MEUR	Q2/2022	Q2/2021	%	Q1-Q2 /2022	Q1-Q2 /2021	%	2021
Earnings in IFRS Consolidated Statement of Comprehensive Income	28.7	37.5	-23.3%	58.6	63.5	-7.7%	121.0
+/- Net fair value losses/gains on investment property	-8.0	-15.9	-49.6%	-22.2	-24.4	-9.1%	-48.6
-/+ Net gains/losses on sale of investment property	0.2	-0.3	-	-0.9	5.1	-	6.5
+ Indirect other operating expenses	0.0	0.0	-	14.1	0.4	-	0.4
+/- Early close-out costs of debt and financial instruments	-0.7	0.0	-	-0.5	3.1	-	7.3
-/+ Fair value gains/losses of financial instruments	0.6	1.9	-68.8%	-3.2	0.4	-	0.8
+/- Indirect losses/gains of joint ventures and associated companies	3.5	0.7	-	3.0	1.4	-	2.3
-/+ Change in deferred taxes arising from the items above	8.0	8.9	-10.1%	11.5	14.8	-22.4%	34.6
+ Non-controlling interest arising from the items above	0.0	-	-	0.0	-	-	-
EPRA Earnings	32.2	32.7	-1.5%	60.3	64.3	-6.2%	124.4
-/+ Hybrid bond coupons and amortized fees	-7.6	-5.1	49.7%	-15.1	-9.1	66.5%	-24.3
Adjusted EPRA Earnings	24.6	27.6	-10.9%	45.2	55.2	-18.2%	100.0
Weighted average number of ordinary shares, million	168.0	178.0	-5.6%	168.0	178.0	-5.6%	177.0
EPRA Earnings per share (basic), EUR	0.192	0.183	4.4%	0.359	0.361	-0.6%	0.703
Adjusted EPRA Earnings per share (basic), EUR	0.146	0.155	-5.6%	0.269	0.310	-13.3%	0.565

The table below presents an alternative calculation of EPRA Earnings from the statement of comprehensive income from top to bottom. The numbers include the sale of six investments properties during the last fifteen months.

MEUR	Q2/2022	Q2/2021	%	Q1-Q2 /2022	Q1-Q2 /2021	%	2021
Net rental income	52.8	50.8	3.9%	101.8	101.2	0.6%	202.3
Direct administrative expenses	-5.9	-6.5	-8.1%	-14.7	-12.1	21.5%	-26.1
Direct other operating income and expenses	-0.5	-0.2	-	-0.7	-0.1	-	0.0
Direct operating profit	46.3	44.1	4.9%	86.4	89.0	-2.9%	176.1
Direct net financial income and expenses	-11.9	-11.9	0.1%	-22.2	-23.9	-7.2%	-46.8
Direct share of profit/loss of joint ventures and associated companies	-1.0	-1.0	-2.1%	-2.2	-2.1	1.4%	-4.0
Direct current taxes	-1.4	-0.6	-	-2.0	-1.4	44.4%	-3.3
Direct deferred taxes	0.1	2.0	-92.8%	0.2	2.7	-92.2%	2.4
Direct non-controlling interest	0.0	0.0	-48.1%	0.0	0.0	-62.7%	0.0
EPRA Earnings	32.2	32.7	-1.5%	60.3	64.3	-6.2%	124.4
-/+ Hybrid bond coupons and amortized fees	-7.6	-5.1	49.7%	-15.1	-9.1	66.5%	-24.3
Adjusted EPRA Earnings	24.6	27.6	-10.9%	45.2	55.2	-18.2%	100.0
EPRA Earnings per share (basic), EUR	0.192	0.183	4.4%	0.359	0.361	-0.6%	0.703
Adjusted EPRA Earnings per share (basic), EUR	0.146	0.155	-5.6%	0.269	0.310	-13.3%	0.565

2) EPRA NRV, NTA AND NDV PER SHARE

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 NNAV starting from financial statement 2020.

Citycon adopted these guidelines in the year ended 31 December 2020 and considers EPRA NRV to be the most relevant measure for its business.

The EPRA NRV scenario, aims to represent the value required to rebuild the entity and assumes that no selling of assets takes place.

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.

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

	30 June 2022			30 June 2021			31 December 2021		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
Equity attributable to parent company shareholders	1,756.4	1,756.4	1,756.4	1,848.1	1,848.1	1,848.1	1,800.1	1,800.1	1,800.1
Deferred taxes from the difference of fair value and fiscal value of investment properties ³⁾	282.0	141.0	-	278.1	139.0	-	295.0	147.5	-
Fair value of financial instruments	-0.2	-0.2	-	-0.9	-0.9	-	-0.2	-0.2	-
Goodwill as a result of deferred taxes	-77.9	-	-	-83.2	-	-	-84.8	-	-
Goodwill as per the consolidated balance sheet	-	-128.5	-128.5	-	-143.7	-143.7	-	-145.4	-145.4
Intangible assets as per the consolidated balance sheet	-	-9.5	-	-	-18.6	-	-	-7.6	-
The difference between the secondary market price and carrying value of bonds ¹⁾	-	-	-240.9	-	-	84.6	-	-	73.3
Real estate transfer taxes ²⁾	34.1	-	-	33.4	-	-	32.7	-	-
Total	1,994.4	1,759.2	1,387.0	2,075.4	1,824.0	1,789.1	2,042.9	1,794.5	1,728.1
Number of ordinary shares at balance sheet date, million ⁴⁾	168.0	168.0	168.0	178.0	178.0	178.0	168.2	168.2	168.2
Net Asset Value per share	11.87	10.47	8.26	11.66	10.25	10.05	12.15	10.67	10.27

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 -240.9 million (84.6) as of 30 June 2022.

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.

⁴⁾ Calculation updated from this and comparison periods. Divided by number of shares at balance sheet date instead of average amount of shares during the reporting period.

CONSOLIDATED HALF-YEARLY REPORT 1 JANUARY – 30 JUNE 2022

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

MEUR	Note	Q2/2022	Q2/2021	%	Q1-Q2 /2022	Q1-Q2 /2021	%	2021
Gross rental income	3	55.9	54.1	3.2%	112.2	111.3	0.7%	222.2
Service charge income	3,4	18.4	17.1	7.1%	34.8	35.5	-1.8%	70.2
Property operating expenses		-21.1	-20.5	2.7%	-44.1	-44.8	-1.5%	-88.6
Other expenses from leasing operations		-0.4	0.0	-	-1.1	-0.8	26.3%	-1.4
Net rental income	3	52.8	50.8	3.9%	101.8	101.2	0.6%	202.3
Administrative expenses		-5.9	-6.5	-8.1%	-14.7	-12.1	21.5%	-26.1
Other operating income and expenses		-0.5	-0.2	-	-14.8	-0.5	-	-0.4
Net fair value gains/losses on investment property	3	8.0	15.9	-49.6%	22.2	24.4	-9.1%	48.6
Net gains/losses on sale of investment properties and subsidiaries		-0.2	0.3	-	0.9	-5.1	-	-6.5
Operating profit	3	54.2	60.4	-10.4%	95.4	107.9	-11.6%	217.8
Net financial income and expenses		-11.7	-13.8	-14.8%	-18.4	-27.4	-32.8%	-55.0
Share of loss/profit of joint ventures and associated companies		-4.5	-1.7	-	-5.2	-3.5	45.7%	-6.3
Result before taxes		38.0	44.9	-15.5%	71.9	77.0	-6.6%	156.5
Current taxes		-1.4	-0.6	-	-2.0	-1.4	44.4%	-3.3
Deferred taxes		-7.8	-6.9	13.9%	-11.3	-12.1	-6.6%	-32.2
Result for the period		28.7	37.5	-23.3%	58.6	63.5	-7.8%	121.0
Profit/loss attributable to								
Parent company shareholders		28.7	37.5	-23.3%	58.6	63.5	-7.8%	121.0
Non-controlling interest		0.0	0.0	-48.1%	0.0	0.0	-62.7%	0.0
Earnings per share attributable to parent company shareholders								
Earnings per share (basic), EUR ¹⁾	5	0.13	0.18	-30.9%	0.26	0.31	-15.4%	0.55
Earnings per share (diluted), EUR ¹⁾	5	0.12	0.18	-31.8%	0.25	0.31	-16.6%	0.54
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss								
Net gains/losses on cash flow hedges		0.1	0.0	-	0.9	0.8	15.0%	1.2
Exchange gains/losses on translating foreign operations		-70.5	-10.1	-	-44.4	25.9	-	36.0
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		-70.4	-10.1	-	-43.5	26.6	-	37.3
Other comprehensive income for the period, after taxes		-70.4	-10.1	-	-43.5	26.6	-	37.3
Total comprehensive profit/loss for the period		-41.7	27.4	-	15.0	90.2	-83.3%	158.3
Total comprehensive profit/loss attributable to								
Parent company shareholders		-41.7	27.4	-	15.0	90.1	-83.3%	158.2
Non-controlling interest		0.0	0.0	-45.7%	0.0	0.0	-61.4%	0.0

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

MEUR	Note	30 June 2022	30 June 2021	31 December 2021
ASSETS				
Non-current assets				
Investment properties	6	4,216.9	4,292.7	4,189.2
Goodwill		128.5	143.7	145.4
Investments in joint ventures and associated companies		126.1	132.0	129.3
Intangible and tangible assets, and other non-current assets ¹⁾		12.6	22.0	11.7
Derivative financial instruments	10, 11	23.9	15.1	15.2
Deferred tax assets		16.5	16.9	16.4
Total non-current assets		4,524.6	4,622.4	4,507.2
Investment properties held for sale	8	0.0	0.0	150.9
Current assets				
Derivative financial instruments	10, 11	1.1	1.5	1.0
Trade receivables and other current assets		95.8	83.8	89.3
Cash, cash equivalents and current financial investments	9	26.3	317.1	54.7
Total current assets		123.3	402.5	145.0
Total assets	3	4,647.8	5,024.8	4,803.0
SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity attributable to parent company shareholders				
Share capital		259.6	259.6	259.6
Share premium fund		131.1	131.1	131.1
Fair value reserve		2.3	0.9	1.4
Invested unrestricted equity fund	12	702.2	787.6	744.2
Retained earnings	12	661.2	669.0	663.8
Total equity attributable to parent company shareholders		1,756.4	1,848.1	1,800.1
Hybrid bond		690.3	688.1	689.1
Non-controlling interest		0.3	0.2	0.3
Total shareholders' equity		2,447.0	2,536.5	2,489.5
Long-term liabilities				
Loans		1,809.9	2,027.4	1,871.9
Derivative financial instruments and other non-interest bearing liabilities	10, 11	1.9	17.0	11.8
Deferred tax liabilities		283.5	280.1	296.7
Total long-term liabilities		2,095.4	2,324.6	2,180.5
Short-term liabilities				
Loans		12.6	69.6	6.5
Derivative financial instruments	10, 11	0.7	0.6	5.1
Trade and other payables		92.1	93.5	121.3
Total short-term liabilities		105.4	163.7	133.0
Total liabilities	3	2,200.8	2,488.3	2,313.5
Total liabilities and shareholders' equity		4,647.8	5,024.8	4,803.0

¹⁾ Change in presentation in Q3 2021. Assets related to rented centers presented as part of IFRS 16 investment properties.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT, IFRS

MEUR	Note	Q1-Q2/2022	Q1-Q2/2021	2021
Cash flow from operating activities				
Profit before taxes		71.9	77.0	156.5
Adjustments to profit before taxes		17.6	11.4	22.7
Cash flow before change in working capital		89.5	88.4	179.3
Change in working capital		-24.3	-18.0	7.7
Cash generated from operations		65.2	70.4	186.9
Cash flow from investing activities				
Acquisition of investment properties and subsidiaries, less cash acquired	6,7,8	-6.4	-0.7	0.6
Capital expenditure on investment properties, investments in joint ventures, intangible assets and tangible assets	6,7,8	-86.9	-107.0	-216.8
Sale of investment properties and subsidiaries	6,7,8	137.6	115.3	226.0
Purchase of current financial investments		-64.9	-285.0	-285.0
Repayment of current financial investments		74.3	-	264.9
Net cash used in investing activities		53.6	-277.4	-10.2
Cash flow from financing activities				
Proceeds from short-term loans		109.6	579.5	862.3
Repayments of short-term loans		-107.5	-735.9	-1,082.5
Proceeds from long-term loans		-	346.1	346.1
Repayments of long-term loans		-57.1	-225.2	-386.9
Proceeds from hybrid bond		-	342.5	342.5
Hybrid bond interest and expenses		-15.7	-16.7	-20.3
Repurchase and costs of treasury shares		-1.6	-	-68.6
Dividends and return from the invested unrestricted equity fund	12	-42.0	-44.5	-87.8
Realized exchange rate gains/losses		2.6	-12.8	-12.7
Net cash from financing activities		-111.7	233.1	-107.8
Net change in cash and cash equivalents		-16.3	6.0	8.6
Cash and cash equivalents at period-start	9	34.7	25.9	25.9
Effects of exchange rate changes		-2.0	0.4	0.3
Cash and cash equivalents at period-end	9	16.5	32.2	34.7

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS

MEUR	Share capital	Share premium fund	Fair value reserve	Invested unrestricted equity fund	Translation reserve	Retained earnings	Equity attributable to parent company shareholders	Hybrid bond	Non-controlling interest	Shareholders' equity, total
Balance at 1 January 2021	259.6	131.1	0.2	823.2	-150.9	755.4	1,818.6	347.2	0.2	2,166.0
Total comprehensive profit/loss for the period			0.8		25.9	63.5	90.1		0.0	90.2
Proceeds from hybrid bond								341.2		341.2
Hybrid bond interest and expenses						-16.0	-16.0	-0.4		-16.4
Dividends paid and equity return (Note 12)				-35.6		-8.9	-44.5			-44.5
Share-based payments						-0.1	-0.1			-0.1
Other changes						0.0	0.0			0.0
Balance at 30 June 2021	259.6	131.1	0.9	787.6	-125.0	793.9	1,848.1	688.1	0.2	2,536.5
Balance at 1 January 2022	259.6	131.1	1.4	744.2	-114.8	778.6	1,800.1	689.1	0.3	2,489.5
Total comprehensive profit/loss for the period			0.9		-44.4	58.6	15.0		0.0	15.0
Hybrid bond interest and expenses						-16.8	-16.8	1.2		-15.6
Repurchase and costs of Treasury shares						-1.6	-1.6			-1.6
Dividends paid and equity return (Note 12)				-42.0			-42.0			-42.0
Share-based payments						1.4	1.4			1.4
Other changes						0.2	0.2			0.2
Balance at 30 June 2022	259.6	131.1	2.3	702.2	-159.2	820.4	1,756.4	690.3	0.3	2,447.0

NOTES TO THE CONSOLIDATED HALF-YEARLY REPORT

1. BASIC COMPANY DATA

Citycon is a leading owner, manager and developer of mixed-use centres for urban living including retail, office space and housing. Citycon operates in the business units Finland & Estonia, Norway and Sweden & Denmark. Citycon is a Finnish public limited liability company established under the Finnish law and domiciled in Helsinki. The Board of Directors has approved the half-yearly report on 10th of August 2022.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Citycon prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). Additional information on the accounting policies are available in Citycon's annual financial statements 2021. Citycon's interim report for the reporting period have been prepared in accordance with same accounting policies as in annual financial statements 2021 and in accordance with IAS 34 Interim Financial Reporting standard. The figures are unaudited.

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

No new COVID-19 rent discounts were granted during Q2 2022. During Q2 2021 EUR 0.4 million of new COVID-19 rent discounts were granted.

3. SEGMENT INFORMATION

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

In Citycon's reporting, Kista Galleria is treated as a joint venture and the shopping centre's result or fair value will not impact on the gross rental income, net rental income or fair value of investment properties of the group. Kista Galleria is consolidated in Citycon's financial statements based on the equity method, meaning that Citycon's share of Kista Galleria's profit for the period is recognised in the line 'Share of result in joint ventures' and associated companies in the statement of comprehensive income and Citycon's share of Kista Galleria's shareholder's equity is recognised in the line 'Investments in joint ventures and associated companies' in the statement of financial position. In addition, the management fee received by Citycon is reported in the line 'other operating income and expenses' and the interest income on the shareholder loan is reported in 'net financial income and expenses'. Kista Galleria contributed to the IFRS based profit for the period Q1-Q2/2022 by EUR -5.2 million (-3.5).

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

MEUR	Q2/2022	Q2/2021	%	Q1-Q2/2022	Q1-Q2/2021	%	2021
Gross rental income							
Finland & Estonia	24.2	22.5	7.5%	47.5	45.7	4.0%	90.7
Norway	20.9	21.1	-1.0%	42.9	42.1	1.8%	85.8
Sweden & Denmark	10.8	10.5	2.2%	21.8	23.5	-7.5%	45.7
Total Segments	55.9	54.1	3.2%	112.2	111.3	0.7%	222.2
Kista Galleria (50%)	2.4	2.2	10.5%	4.7	4.8	-0.2%	9.8
Service charge income							
Finland & Estonia	8.2	7.4	11.6%	15.8	15.0	5.8%	30.1
Norway	6.8	6.5	5.3%	12.8	12.9	-0.6%	27.0
Sweden & Denmark	3.3	3.3	0.3%	6.2	7.6	-18.7%	13.0
Total Segments	18.4	17.1	7.1%	34.8	35.5	-1.8%	70.2
Kista Galleria (50%)	1.0	1.0	0.5%	1.8	1.9	-3.3%	3.6
Net rental income							
Finland & Estonia	23.1	21.9	5.7%	44.0	42.6	3.4%	85.2
Norway	20.4	18.8	8.3%	40.3	38.1	5.8%	77.8
Sweden & Denmark	9.6	9.8	-1.7%	17.8	20.2	-11.9%	39.2
Other	-0.3	0.3	-	-0.3	0.3	-	0.0
Total Segments	52.8	50.8	3.9%	101.8	101.2	0.6%	202.3
Kista Galleria (50%)	1.6	1.7	-3.1%	3.0	3.2	-5.9%	6.4
Direct operating profit							
Finland & Estonia	22.5	21.1	6.8%	42.4	41.3	2.7%	82.5
Norway	19.7	18.1	9.0%	38.2	36.2	5.5%	73.6
Sweden & Denmark	8.5	8.0	5.6%	15.5	17.6	-11.6%	33.8
Other	-4.4	-3.0	-43.9%	-9.7	-6.1	-58.9%	-13.8
Total Segments	46.3	44.1	4.9%	86.4	89.0	-2.9%	176.1
Kista Galleria (50%)	1.5	1.6	-5.2%	2.8	3.1	-7.2%	6.1
Net fair value gains/losses on investment property							
Finland & Estonia	3.3	3.3	-0.8%	10.7	6.2	71.2%	2.7
Norway	-0.8	8.7	-	6.0	6.4	-5.7%	16.0
Sweden & Denmark	5.5	3.9	40.2%	5.5	11.8	-53.5%	29.9
Total Segments	8.0	15.9	-49.6%	22.2	24.4	-9.1%	48.6
Kista Galleria (50%)	-4.9	-0.4	-	-7.0	-1.1	-	-1.4
Operating profit/loss							
Finland & Estonia	25.5	24.7	3.5%	56.6	46.9	20.6%	83.0
Norway	19.0	26.8	-29.2%	26.9	42.6	-36.8%	89.5
Sweden & Denmark	14.0	12.0	16.7%	21.6	24.5	-11.6%	59.1
Other	-4.4	-3.0	-43.9%	-9.7	-6.1	-58.9%	-13.8
Total Segments	54.2	60.4	-10.4%	95.4	107.9	-11.6%	217.8
Kista Galleria (50%)	-3.4	1.2	-	-4.2	2.0	-	4.7

MEUR	30 June 2022	30 June 2021	%	2021
Assets				
Finland & Estonia	2,090.1	2,000.4	4.5%	2,009.8
Norway	1,497.7	1,689.8	-11.4%	1,699.9
Sweden & Denmark	814.1	967.7	-15.9%	821.1
Other	246.0	366.9	-33.0%	272.2
Total Segments	4,647.8	5,024.8	-7.5%	4,803.0
Kista Galleria (50%)	249.8	264.8	-5.7%	263.3
Liabilities				
Finland & Estonia	21.2	24.7	-14.1%	39.8
Norway	22.2	50.7	-56.2%	36.4
Sweden & Denmark	14.6	25.4	-42.4%	131.6
Other	2,142.7	2,387.5	-10.3%	2,105.7
Total Segments	2,200.8	2,488.3	-11.6%	2,313.5
Kista Galleria (50%)	248.8	256.0	-2.8%	256.8

The change in segment assets was mainly due to acquisitions and disposals of investment properties and the fair value changes in investment properties as well as investments.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

MEUR	Q2/2022	Q2/2021	%	Q1-Q2/2022	Q1-Q2/2021	%	2021
Service charges ¹⁾	14.4	13.4	7.5%	27.6	28.0	-1.6%	53.6
Utility charges ¹⁾	2.1	1.9	11.5%	3.9	3.8	2.5%	8.4
Other service income ¹⁾	1.8	1.9	-0.8%	3.4	3.7	-8.0%	8.1
Management fees ²⁾	0.2	0.2	15.7%	0.4	0.6	-36.9%	0.9
Revenue from contracts with customers	18.6	17.3	7.2%	35.2	36.0	-2.4%	71.1

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

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

5. EARNINGS PER SHARE

		Q2/2022	Q2/2021	%	Q1-Q2 /2022	Q1-Q2 /2021	%	2021
Earnings per share, basic								
Profit attributable to parent company shareholders	MEUR	28.7	37.5	-23.3%	58.6	63.5	-7.8%	121.0
Hybrid bond interests and expenses	MEUR	-7.6	-5.1	49.7%	-15.1	-9.1	66.5%	-24.3
Weighted average number of ordinary shares ¹⁾	million	168.0	178.0	-5.6%	168.0	178.0	-5.6%	177.0
Earnings per share (basic) ¹⁾	EUR	0.13	0.18	-30.9%	0.26	0.31	-15.4%	0.55

		Q2/2022	Q2/2021	%	Q1-Q2 /2022	Q1-Q2 /2021	%	2021
Earnings per share, diluted								
Profit attributable to parent company shareholders	MEUR	28.7	37.5	-23.3%	58.6	63.5	-7.8%	121.0
Hybrid bond interests and expenses	MEUR	-7.6	-5.1	49.7%	-15.1	-9.1	66.5%	-24.3
Weighted average number of ordinary shares ¹⁾	million	168.0	178.0	-5.6%	168.0	178.0	-5.6%	177.0
Adjustment from share-based incentive plans	million	2.4	0.2	-	2.6	0.2	-	0.4
Weighted average number of ordinary shares, diluted ¹⁾	million	170.4	178.2	-4.4%	170.6	178.2	-4.2%	177.4
Earnings per share (diluted) ¹⁾	EUR	0.12	0.18	-31.8%	0.25	0.31	-16.6%	0.54

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

6. INVESTMENT PROPERTIES

Citycon divides its investment properties into two categories: Investment Properties Under Construction (IPUC) and Operative Investment Properties. On reporting date, the first mentioned category included Lippulaiva in Finland and Barkaby residentials in Sweden, and on comparable period 30 June 2021 Lippulaiva.

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

30 June 2022

MEUR	Investment properties under construction (IPUC)	Operative investment properties	Investment properties, total
Balance at 1 January 2022	382.3	3,807.0	4,189.2
Acquisitions	6.4	-	6.4
Investments	43.8	23.8	67.6
Capitalized interest	3.7	0.0	3.7
Fair value gains on investment property	0.2	44.7	44.9
Fair value losses on investment property	-	-19.3	-19.3
Valuation gains and losses from Right-of-Use-Assets	-	-3.4	-3.4
Exchange differences	-	-78.5	-78.5
Changes in right-of-use assets classified as investment properties (IFRS 16)	-	6.3	6.3
Balance at 30 June 2022	436.4	3,780.5	4,216.9

30 June 2021

MEUR	Investment properties under construction (IPUC)	Operative investment properties	Investment properties, total
Balance at 1 January 2021	271.5	3,880.7	4,152.2
Acquisitions	-	0.6	0.6
Investments	67.1	18.1	85.1
Disposals	-9.1	0.0	-9.1
Capitalized interest	3.4	0.2	3.5
Fair value gains on investment property	1.8	42.9	44.8
Fair value losses on investment property	-	-17.4	-17.4
Valuation gains and losses from Right-of-Use-Assets	-	-2.9	-2.9
Exchange differences	-	37.0	37.0
Transfer between operative investment properties, joint ventures and transfer into investment properties held for sale	-	-0.5	-0.5
Changes in right-of-use assets classified as investment properties (IFRS 16)	-	-0.6	-0.6
Balance at 30 June 2021	334.7	3,958.0	4,292.7

31 December 2021

MEUR	Investment properties under construction (IPUC)	Operative investment properties	Investment properties, total
Balance at 1 January 2021	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
Capitalized 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 and 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
Balance at 31 December 2021	382.3	3,807.0	4,189.2

The fair value of Citycon's investment properties has been measured by CBRE (Norway, Denmark, Estonia) and JLL (Finland, Sweden) for the the Half-yearly report 2022 and Financial statement 2021.

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

	Weighted average yield requirement, %			Weighted average market rents, EUR/sq.m./mo		
	30 June 2022	30 June 2021	31 December 2021	30 June 2022	30 June 2021	31 December 2021
Finland & Estonia	5.2	5.4	5.3	28.3	29.5	27.8
Norway	5.4	5.5	5.4	21.1	22.3	21.8
Sweden & Denmark	5.5	5.6	5.5	25.8	28.5	26.6
Investment properties, average	5.3	5.4	5.4	25.5	26.8	25.4
Investment properties and Kista Galleria (50%), average	5.3	5.4	5.4	25.7	27.2	25.7

7. CAPITAL EXPENDITURE

MEUR	Q1-Q2/2022	Q1-Q2/2021	2021
Acquisitions of properties ¹⁾	6.4	0.6	-0.6
Acquisitions of and investments in joint ventures	0.3	27.7	29.2
Property development ²⁾	71.3	88.6	191.0
Goodwill and other investments	2.2	1.7	4.5
Total capital expenditure incl. acquisitions	80.3	118.6	224.1
Capital expenditure by segment			
Finland & Estonia	55.7	77.8	163.6
Norway	10.7	7.8	21.7
Sweden & Denmark	11.6	31.6	35.2
Group administration	2.2	1.4	3.6
Total capital expenditure incl. acquisitions	80.3	118.6	224.1
Divestments ³⁾	145.6	158.2	265.3

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

²⁾ Comprised mainly of investments in Lippulaiva.

³⁾ Excluding transfers into 'Investment properties held for sale'-category.

8. INVESTMENT PROPERTIES HELD FOR SALE

On 30 June 2022 and on the comparison date 30 June 2021 Citycon had no held for sale properties. On 31 December 2021 Investment Properties Held for Sale comprised of two properties in Norway segment, which were sold during Q1 2022.

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

MEUR	30 June 2022	30 June 2021	31 December 2021
At period-start	150.9	149.7	149.7
Disposals	-145.7	-149.2	-256.3
Exchange differences	-5.2	-1.1	-3.2
Investments	0.0	0.0	0.0
Transfer from investment properties	0.0	0.5	260.5
At period-end	0.0	0.0	150.9

9. CASH AND CASH EQUIVALENTS

MEUR	30 June 2022	30 June 2021	31 December 2021
Cash in hand and at bank	10.3	26.0	26.8
Restricted cash	6.2	6.3	7.9
Total cash	16.5	32.2	34.7
Current financial investments	9.8	284.9	19.9
Total cash and cash investments	26.3	317.1	54.7

Cash and cash equivalents in the cash flow statement comprise of Total cash presented above. Restricted cash mainly relates to gift cards, tax and rental deposits. Current financial investments consists of cash invested into highly liquid money market funds.

10. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Classification of financial instruments and their carrying amounts and fair values

MEUR	30 June 2022		30 June 2021		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
I Financial assets at fair value through profit and loss						
Money Market Funds	9.8	9.8	285.0	284.9	19.9	20.0
Derivative financial instruments	22.8	22.8	15.7	15.7	14.8	14.8
II Derivative contracts under hedge accounting						
Derivative financial instruments	2.3	2.3	0.9	0.9	1.4	1.4
Financial liabilities						
I Financial liabilities amortised at cost						
Loans from financial institutions	6.3	6.3	64.0	64.0	-	-
Bonds	1,770.2	1,790.8	1,987.8	2,016.5	1,835.3	1,860.3
Lease liabilities (IFRS 16)	46.1	46.1	45.2	45.2	43.2	43.2
II Financial liabilities at fair value through profit and loss						
Derivative financial instruments	2.4	2.4	16.6	16.6	16.7	16.7
III Derivative contracts under hedge accounting						
Derivative financial instruments	-	-	-	-	-	-

11. DERIVATIVE FINANCIAL INSTRUMENTS

MEUR	30 June 2022		30 June 2021		31 December 2021	
	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swaps						
Maturity:						
less than 1 year	-	-	-	-	-	-
1–5 years	77.3	2.3	78.7	0.9	80.1	1.4
over 5 years	-	-	-	-	-	-
Subtotal	77.3	2.3	78.7	0.9	80.1	1.4
Cross-currency swaps						
Maturity:						
less than 1 year	-	-	-	-	-	-
1–5 years	314.8	20.0	-	-	314.8	2.3
over 5 years	-	-	314.8	-1.8	-	-
Subtotal	314.8	20.0	314.8	-1.8	314.8	2.3
Foreign exchange forward agreements						
Maturity:						
less than 1 year	183.5	0.4	306.3	0.9	322.1	-4.1
Total	575.5	22.7	699.7	0.0	717.0	-0.4

Derivative financial instruments are used in hedging the interest rate and foreign currency risk. Hedge accounting is applied for interest swaps which have a nominal amount of EUR 77.3 million (78.7). The change in fair values of these derivatives is recognised under other comprehensive income.

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

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

12. DIVIDEND AND EQUITY REPAYMENT

Citycon's AGM 2022 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 assets from the invested unrestricted equity fund. Based on the authorisation the maximum amount of equity repayment to be distributed from the invested unrestricted equity fund shall not exceed EUR 0.50 per share. The authorisation is valid until the opening of the next AGM.

On the basis of the authorisation mentioned above and explained in half-yearly report sections 12 and 13 the Board of Directors decided in March 2022 and in June 2022 to distribute equity repayment of EUR 0.25 per share, or EUR 42.0 million. Following the equity repayment paid on 31 March 2022 and on 30 June 2022, the remaining authorisation for equity repayment is EUR 0.25 per share.

Preliminary payment dates for equity repayments to be distributed on basis of the authorization are 30 September 2022 and 30 December 2022. The Board of Directors will make separate resolutions on each distribution of the equity repayment and the company shall make separate announcements of such Board resolutions.

Total amount of dividend EUR 8.9 million and equity repayment EUR 78.9 million were distributed during the financial year 2021, of which EUR 8.9 million dividend and EUR 35.6 million equity repayment were distributed during the first half of 2021.

13. CONTINGENT LIABILITIES

MEUR	30 June 2022	30 June 2021	31 December 2021
Mortgages on land and buildings	250.0	250.0	250.0
Bank guarantees and parent company guarantees	84.1	86.5	92.8
Capital commitments	43.7	128.7	81.7

The mortgage relates to the secured Revolving Credit Facility, which is currently fully undrawn. At period-end, Citycon had capital commitments of EUR 43.7 million (128.7) relating mainly to on-going (re)development projects.

Citycon owns 50% of Kista Galleria joint venture. Shares in the joint venture have been pledged as security for the loans of the joint venture.

14. RELATED PARTY TRANSACTIONS

Citycon Group's related parties comprise the parent company Citycon Oyj and its subsidiaries, associated companies, joint ventures, Board members, the CEO and other Corporate Management Committee members and the company's largest shareholder G City Ltd (former Gazit-Globe Ltd). In total, G City Ltd and wholly-owned subsidiary Gazit Europe Netherlands BV own 52.12% (49.2%) of the total shares and votes in the company.

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

REPORT ON REVIEW OF CITYCON OYJ'S HALF-YEARLY REPORT'S FINANCIAL INFORMATION FOR THE PERIOD JANUARY 1 – JUNE 30, 2022 (TRANSLATION)

TO THE BOARD OF DIRECTORS OF CITYCON OYJ

Introduction

We have reviewed the accompanying consolidated condensed statement of financial position of Citycon Oyj as of June 30th, 2022 and the related condensed statement of comprehensive income, condensed statement of changes in shareholders' equity, condensed cash flow statement and explanatory notes for the six-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the half-yearly report's financial information in accordance with International Accounting Standard 34 Interim Financial Reporting and in accordance with other laws and regulations governing the preparation of the half-yearly report's financial information in Finland. Our responsibility is to express a conclusion on this half-yearly report's financial information based on our review.

Scope of Review

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

Conclusion

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

Helsinki, August 10th 2022

Ernst & Young Oy
Authorized Public Accountant Firm

Antti Suominen
Authorized Public Accountant