

Herkules Park residential development project in Norway.

H1 | 2021

HALF-YEARLY REPORT
JANUARY—JUNE

CITYCON H1/2021: QUARTER OVER QUARTER GROWTH CONTINUES

- Net rental income 50.8 MEUR in Q2, above both Q2/2020 and previous quarter (Q1/2021)
- Valuations increased for a second consecutive quarter
- Direct operating profit trending ahead of last year
- LTV improved to 38.9% following the issuance of the hybrid bond and the divestment of 3 non-core assets
- Enhanced liquidity provides flexibility to expedite the portfolio transformation strategy
- Two credit rating outlook upgrades to stable - Citycon now has an investment grade credit rating with a stable outlook from all three major credit agencies
- Q2/2021 I-f-I footfall +11.9% and H1/2021 I-f-I tenant sales +1.8%. June 2021 tenant sales also exceed pre-pandemic June 2019

APRIL–JUNE 2021

- Net rental income in Q2 increased to EUR 50.8 million (Q2/2020: 50.2). Net rental income continued to be impacted by COVID-19 pandemic and its effect on footfall and vacancy as well as lower specialty leasing and parking income. Stronger currencies increased net rental income by EUR 2.1 million.
- EPRA Earnings were EUR 32.7 million (36.3) despite higher net rental income, due to increased direct financial expenses and lower direct share of profit of joint ventures and associated companies. EPRA Earnings per share (basic) was EUR 0.183 (0.204).
- Adjusted EPRA earnings were EUR 27.6 million (32.2) and was impacted by hybrid bond coupons.
- IFRS-based earnings per share was improved to EUR 0.18 (-0.23) mainly as a result of investment property fair value gains.

JANUARY–JUNE 2021

- Net rental income was EUR 101.2 million (H1/2020: 102.6). The trend is positive as Q2/2021 net rental income exceeds Q1/2021 level. Net rental income continued to be affected by COVID-19 pandemic and its impact on footfall and vacancy, as well as straight-lined discounts from 2020 and lower specialty leasing and parking income.
- EPRA Earnings were EUR 64.3 million (71.0) as result of higher direct financial expenses and lower direct share of profit of joint ventures and associated companies. EPRA Earnings per share (basic) was EUR 0.361 (0.399), impact from stronger currencies being EUR 0.014 per share.
- Adjusted EPRA earnings were EUR 55.2 million (63.0) due to hybrid bond coupons.
- IFRS earnings per share was EUR 0.31 (-0.17) mainly due to investment property fair value gains.

OUTLOOK FOR THE YEAR 2021 (SPECIFIED)

Citycon forecasts the 2021 direct operating profit to be in range EUR 173–184 million, EPRA EPS EUR 0.676–0.726 and adjusted EPRA EPS EUR 0.558–0.608. Adjusted EPRA Earnings per share outlook includes also the coupons of the recently issued EUR 350 million hybrid.

			Previously
Direct operating profit	MEUR	173–184	170–188
EPRA Earnings per share (basic)	EUR	0.676–0.726	0.651–0.751
Adjusted EPRA Earnings per share (basic)	EUR	0.558–0.608	0.558–0.658

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

KEY FIGURES

		Q2/2021	Q2/2020		FX Adjusted % ¹⁾	Q1- Q2/2021	Q1- Q2/2020		FX Adjusted % ¹⁾	2020
Net rental income	MEUR	50.8	50.2	1.2 %	-2.9 %	101.2	102.6	-1.3%	-4.2%	205.4
Direct Operating profit ²⁾	MEUR	44.1	44.0	0.4 %	-4.0 %	89.0	90.2	-1.3%	-4.3%	180.4
IFRS Earnings per share (basic) ³⁾	EUR	0.18	-0.23	-	-	0.31	-0.17	-	-	-0.25
Fair value of investment properties	MEUR	4,292.7	4,170.4	2.9 %	-	4,292.7	4,170.4	2.9%	-	4,152.2
Loan to Value (LTV) ³⁾⁴⁾	%	38.9	46.2	-15.9 %	-	38.9	46.2	-15.9%	-	46.9
EPRA based key figures²⁾										
EPRA Earnings	MEUR	32.7	36.3	-9.9 %	-15.0 %	64.3	71.0	-9.5%	-12.6%	136.6
Adjusted EPRA Earnings ³⁾	MEUR	27.6	32.2	-14.4 %	-19.8 %	55.2	63.0	-12.4%	-15.8%	120.3
EPRA Earnings per share (basic)	EUR	0.183	0.204	-9.9 %	-15.1 %	0.361	0.399	-9.5%	-12.6%	0.767
Adjusted EPRA Earnings per share (basic) ³⁾	EUR	0.155	0.181	-14.4 %	-19.7 %	0.310	0.354	-12.4%	-15.8%	0.676
EPRA NRV per share	EUR	11.66	11.51	1.3 %	-	11.66	11.51	1.3%	-	11.48

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⁾ The Q2/2021 LTV calculation is adjusted for a EUR 29 million deferred payment in other receivables related to asset disposals. In addition, highly liquid cash investments has been taken into account in net debt.

CEO F. SCOTT BALL:

Q2/2021 results reflected positive trends in our business.

HIGHLIGHTS FOR Q2 AND H1/2021:**CONTINUED INCREASE IN VALUATIONS IN Q2**

The portfolio valuations increased for a second consecutive quarter. Net investments, including both acquisitions and disposals and development projects increased the fair value by EUR 80.2 million. The total fair value change of investment properties in Q1-Q2/2021 amounted to EUR 24.4 million. The positive development reflects the quality of our grocery-anchored urban hubs, which have a high proportion of necessity tenants, connected to transportation and convenient locations in the largest Nordic cities.

NET RENTAL INCOME INCREASED QUARTER OVER QUARTER - Q2/2021 HIGHER THAN IN 2020

Net rental income increased by 1.2% compared to Q2/2020 being EUR 50.8 million for the quarter (50.2). It is notable that NRI continued to increase quarter over quarter for a second consecutive quarter from EUR 50.4 million in Q1 to EUR 50.8 million in Q2. Direct operating profit was EUR 44.1 million and slightly ahead of Q2/2020 (44.0) despite the divestment of the three non-core assets in Q1/2021. EPRA earnings per share was 0.183 compared to 0.204 in Q2/2020. LTV improved to 38.9% (46.2%) as a result of the issuance of a hybrid bond as well as the divestment of the three non-core assets

RENT COLLECTIONS REMAINS HIGH WITH INCREASING FOOTFALL

Rent collection was initially reported as 92% for Q1 but has since increased to 96% reflecting the ultimate collectability of these rents. Q2 rent collection stands at 94% and we expect this to improve in line with Q1 rent collection. In Q2/2021 like-for-like footfall increased 11.9% compared to the previous year. Furthermore, like-for-like tenant sales in Q1-Q2/2021 were above previous year (+1.8%).

ACTIVE TRANSACTION MARKETS SUPPORT THE EXECUTION OF OUR PORTFOLIO TRANSFORMATION STRATEGY

The Nordic real estate transaction market continued to pick up, and as previously noted we sold three non-core assets in Q1/2021. We have also experienced reverse inquiries for several of our assets that anticipate transactions at prices above our book values. The appetite and pricing for high quality assets continues to be on an attractive level and facilitates selective capital recycling activities in line with our portfolio transformation strategy, which will increase the share of residential premises and decrease the proportion of non-essential retail in our portfolio.

EXTREMELY STRONG LIQUIDITY WITH SOLIDIFIED CREDIT RATINGS FOLLOWING THE HYBRID ISSUANCE

In addition to the significantly improved pricing of our senior bond offering (coupon 1.625%), we continued to improve our liquidity position by successfully issuing a hybrid bond of EUR 350 million in Q2/2021. Together with potential divestments of non-core assets, this enhanced liquidity gives Citycon flexibility to speed up the portfolio transformation with select residential acquisition(s).

The strength of our strategy and stability of our operating results throughout the pandemic were also recognised as upgraded credit rating outlook from both Standard & Poor's and Moody's. The ratings now stand at BBB- and Baa3 with a stable outlook.

CONTINUED PROGRESS IN OUR ORGANIC GROWTH PROJECTS ON SEVERAL FRONTS

In addition to focusing on portfolio recycling and financing activities, we continued to make progress in our organic growth projects on several fronts. We have now identified EUR 222 million of additional building rights' potential in our current portfolio, of which only a small proportion approx. 50 MEUR has been realized in our book values, leaving the vast majority of approx. 170 MEUR as an additional growth for the company.

We continued to advance our residential strategy with a construction of new residential units in connection to our centre Herkules in Norway. As a result of strong interest towards these residential units and having a significant number of apartment units already sold, we decided to start the construction of the first two residential blocks. In total, the project will comprise 85 apartment units, which will be located in connection to the existing mixed-use retail and service centre.

UPCOMING LIPPULAIVA IS A SHOW CASE OF ON A MODERN URBAN HUB WITH 8 RESIDENTIAL TOWERS

Construction of Lippulaiva progressed as planned towards the targeted opening in April 2022 and will contribute to our 2022 results and beyond. In addition to Lippulaiva, Liljeholmen in Stockholm, another large-scale area development project announced earlier this year, will be a great example of our strategy to develop accessible and convenient mixed-use urban hubs by adding residential and offices to our necessity-based community centres.

Overall, in Q2 we saw improvement in valuation gains and net rental income. Furthermore, we advanced our capital recycling program resulting in balance sheet and liquidity improvement. This improved liquidity will allow us to supplement our organic growth with potential acquisitions, allowing us to accelerate our transformation. These results allow us to tighten our previously issued guidance.

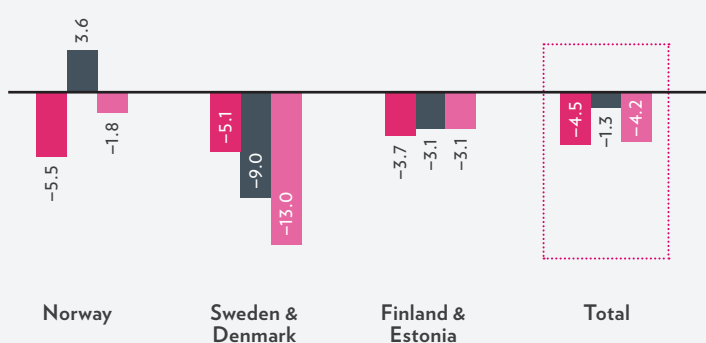
1. NET RENTAL INCOME

The net rental income in H1/2021 stands at EUR 101.2 million (102.6). However, the net rental income in Q2 increased compared to previous year and was EUR 50.8 million (Q2/2020: 50.2). COVID-19 impacted results particularly in Q1 through higher vacancy and lower turnover-based rents and parking income resulting from the lower footfall. In addition, the divestments made in Q1/2021 decreased net rental income by EUR 1.7 million for the quarter. COVID-19 discounts given in H1/2021 were EUR 0.5 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 1.3% compared to H1/2020. Good result in Q2 helped offset some of the decline from Q1.

LIKE-FOR-LIKE AND TOTAL NET RENTAL INCOME DEVELOPMENT, Q1-Q2/2021 VS. Q1-Q2/2020

%



- 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 from the Norwegian operations increased by 3.6% compared to H1/2020 mainly due to acquisitions of Stovner and Torvbyen shopping centres in Q1/2020. Like-for-like net rental income decreased by 5.5% due to higher vacancy and higher property operating expenses.

Net rental income from Swedish & Danish operations decreased by 9.0% due to the divestment of three non-core shopping centres in Q1/2021, lower footfall and vacancy and lower turnover-based rents. Like-for-like net rental income decreased by 5.1%.

Net rental income from the Finnish & Estonian operations decreased by 3.1% compared to H1/2020 mainly due to lower parking fees and higher property operating expenses. Net rental income from the like-for-like portfolio decreased by 3.7%.

NET RENTAL INCOME AND GROSS RENTAL INCOME BREAKDOWN

MEUR	Net rental income					Gross rental income	
	Finland & Estonia	Norway	Sweden & Denmark	Other	Total	Total	
Q1-Q2/2020	44.0	36.7	22.2	-0.3	102.6	111.5	
Acquisitions	-	0.6	0.0	-	0.6	0.9	
(Re)development projects	0.0	0.0	-0.4	-	-0.4	0.4	
Divestments	0.0	0.0	-1.7	-	-1.7	-2.7	
Like-for-like properties ¹⁾	-1.4	-1.3	-0.9	-	-3.6	-2.2	
Other (incl. exchange rate differences)	-0.1	2.0	1.0	0.7	3.6	3.4	
Q1-Q2/2021	42.6	38.1	20.2	0.3	101.2	111.3	

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

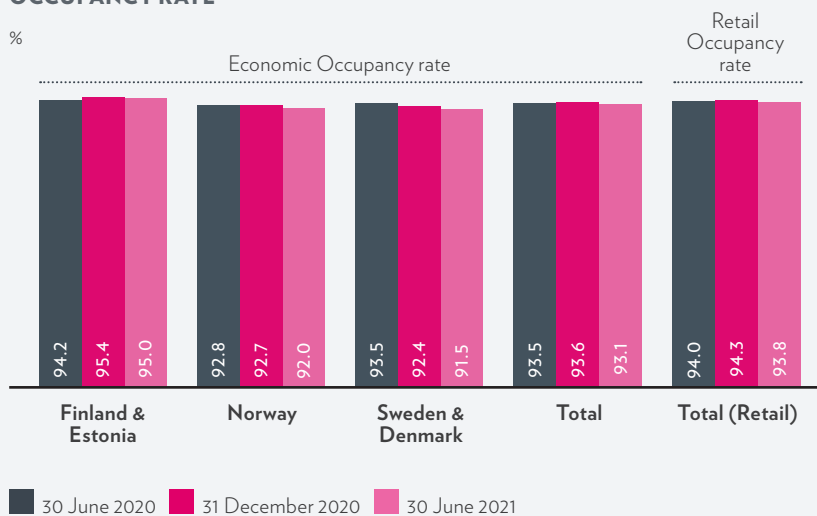
2. OCCUPANCY RATE, SALES AND FOOTFALL

The retail occupancy rate was 93.8% (Q1/2021: 93.8%). The economic occupancy was 93.1% (Q1/2021: 93.2%). Furthermore, the average rent per sq.m. increased to 22.8 EUR (Q4/2020: 22.1) in part due to divestments. With comparable rates, the average rent per sq.m. was 22.2 EUR.

During the period, total sales in Citycon's shopping centres decreased by 1.4% mainly due to divested assets in Sweden. However, total sales in Finland & Estonia increased by 4.2% and total sales in Norway increased by 2.3%. Like-for-like sales increased by 1.8% and like-for-like grocery sales increased by 5.4%.

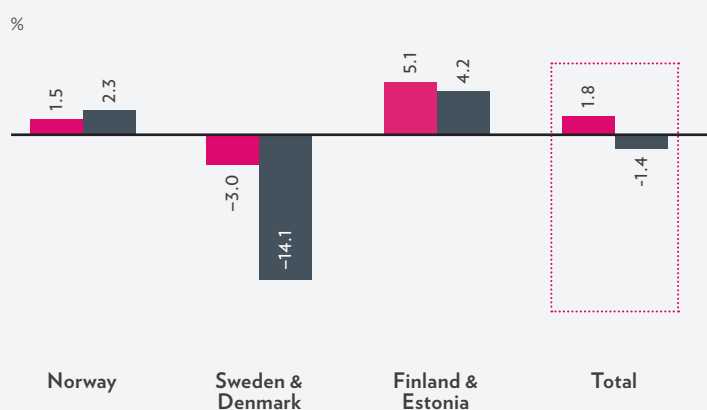
Total footfall decreased by 7.6% and like-for-like footfall decreased by 6.6% compared to the previous year as a result of Q1/2020 being pre-COVID. However, the average consumer spending in our centres grew significantly compared to previous year which was reflected to the positive development in like-for-like sales. In Q2/2021 like-for-like footfall increased 11.9% compared to the previous year.

OCCUPANCY RATE ¹⁾



¹⁾ Including Kista Galleria 50%.

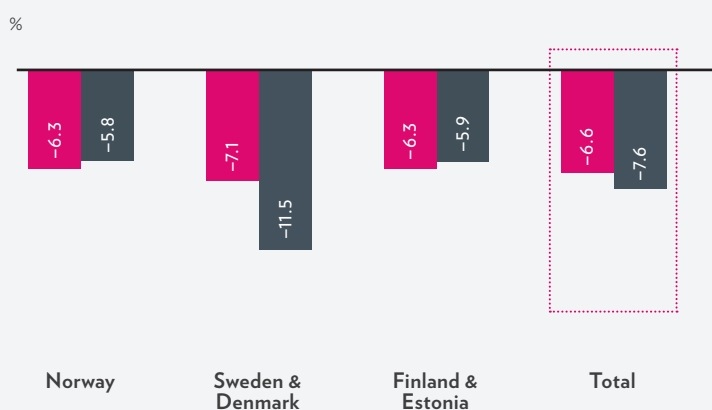
TENANT SALES DEVELOPMENT, Q1-Q2/2021 VS. Q1-Q2/2020 ¹⁾



Like-for-like sales

Total sales (including Kista Galleria 50% and impact of divested assets)

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

FOOTFALL DEVELOPMENT, Q1-Q2/2021 VS. Q1-Q2/2020 ¹⁾


■ Like-for-like footfall

■ Total footfall (including Kista Galleria 50% and impact of divested assets)

¹⁾ Footfall figures include estimates.

LEASE PORTFOLIO SUMMARY ¹⁾

		30 June 2021	30 June 2020	31 December 2020
Number of leases	pcs	4,150	4,465	4,564
Average rent	EUR/sq.m.	22.8	21.7	22.1
Average remaining length of lease portfolio	years	2.9	3.1	2.9
Occupancy cost ratio ²⁾	%	9.3%	9.3%	8.9%

¹⁾ Including Kista Galleria 50%.

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

LEASING ACTIVITY ¹⁾

		Q1-Q2/2021	Q1-Q2/2020	2020
Total area of leases started	sq.m.	136,333	123,192	239,609
Total area of leases ended	sq.m.	194,251	145,109	261,711

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

3. FINANCIAL RESULT

Administrative expenses decreased from the comparison period and were EUR 12.1 million (12.8). The decrease was mainly due to lower travel expenses and other personnel related expenses. Citycon Group employed a total of 233 (223) full-time employees (FTEs), of whom 53 worked in Finland & Estonia, 79 in Norway, 60 in Sweden and Denmark, and 41 in Group functions.

Operating profit improved to EUR 107.9 million (4.5) mainly due to higher fair value gains of EUR 24.4 million (-87.4).

Net financial expenses (IFRS) increased to EUR 27.4 million (24.3) due to a higher average amount of debt, slightly higher average cost of debt and a stronger average NOK and SEK currency rates which all had a negative impact on net financial expenses. EUR 3.1 million of indirect losses, related to costs for bond tenders and non-cash write-downs of unamortized fees on the prepaid bonds, were also recorded. In addition, EUR 0.4 million indirect losses (2.2 loss) 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 -3.5 million (-10.0). The positive development was due to lower fair value losses in joint ventures.

Profit for the period increased by EUR 86.5 to EUR 63.5 million (-23.0).

4. PROPERTY PORTFOLIO VALUE DEVELOPMENT

From year-end the fair value of investment properties increased by EUR 140.5 million (31 December 2020: 4 152.2). Net investments, including both acquisitions and disposals and development projects increased the fair value by EUR 80.2 million. Fair value gains increased the value of investment properties by EUR 24.4 million and exchange rates by EUR 37.0 million. Transfer between categories decreased the asset value of investment properties by EUR 0.5 million and changes in right-of-use –assets by EUR 0.6 million.

PROPERTY PORTFOLIO SUMMARY

30 June 2021	No. of properties	Gross leasable area	Fair value, MEUR	Properties held for sale, MEUR	Portfolio, %
Shopping centres, Finland & Estonia ¹⁾	12	465,620	1,982.6	-	46%
Other properties, Finland & Estonia	1	2,240	3.1	-	0%
Finland & Estonia, total	13	467,860	1,985.8	-	46%
Shopping centres, Norway	17	444,300	1,484.8	-	35%
Rented shopping centres, Norway ²⁾	1	14,500	-	-	-
Norway, total	18	458,800	1,484.8	-	35%
Shopping centres, Sweden & Denmark	7	211,600	780.6	-	18%
Sweden & Denmark, total	7	211,600	780.6	-	18%
Shopping centres, total	37	1,136,020	4,248.1	-	99%
Other properties, total	1	2,240	3.1	-	0%
Investment properties, total	38	1,138,260	4,251.3	-	99%
Right-of-use assets classified as investment properties (IFRS 16)	-	-	41.4	-	1%
Investment properties in the statement of financial position, total	38	1,138,260	4,292.7	-	100%
Kista Galleria (50%)	1	46,350	253.7	-	-
Investment properties and Kista Galleria (50%), total	39	1,184,610	4,546.3	-	-

¹⁾ Includes Lippulaiva development project.

²⁾ Value of rented properties is recognised within intangible rights based on IFRS rules.

The fair value change of investment properties amounted to EUR 24.4 million (-87.4). The company recorded a total value increase of EUR 44.8 million (43.0) and a total value decrease of EUR -17.4 million (-127.6). In addition, the application of IFRS 16 standard had an impact of EUR -2.9 million to the fair value change of investment properties during the January-June reporting period.

FAIR VALUE CHANGES

MEUR	Q2/2021	Q2/2020	Q1-Q2/2021	Q1-Q2/2020	2020
Finland & Estonia	3.4	-32.9	6.6	-45.5	-86.8
Norway	9.8	-17.4	8.5	-6.2	-1.3
Sweden & Denmark	4.2	-23.9	12.3	-32.9	-53.1
Investment properties, total	17.4	-74.2	27.4	-84.6	-141.2
Right-of-use assets classified as investment properties (IFRS 16)	-1.5	-1.4	-2.9	-2.8	-5.7
Investment properties in the statement of financial position, total	15.9	-75.6	24.4	-87.4	-146.9
Kista Galleria (50%)	-0.4	-0.8	-1.1	-12.0	-32.3
Investment properties and Kista Galleria (50%), total	15.5	-76.4	23.4	-99.4	-179.2

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

On 12 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.

Strong balance sheet remains a key priority and the company will continue its capital recycling actions going forward.

ACQUISITIONS AND DIVESTMENTS Q1-Q2/2021

		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		
Divestments, total			57,900		147

¹⁾ gross purchase price

6. (RE)DEVELOPMENT PROJECTS PROGRESSED

At the end of the reporting period, Citycon had one major (re)development project underway: the Lippulaiva project in the Helsinki Metropolitan area. Additionally, Citycon has a development project ongoing in Oasen Kjøpesenter in Norway, in which over 6,000 square meters of office space will be converted into premises for a new health centre.

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

(RE)DEVELOPMENT PROJECTS IN PROGRESS ON 30 JUNE 2021

	Location	Area before/after, sq.m.	Expected gross investment, MEUR	Actual gross investment by 30 June 2021, MEUR	Completion
Lippulaiva	Helsinki metropolitan area, Finland	19,200/44,300	TBC ¹⁾	307.9	2022
Oasen Kjøpesenter (phase I)	Bergen, Norway	-	11.6	10.7	2021

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

7. SHAREHOLDERS' EQUITY

Equity per share was EUR 14.25 (31 December 2020: 12.17). The successful issuance of new hybrid bond, result for the period and translation gains increased equity per share and dividends and equity return decreased it.

At period-end, **shareholders' equity** attributable to parent company's shareholders was EUR 1 848.1 million (31 December 2020: 1 818.6).

8. FINANCING

KEY FINANCING FIGURES

		30 June 2021	30 June 2020	31 December 2020
Fair value of debt	MEUR	2,080.5	2,155.3	2,098.0
Interest bearing liabilities, carrying value ¹⁾	MEUR	2,097.0	2,176.2	2,121.2
Available liquidity	MEUR	835.7	582.9	447.0
Average loan maturity	years	4.3	3.9	3.8
Loan to Value (LTV) ²⁾	%	38.9	46.2	46.9
Interest cover ratio (financial covenant > 1.8)	x	4.0	4.2	4.1
Net debt to total assets (financial covenant < 0.60) ³⁾	x	0.35	-	0.45
Solvency ratio (financial covenant < 0.65)	x	0.37	0.44	0.46
Secured solvency ratio (financial covenant < 0.25)	x	0.00	0.05	0.02

¹⁾ Including EUR 45.2 million (49.5) 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. The Q2/2021 LTV calculation is adjusted for a EUR 29 million deferred payment in other receivables related to asset disposals. 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

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 SEK 1,483 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 bond is rated by S&P, Moody's and Fitch in line with the corporate ratings. The net proceeds from the offering were used to finance and re-finance Eligible Green Assets and Projects in accordance with Citycon's established Green Finance Framework. 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 market.

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 March and June 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

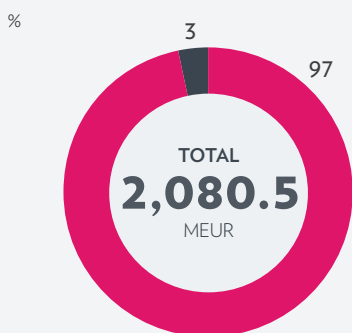
INTEREST-BEARING DEBT

The fair value of interest-bearing debt decreased during the first two quarters by EUR 17.5 million to EUR 2,080.5 million. Net debt decreased clearly more as a result of the large liquidity of 317.1 million cash and money market fund investments, following the hybrid bond issuance and the divestment of three assets in Sweden, and despite stronger NOK currency rate and capital investments. The carrying amount of interest-bearing liabilities in the balance sheet was EUR 2,097.0 million including IFRS 16 liabilities.

The weighted average loan maturity increased during the first two quarters following the issuance of the EUR 350 million 7-year Eurobond, and was 4.3 years.

The LTV (IFRS) decreased clearly to 38.9 % as a result of lower net debt following the issuance of the hybrid bond and the divestment of three assets in Sweden and also due to higher property values.

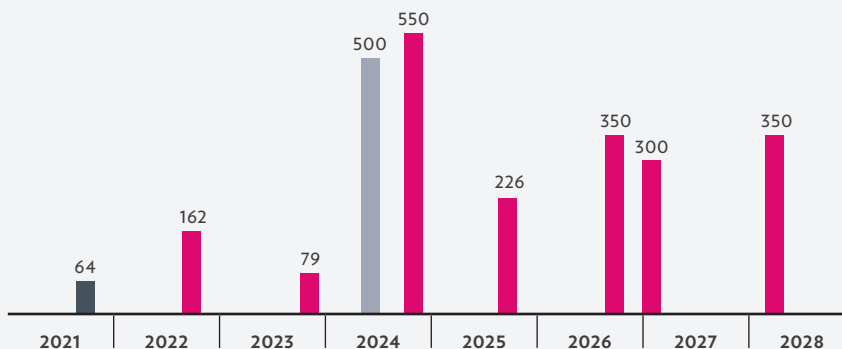
BREAKDOWN OF LOANS



- Bonds
- Commercial papers
- Bank loans

DEBT MATURITIES

MEUR



- Bonds
- Bank loans
- Commercial papers
- Undrawn committed credit facilities

FINANCIAL EXPENSES

FINANCIAL EXPENSES KEY FIGURES

		Q1-Q2/2021	Q1-Q2/2020	2020
Financial expenses ¹⁾	MEUR	-30.9	-27.1	-57.5
Financial income ¹⁾	MEUR	3.5	2.8	5.8
Net financial expenses (IFRS)	MEUR	-27.4	-24.3	-51.8
Direct net financial expenses (EPRA)	MEUR	-23.9	-22.1	-46.0
Weighted average interest rate ²⁾	%	2.43	2.31	2.39
Weighted average interest rate excluding derivatives	%	2.42	2.27	2.37
Year-to-date weighted average interest rate ²⁾	%	2.38	2.29	2.34

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) increased compared to last year as the higher average amount of debt, slightly higher average cost of debt and a stronger average NOK and SEK currency rates had a negative impact on net financial expenses.

Net financial expenses (IFRS) increased to EUR 27.4 million (24.3). Indirect losses of EUR 3.1 million were recorded related to costs for bond tenders and non-cash write-downs of unamortized fees on the prepaid bonds. In addition, EUR 0.4 million indirect losses (2.2 loss) 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 foreign exchange differences are netted in financial expenses in the table above.

The period-end average cost of debt was 2.43%.

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 2021	30 June 2020	31 December 2020
Average interest-rate fixing period	years	4.3	3.9	3.7
Fixed interest rate ratio	%	96.9	81.5	83.5

9. BUSINESS ENVIRONMENT

BUSINESS ENVIRONMENT KEY FIGURES

	Finland	Norway	Sweden	Denmark	Estonia	Euro area
GDP growth forecast, 2021	2.7%	3.9%	2.7%	3.0%	4.9%	4.8%
Inflation, forecast 2021	1.5%	2.2%	2.1%	1.5%	2.2%	1.9%
Unemployment, 5/2021	7.8%	5.0%	9.1%	5.6%	6.4%	7.9%
Retail sales growth, 1-5/2021	6.7%	5.8%	6.6%	4.3%	4.0%	2.7%

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

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 cause the global economy to slow down and therefore COVID-19 has substantially affected our business environment from March 2020 onwards. Despite the virus is still spreading, the vaccinations started at the beginning of 2021 and thus the world has taken a much-anticipated step towards sustainably overcoming COVID-19. Meanwhile businesses and households have shown a strong desire to normalise production and consumption patterns.

Finland has, at least in relative terms, been spared from the crisis both in economic terms as well as from a public health perspective. The number of COVID-19 deaths per million inhabitants has been among the lowest in Europe. Relatively low COVID-19 rates have helped Finland to avoid full-scale lockdowns. Finnish government has decided on national and regional recommendations to prevent the spread of the COVID-19. During the second quarter Finnish government eased many restrictions while the number of COVID cases decreased and the vaccination coverage increased.

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

In Norway, the various COVID-19 control measures and travel restrictions have led to changed consumption pattern; households are spending less on services in favour of certain retail goods. Generally, the biggest shopping centres have the most negative impact from the situation, while more local, convenience-type shopping centres are less affected. As in Sweden, the Norwegian government announced a package that would, under certain conditions, cover a major share of the fixed unavoidable costs, such as rent, to avoid unnecessary bankruptcies. The government has announced an exit plan with four steps to remove the remaining restrictions. Also going forward local outbreaks might necessitate stricter measures in some municipalities.

In Estonia, after the 2 months lock down during the spring 2021, the government has been able to ease the restrictions and in Q2 only some restrictions for restaurants remained in place.

In Denmark, some restrictions remain in place. Access to restaurants, bars, fitness, cinema, hairdressers etc. only with valid corona passport (vaccination, 72-hour negative test or immunity). The government has announced all restriction will be removed by October 2021.

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

10. 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 2020, 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 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 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.

Ernst & Young Oy, a firm of authorised public accountants, was re-elected as the auditor of the company for 2021.

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

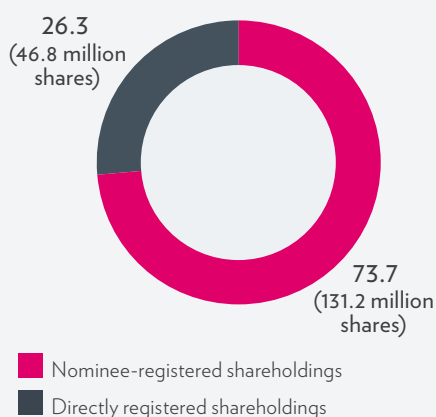
12. SHARES, SHARE CAPITAL AND SHAREHOLDERS

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 2021, the total number of shares outstanding in the company was 177,998,525. The shares have no nominal value.

At the end of June 2021, Citycon had a total of 27,230 (22,024) registered shareholders, of which 11 were account managers of nominee-registered shares. Holders of the nominee-registered shares held approximately 131.2 million (139.8) shares, or 73.7% (78.5%) 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 30 JUNE 2021

% of shares and voting rights



SHARES AND SHARE CAPITAL

		Q1-Q2/2021	Q1-Q2/2020	2020
Share capital at period-start	MEUR	259.6	259.6	259.6
Share capital at period-end	MEUR	259.6	259.6	259.6
Number of shares at period-start		177,998,525	177,998,525	177,998,525
Number of shares at period-end		177,998,525	177,998,525	177,998,525

SHARE PRICE AND TRADING

		Q1-Q2/2021	Q1-Q2/2020	%	2020
Low	EUR	7.09	5.25	35.0%	5.22
High	EUR	8.18	9.88	-17.2%	9.99
Average	EUR	7.58	7.36	3.0%	7.19
Latest	EUR	7.19	6.19	16.1%	7.93
Market capitalisation at period-end	MEUR	1,278.9	1,101.8	16.1%	1,411.5
Number of shares traded	million	43.2	38.5	12.3%	68.0
Value of shares traded	MEUR	324.7	264.3	22.8%	472.6

DIVIDEND AND EQUITY REPAYMENT

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

DIVIDENDS AND EQUITY REPAYMENTS PAID ON 30 JUNE 2021¹⁾

	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
Total			0.25

REMAINING BOARD AUTHORISATION FOR EQUITY REPAYMENT²⁾

	Preliminary record date	Preliminary payment date	EUR / share
Equity repayment Q3	22 September 2021	30 September 2021	0.125
Equity repayment Q4	16 December 2021	30 December 2021	0.125
Total			0.25

¹⁾ Board decision based on the authorisation issued by the AGM 2021

²⁾ The AGM 2021 authorised the Board of Directors to decide in its discretion on the distribution of dividend and assets from the invested unrestricted equity fund. Based on the authorisation the maximum amount of dividend to be distributed shall not exceed EUR 0.05 per share and the maximum amount of equity repayment distributed from the invested unrestricted equity fund shall not exceed EUR 0.45 per share. Unless the Board of Directors decides otherwise for a justified reason, the authorisation will be used to distribute dividend and/or equity repayment four times during the period of validity of the authorisation. In this case, the Board of Directors will make separate resolutions on each distribution of the dividend and/or equity repayment so that the preliminary record and payment dates will be as stated above. Citycon shall make separate announcements of such Board resolutions.

BOARD AUTHORISATIONS

In addition to the above explained asset distribution authorisation of the Board of Directors, the Board of Directors of the company had two valid authorisations at the period-end granted by the AGM held on 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 – June 2021, the Board of Directors used three 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 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.

OWN SHARES

During the reporting period, the company held a total of 18,293 of the company's own shares. These 18,293 shares were conveyed to implement payments of rewards earned under the company's share plans before the end of the reporting period and as described in the section Board authorisations. At the end of the period, the company or its subsidiaries held no shares in the company.

FLAGGING NOTICES

On 17 March 2021, Citycon Oyj received a notification pursuant to Chapter 9, Section 5 of the Finnish Securities Market Act from CPP Investment Board Europe S.à.r.l, 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.

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 five long-term share-based incentive plans for the Group key employees:

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

EVENTS AFTER THE REPORTING PERIOD

On 22 June 2021 was published that Bret D. McLeod has been appointed Citycon Oyj's Chief Financial Officer (CFO) and member of the Corporate Management Committee following the planned retirement of the current CFO, Mr. Eero Sihvonen. Mr. McLeod joined Citycon's Corporate Management Committee on August 1, 2021 and will assume the full responsibility as CFO on January 1, 2022.

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.

OUTLOOK FOR THE YEAR 2021 (SPECIFIED)

Citycon forecasts the 2021 direct operating profit to be in range EUR 173–184 million, EPRA EPS EUR 0.676–0.726 and adjusted EPRA EPS EUR 0.558–0.608. Adjusted EPRA Earnings per share outlook includes also the coupons of the recently issued EUR 350 million hybrid.

			Previously
Direct operating profit	MEUR	173–184	170–188
EPRA Earnings per share (basic)	EUR	0.676–0.726	0.651–0.751
Adjusted EPRA Earnings per share (basic)	EUR	0.558–0.608	0.558–0.658

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

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

Helsinki, 5 August 2021

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 centres for urban living including retail, office space and housing. We are committed to sustainable property management in the Nordic region with assets that total approximately EUR 4.4 billion. Our centres are located in urban hubs with a direct connection to public transport. Placed in the heart of communities, our centres are anchored by groceries, healthcare and services to cater for the everyday needs of customers.

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

For more information about Citycon Oyj, please visit 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 2020 in section "EPRA performance measures".

EPRA PERFORMANCE MEASURES

		Q2/2021	Q2/2020	%	Q1-Q2 /2021	Q1-Q2 /2020	%	2020
EPRA Earnings	MEUR	32.7	36.3	-9.9%	64.3	71.0	-9.5%	136.6
Adjusted EPRA Earnings ¹⁾	MEUR	27.6	32.2	-14.4%	55.2	63.0	-12.4%	120.3
EPRA Earnings per share (basic)	EUR	0.183	0.204	-9.9%	0.361	0.399	-9.5%	0.767
Adjusted EPRA Earnings per share (basic) ¹⁾	EUR	0.155	0.181	-14.4%	0.310	0.354	-12.4%	0.676
EPRA NRV per share	EUR	11.66	11.51	1.3%	11.66	11.51	1.3%	11.48

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

The following tables present how EPRA Performance Measures are calculated.

1) EPRA EARNINGS

MEUR	Q2/2021	Q2/2020	%	Q1-Q2 /2021	Q1-Q2 /2020	%	2020
Earnings in IFRS Consolidated							
Statement of Comprehensive Income	37.5	-37.0	-	63.5	-23.0	-	-28.0
+/- Net fair value losses/gains on investment property	-15.9	75.6	-	-24.4	87.4	-	146.9
-/+ Net gains/losses on sale of investment property	-0.3	0.0	-	5.1	-1.7	-	-0.7
+ Indirect other operating expenses	0.0	-	-	0.4	-	-	0.0
+/- Early close-out costs of debt and financial instruments	0.0	-	-	3.1	0.0	-	0.8
-/+ Fair value gains/losses of financial instruments	1.9	0.8	-	0.4	2.2	-80.3%	5.0
+/- Indirect losses/gains of joint ventures and associated companies	0.7	0.8	-9.9%	1.4	10.0	-86.0%	27.2
-/+ Change in deferred taxes arising from the items above	8.9	-3.9	-	14.8	-3.9	-	-14.7
+ Non-controlling interest arising from the items above	-	-	-	-	-	-	0.0
EPRA Earnings	32.7	36.3	-9.9%	64.3	71.0	-9.5%	136.6
-/+ Hybrid bond coupons and amortized fees	-5.1	-4.0	25.6%	-9.1	-8.1	12.7%	-16.2
Adjusted EPRA Earnings	27.6	32.2	-14.4%	55.2	63.0	-12.4%	120.3
Weighted average number of ordinary shares, million	178.0	178.0	0.0%	178.0	178.0	0.0%	178.0
EPRA Earnings per share (basic), EUR	0.183	0.204	-9.9%	0.361	0.399	-9.5%	0.767
Adjusted EPRA Earnings per share (basic), EUR	0.155	0.181	-14.4%	0.310	0.354	-12.4%	0.676

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

MEUR	Q2/2021	Q2/2020	%	Q1-Q2 /2021	Q1-Q2 /2020	%	2020
Net rental income	50.8	50.2	1.2%	101.2	102.6	-1.3%	205.4
Direct administrative expenses	-6.5	-6.3	2.4%	-12.1	-12.8	-5.4%	-25.9
Direct other operating income and expenses	-0.2	0.1	-	-0,1	0.4	-	0.9
Direct operating profit	44.1	44.0	0.4%	89.0	90.2	-1.3%	180.4
Direct net financial income and expenses	-11.9	-11.2	6.3%	-23,9	-22.1	7.9%	-46.0
Direct share of profit/loss of joint ventures and associated companies	-1.0	-0.1	-	-2,1	0.1	-	-0.8
Direct current taxes	-0.6	-0.4	66.1%	-1,4	-1.2	17.9%	-1.8
Direct deferred taxes	2.0	3.9	-48.7%	2,7	4.2	-34.2%	4.8
Direct non-controlling interest	0.0	0.0	-	0,0	0.0	-	-0.1
EPRA Earnings	32.7	36.3	-9.9%	64.3	71.0	-9.5%	136.6
-/+ Hybrid bond coupons and amortized fees	-5.1	-4.0	25.6%	-9,1	-8.1	12.7%	-16.2
Adjusted EPRA Earnings	27.6	32.2	-14.4%	55.2	63.0	-12.4%	120.3
EPRA Earnings per share (basic), EUR	0.183	0.204	-9.9%	0.361	0.399	-9.5%	0.767
Adjusted EPRA Earnings per share (basic), EUR	0.155	0.181	-14.4%	0.310	0.354	-12.4%	0.676

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 NNNAV 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 2021			30 June 2020			31 December 2020		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
Equity attributable to parent company shareholders	1,848.1	1,848.1	1,848.1	1,817.4	1,817.4	1,817.4	1,818.6	1,818.6	1,818.6
Deferred taxes from the difference of fair value and fiscal value of investment properties ³⁾	278.1	139.0	-	276.8	138.4	-	274.2	137.1	-
Fair value of financial instruments	-0.9	-0.9	-	0.9	0.9	-	-0.2	-0.2	-
Goodwill as a result of deferred taxes	-83.2	-	-	-77.6	-	-	-80.9	-	-
Goodwill as per the consolidated balance sheet	-	-143.7	-143.7	-	-137.5	-137.5	-	-141.1	-141.1
Intangible assets as per the consolidated balance sheet	-	-18.6	-	-	-17.6	-	-	-17.6	-
The difference between the secondary market price and carrying value of bonds ¹⁾	-	-	84.6	-	-	99.5	-	-	47.4
Real estate transfer taxes ²⁾	33.4	-	-	31.4	-	-	31.8	-	-
Total	2,075.4	1,824.0	1,789.1	2,048.9	1,801.6	1,779.4	2,043.6	1,796.9	1,724.9
Weighted average number of ordinary shares, million	178.0	178.0	178.0	178.0	178.0	178.0	178.0	178.0	178.0
Net Asset Value per share	11.66	10.25	10.05	11.51	10.12	10.00	11.48	10.09	9.69

¹⁾ When calculating the EPRA NDV and previously disclosed EPRA NNNAV in accordance with EPRA's recommendations, the shareholders' equity is adjusted using EPRA's guidelines so that bonds are valued based on secondary market prices. 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 84.6 million (99.5) as of 30 June 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.

CONSOLIDATED HALF-YEARLY REPORT 1 JANUARY – 30 JUNE 2021

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

MEUR	Note	Q2/2021	Q2/2020	%	Q1-Q2 /2021	Q1-Q2 /2020	%	2020
Gross rental income	3	54.1	53.6	0.9 %	111.3	111.5	-0.2%	224.3
Service charge income	3	17.1	16.9	1.6 %	35.5	35.0	1.3%	71.2
Property operating expenses		-20.5	-18.8	9.5 %	-44.8	-41.3	8.2%	-84.9
Other expenses from leasing operations		0.0	-1.6	-	-0.8	-2.6	-67.8%	-5.3
Net rental income	3	50.8	50.2	1.2 %	101.2	102.6	-1.3%	205.4
Administrative expenses		-6.5	-6.3	2.4 %	-12.1	-12.8	-5.4%	-25.9
Other operating income and expenses	4	-0.2	0.1	-	-0.5	0.4	-	0.9
Net fair value gains/losses on investment property	3	15.9	-75.6	-	24.4	-87.4	-	-146.9
Net gains/losses on sale of investment properties and subsidiaries		0.3	0.0	-	-5.1	1.7	-	0.7
Operating profit	3	60.4	-31.6	-	107.9	4.5	-	34.1
Net financial income and expenses		-13.8	-12.0	14.8%	-27.4	-24.3	12.8%	-51.8
Share of loss/profit of joint ventures and associated companies		-1.7	-0.8	98.5%	-3.5	-10.0	-64.6%	-28.0
Result before taxes		44.9	-44.4	-	77.0	-29.8	-	-45.7
Current taxes		-0.6	-0.4	66.1%	-1.4	-1.2	17.9%	-1.8
Deferred taxes		-6.9	7.8	-	-12.1	8.1	-	19.6
Result for the period		37.5	-37.0	-	63.5	-23.0	-	-27.9
Profit/loss attributable to								
Parent company shareholders		37.5	-37.0	-	63.5	-23.0	-	-28.0
Non-controlling interest		0.0	0.0	-	0.0	0.0	-	0.1
Earnings per share attributable to parent company shareholders								
Earnings per share (basic), EUR ¹⁾	5	0.18	-0.23	-	0.31	-0.17	-	-0.25
Earnings per share (diluted), EUR ¹⁾	5	0.18	-0.23	-	0.31	-0.17	-	-0.25
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss								
Net losses/gains on cash flow hedges		0.0	-0.5	-	0.8	-2.4	-	-1.3
Exchange gains/losses on translating foreign operations		-10.1	58.5	-	25.9	-80.4	-	-30.5
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		-10.1	58.0	-	26.6	-82.7	-	-31.8
Other comprehensive income for the period, after taxes		-10.1	58.0	-	26.6	-82.7	-	-31.8
Total comprehensive profit/loss for the period		27.4	21.1	29.5%	90.2	-105.7	-	-59.6
Total comprehensive profit/loss attributable to								
Parent company shareholders		27.4	21.1	29.4%	90.1	-105.7	-	-59.8
Non-controlling interest		0.0	0.0	-	0.0	0.0	-	0.1

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

MEUR	Note	30 June 2021	30 June 2020	31 December 2020
ASSETS				
Non-current assets				
Investment properties	6	4,292.7	4,170.4	4,152.2
Goodwill		143.7	137.5	141.1
Investments in joint ventures and associated companies		132.0	122.1	108.6
Intangible and tangible assets, and other non-current assets		22.0	21.8	21.7
Derivative financial instruments		15.1	17.1	14.8
Deferred tax assets		16.9	13.5	14.2
Total non-current assets		4,622.4	4,482.3	4,452.5
Investment properties held for sale	8	0.0	0.0	149.7
Current assets				
Derivative financial instruments	10, 11	1.5	0.9	0.2
Trade receivables and other current assets		83.8	56.8	51.8
Current financial investments	9	284.9	-	-
Cash and cash equivalents	9	32.2	162.7	25.9
Total current assets		402.5	220.5	77.8
Total assets	3	5,024.8	4,702.8	4,680.0
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		0.9	-0.9	0.2
Invested unrestricted equity fund	12	787.6	867.7	823.2
Retained earnings	12	669.0	560.0	604.6
Total equity attributable to parent company shareholders		1,848.1	1,817.4	1,818.6
Hybrid bond		688.1	346.9	347.2
Non-controlling interest		0.2	0.1	0.2
Total shareholders' equity		2,536.5	2,164.4	2,166.0
Long-term liabilities				
Loans		2,027.4	1,897.4	1,863.8
Derivative financial instruments and other non-interest bearing liabilities	10, 11	17.0	5.0	19.5
Deferred tax liabilities		280.1	278.4	275.7
Total long-term liabilities		2,324.6	2,180.8	2,159.0
Short-term liabilities				
Loans		69.6	278.8	257.4
Derivative financial instruments	10, 11	0.6	2.1	8.3
Trade and other payables		93.5	76.7	89.2
Total short-term liabilities		163.7	357.6	355.0
Total liabilities	3	2,488.3	2,538.4	2,514.0
Total liabilities and shareholders' equity		5,024.8	4,702.8	4,680.0

CONDENSED CONSOLIDATED CASH FLOW STATEMENT, IFRS

MEUR	Note	Q1-Q2/2021	Q1-Q2/2020	2020
Cash flow from operating activities				
Profit before taxes		77.0	-29.8	-45.7
Adjustments to profit before taxes		11.4	118.3	230.5
Cash flow before change in working capital		88.4	88.5	184.8
Change in working capital		-18.0	-24.2	-0.3
Cash generated from operations		70.4	64.2	184.6
Paid interest and other financial charges		-18.5	-17.7	-58.2
Interest income and other financial income received		0.1	1.9	1.4
Current taxes paid		-1.7	0.1	-2.0
Net cash from operating activities		50.3	48.6	125.7
Cash flow from investing activities				
Acquisition of subsidiaries, less cash acquired	6,7,8	-0.7	-7.7	-7.9
Capital expenditure on investment properties, investments in joint ventures, intangible assets and tangible assets	6,7,8	-107.0	-76.4	-158.3
Sale of investment properties and subsidiaries	6,7,8	115.3	10.7	10.8
Purchase of current financial investments		-285.0	-	-
Net cash used in investing activities		-277.4	-73.3	-155.4
Cash flow from financing activities				
Proceeds from short-term loans		579.5	560.6	831.4
Repayments of short-term loans		-735.9	-639.7	-942.8
Proceeds from long-term loans		346.1	384.6	554.2
Repayments of long-term loans		-225.2	-86.6	-306.3
Proceeds from hybrid bond		342.5	-	-
Hybrid bond interest and expenses		-16.7	-4.3	-4.4
Acquisition of non-controlling interests		0.0	0.0	-
Dividends and return from the invested unrestricted equity fund	12	-44.5	-51.2	-95.7
Realized exchange rate gains/losses		-12.8	10.8	3.8
Net cash from financing activities		233.1	174.3	40.3
Net change in cash and cash equivalents		6.0	149.5	10.7
Cash and cash equivalents at period-start	9	25.9	14.2	14.2
Effects of exchange rate changes		0.4	-1.0	1.0
Cash and cash equivalents at period-end	9	32.2	162.7	25.9

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 2020	259.6	131.1	1.4	909.9	-120.3	796.7	1,978.4	346.6	0.1	2,325.2
Total comprehensive profit/loss for the period			-2.4		-80.4	-23.0	-105.7		0.0	-105.7
Hybrid bond interest and expenses						-4.2	-4.2	0.3		-4.0
Dividends paid and equity return (Note 12)				-42.3		-8.9	-51.2			-51.2
Share-based payments						0.0	0.0			0.0
Other changes						0.0	0.0			0.0
Balance at 30 June 2020	259.6	131.1	-0.9	867.7	-200.7	760.7	1,817.4	346.9	0.1	2,164.4
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

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 4th of August 2021.

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 2020. Citycon's half-yearly report for the reporting period have been prepared in accordance with same accounting policies as in annual financial statements 2020 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.

Due to the uncertainty from COVID-19 situation, management uses somewhat more judgment related to the certain items that require estimates. These items are for example revenue based rental income accruals, COVID-19 related rent discounts and credit loss provisions.

Citycon granted EUR 0.4 million of new COVID-19 rent discounts during Q2 2021. The rent discounts were given in Finland & Estonia and Sweden & Denmark business units and have been accrued to the remaining lease period.

Due to the uncertainty caused by pandemic, the company has prepared an impairment test calculation on 30 June 2021 related to goodwill on the group balance sheet. The impairment test didn't indicate any need for impairment.

3. SEGMENT INFORMATION

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

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

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

MEUR	Q2/2021	Q2/2020	%	Q1-Q2/2021	Q1-Q2/2020	%	2020
Gross rental income							
Finland & Estonia	22.5	22.1	2.0%	45.7	46.2	-1.0%	91.5
Norway	21.1	19.0	10.9%	42.1	39.5	6.5%	81.3
Sweden & Denmark	10.5	12.6	-16.2%	23.5	25.8	-8.8%	51.5
Total Segments	54.1	53.6	0.9%	111.3	111.5	-0.2%	224.3
Kista Galleria (50%)	2.2	2.8	-22.0%	4.8	5.8	-17.4%	10.9
Service charge income							
Finland & Estonia	7.4	7.0	5.9%	15.0	14.8	1.2%	30.3
Norway	6.5	6.6	-2.3%	12.9	13.2	-2.7%	26.0
Sweden & Denmark	3.3	3.3	0.4%	7.6	7.0	9.2%	14.9
Total Segments	17.1	16.9	1.6%	35.5	35.0	1.3%	71.2
Kista Galleria (50%)	1.0	0.8	19.1%	1.9	1.7	9.3%	3.5
Net rental income							
Finland & Estonia	21.9	21.7	0.9%	42.6	44.0	-3.1%	86.8
Norway	18.8	17.6	7.2%	38.1	36.7	3.6%	74.1
Sweden & Denmark	9.8	11.2	-12.7%	20.2	22.2	-9.0%	44.5
Other	0.3	-0.2	-	0.3	-0.3	-	0.1
Total Segments	50.8	50.2	1.2%	101.2	102.6	-1.3%	205.4
Kista Galleria (50%)	1.7	2.1	-18.6%	3.2	4.2	-23.9%	7.6
Direct operating profit							
Finland & Estonia	21.1	20.9	0.9%	41.3	42.2	-2.1%	83.7
Norway	18.1	16.9	6.8%	36.2	34.9	3.7%	70.2
Sweden & Denmark	8.0	10.0	-19.7%	17.6	20.3	-13.3%	39.6
Other	-3.0	-3.8	20.9%	-6.1	-7.2	-15.5%	-13.2
Total Segments	44.1	44.0	0.4%	89.0	90.2	-1.3%	180.4
Kista Galleria (50%)	1.6	1.9	-15.8%	3.1	3.9	-22.0%	7.0
Net fair value losses/gains on investment property							
Finland & Estonia	3.3	-33.1	-	6.2	-45.8	-	-87.5
Norway	8.7	-18.4	-	6.4	-8.2	-	-5.3
Sweden & Denmark	3.9	-24.1	-	11.8	-33.4	-	-54.2
Total Segments	15.9	-75.6	-	24.4	-87.4	-	-146.9
Kista Galleria (50%)	-0.4	-0.8	-44.6%	-1.1	-12.0	-	-32.3
Operating profit/loss							
Finland & Estonia	24.7	-12.0	-	46.9	-3.2	-	-3.5
Norway	26.8	-1.5	-	42.6	28.1	51.5%	65.4
Sweden & Denmark	12.0	-14.2	-	24.5	-13.3	-	-14.6
Other	-3.0	-3.8	20.9%	-6.1	-7.2	-15.5%	-13.2
Total Segments	60.4	-31.6	-	107.9	4.5	-	34.1
Kista Galleria (50%)	1.2	1.1	4.8%	2.0	-8.1	-	-25.2

MEUR	30 June 2021	30 June 2020	%	2020
Assets				
Finland & Estonia	2,000.4	1,898.2	5.4%	1,922.9
Norway	1,689.8	1,552.6	8.8%	1,624.8
Sweden & Denmark	967.7	1,047.5	-7.6%	1,063.2
Other	366.9	204.5	79.4%	69.1
Total Segments	5,024.8	4,702.8	6.8%	4,680.0
Kista Galleria (50%)	264.8	268.8	-1.5%	265.4
Liabilities				
Finland & Estonia	24.7	41.4	-40.3%	21.3
Norway	50.7	52.3	-3.1%	60.9
Sweden & Denmark	25.4	21.3	19.4%	33.5
Other	2,387.5	2,423.3	-1.5%	2,398.4
Total Segments	2,488.3	2,538.4	-2.0%	2,514.0
Kista Galleria (50%)	256.0	242.6	5.5%	253.0

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	Q2/2021	Q2/2020	%	Q1-Q2/2021	Q1-Q2/2020	%	2020
Service charges ¹⁾	13.4	13.5	-0.7%	28.0	27.9	0.4%	55.3
Utility charges ¹⁾	1.9	1.6	16.7%	3.8	3.5	8.1%	7.6
Other service income ¹⁾	1.9	1.8	5.2%	3.7	3.6	1.7%	8.3
Management fees ²⁾	0.2	0.7	-73.7%	0.6	1.9	-70.2%	3.1
Revenue from contracts with customers	17.3	17.6	-1.4%	36.0	36.9	-2.4%	74.3

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

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

5. EARNINGS PER SHARE

		Q2/2021	Q2/2020	%	Q1-Q2 /2021	Q1-Q2 /2020	%	2020
Earnings per share, basic								
Profit attributable to parent company shareholders	MEUR	37.5	-37.0	-	63.5	-23.0	-	-28.0
Hybrid bond interests and expenses	MEUR	-5.1	-4.0	25.6%	-9.1	-8.1	12.7%	-16.2
Weighted average number of ordinary shares ¹⁾	million	178.0	178.0	0.0%	178.0	178.0	0.0%	178.0
Earnings per share (basic) ¹⁾	EUR	0.18	-0.23	-	0.31	-0.17	-	-0.25
Earnings per share, diluted								
Profit attributable to parent company shareholders	MEUR	37.5	-37.0	-	63.5	-23.0	-	-28.0
Hybrid bond interests and expenses	MEUR	-5.1	-4.0	25.6%	-9.1	-8.1	12.7%	-16.2
Weighted average number of ordinary shares ¹⁾	million	178.0	178.0	0.0%	178.0	178.0	0.0%	178.0
Adjustment from share-based incentive plans	million	0.2	0.2	3.8%	0.2	0.3	-34.9%	0.3
Weighted average number of ordinary shares, diluted ¹⁾	million	178.2	178.2	0.0%	178.2	178.3	-0.1%	178.3
Earnings per share (diluted) ¹⁾	EUR	0.18	-0.23	-	0.31	-0.17	-	-0.25

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

6. INVESTMENT PROPERTIES

Citycon divides its investment properties into two categories: Investment Properties Under Construction (IPUC) and Operative Investment Properties. On reporting date and the comparable period 30 June 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.

30 June 2021

MEUR	Investment properties under construction (IPUC)	Operative investment properties	Investment properties, total
At period-start	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 and 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
At period-end	334.7	3,958.0	4,292.7

30 June 2020

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

31 December 2020

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

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 2021 and Financial statement 2020.

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

MEUR	Weighted average yield requirement, %		Weighted average market rents, EUR/sq.m./mo	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Finland & Estonia	5.4	5.5	29.5	30.1
Norway	5.5	5.6	22.3	20.5
Sweden & Denmark	5.6	5.7	28.5	26.0
Investment properties, average	5.4	5.6	26.8	25.8
Investment properties and Kista Galleria (50%), average	5.4	5.5	27.2	26.3

7. CAPITAL EXPENDITURE

MEUR	Q1-Q2/2021	Q1-Q2/2020	2020
Acquisitions of properties ¹⁾	0.6	148.8	156.0
Acquisitions of and investments in joint ventures	27.7	-	5.1
Property development ²⁾	88.6	88.4	182.5
Goodwill and other investments	1.7	0.8	2.0
Total capital expenditure incl. acquisitions	118.6	237.9	345.6
Capital expenditure by segment			
Finland & Estonia	77.8	76.7	150.5
Norway	7.8	157.0	178.3
Sweden & Denmark	31.6	3.6	14.9
Group administration	1.4	0.7	1.9
Total capital expenditure incl. acquisitions	118.6	237.9	345.6
Divestments ³⁾	158.2	9.3	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 in 2021.

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

8. INVESTMENT PROPERTIES HELD FOR SALE

On 30 June 2021 and on the comparison date 30 June 2020 Citycon had no held for sale properties. On 31 December 2020 Investment Properties Held for Sale comprised of three properties in Sweden & Denmark segment, which were sold during Q2 2021.

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

MEUR	30 June 2021	30 June 2020	31 December 2020
At period-start	149.7	0.0	0.0
Disposals	-149.2	0.0	0.0
Exchange differences	-1.1	0.0	0.0
Transfer from investment properties	0.5	0.0	149.7
At period-end	0.0	0.0	149.7

9. CASH AND CASH INVESTMENTS

MEUR	30 June 2021	30 June 2020	31 December 2020
Cash in hand and at bank	26.0	156.1	16.7
Restricted cash	6.3	6.7	9.2
Total cash	32.2	162.7	25.9
Current financial investments	284.9	-	-
Total cash and cash investments	317.1	162.7	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. 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 2021		30 June 2020		31 December 2020	
	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	285.0	284.9	-	-	-	-
Derivative financial instruments	15.7	15.7	17.9	17.9	14.8	14.8
II Derivative contracts under hedge accounting						
Derivative financial instruments	0.9	0.9	-	-	0.2	0.2
Financial liabilities						
I Financial liabilities amortised at cost						
Loans						
Loans from financial institutions	64.0	64.0	457.4	457.6	313.6	313.6
Bonds	1,987.8	2,016.5	1,669.4	1,697.7	1,758.8	1,784.4
Lease liabilities (IFRS 16)	45.2	45.2	49.5	49.5	48.8	48.8
II Financial liabilities at fair value through profit and loss						
Derivative financial instruments	16.6	16.6	5.1	5.1	26.8	26.8
III Derivative contracts under hedge accounting						
Derivative financial instruments	-	-	0.9	0.9	0.0	0.0

11. DERIVATIVE FINANCIAL INSTRUMENTS

MEUR	30 June 2021		30 June 2020		31 December 2020	
	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swaps						
Maturity:						
less than 1 year	-	-	123.7	-0.9	33.4	0.0
1-5 years	78.7	0.9	-	-	76.4	0.2
over 5 years	-	-	-	-	-	-
Subtotal	78.7	0.9	123.7	-0.9	109.8	0.2
Cross-currency swaps						
Maturity:						
less than 1 year	-	-	-	-	-	-
1-5 years	-	-	-	-	-	-
over 5 years	314.8	-1.8	314.8	13.1	314.8	-3.9
Subtotal	314.8	-1.8	314.8	13.1	314.8	-3.9
Foreign exchange forward agreements						
Maturity:						
less than 1 year	306.3	0.9	274.1	-0.3	317.8	-8.1
Total	699.7	0.0	712.5	11.9	742.4	-11.8

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 78.7 million (123.7). 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 2021 decided that no dividend is distributed by a resolution of the AGM and authorised the Board of Directors to decide in its discretion on the distribution of dividend and assets from the invested unrestricted equity fund. Based on the authorisation the maximum amount of dividend to be distributed for the financial year 2020 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.

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 2021 and in June 2021 to distribute dividend of EUR 0.05 per share, or EUR 8.9 million and equity repayment of EUR 0.2 per share, or EUR 35.6 million. Following the dividend and equity repayment paid on 31 March 2021 and on 30 June 2021, the Board's authorization for dividend distribution is used in its entirety and 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 2021 and 30 December 2021. 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 86.8 million were distributed during the financial year 2020, of which EUR 8.9 million dividend and EUR 42.3 million equity repayment were distributed during the first half of 2020.

13. CONTINGENT LIABILITIES

MEUR	30 June 2021	30 June 2020	31 December 2020
Mortgages on land and buildings	250.0	247.4	250.0
Bank guarantees and parent company guarantees	86.5	41.9	93.6
Capital commitments	128.7	163.0	183.9

The mortgage relates to the secured Revolving Credit Facility, which is currently fully undrawn. At period-end, Citycon had capital commitments of EUR 128.7 million (163.0) relating mainly to on-going (re)development projects.

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

14. RELATED PARTY TRANSACTIONS

Citycon Group's related parties comprise the parent company Citycon Oyj and its subsidiaries, associated companies, joint ventures, Board members, the CEO and other Corporate Management Committee members and the company's largest shareholder Gazit-Globe Ltd., whose shareholding in Citycon Oyj accounted for 49.2% on 30 June 2021 (48.9%).

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

REPORT ON REVIEW OF CITYCON OYJ'S HALF-YEARLY REPORT'S FINANCIAL INFORMATION FOR THE PERIOD JANUARY 1 – JUNE 30, 2021 (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, 2021 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 4th 2021

Ernst & Young Oy
Accountant Firm

Antti Suominen
Authorized Public Accountant