



REMUNERATION REPORT
2021

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This Remuneration Report describes the implementation of Citycon Oyj's (Citycon or company) Remuneration Policy in 2021 by presenting the remuneration and other financial benefits paid to the Board of Directors, the CEO and the Deputy CEO during the financial year 2021. The remuneration of the governing bodies of Citycon is based on Citycon's Remuneration Policy approved on 2 August 2021 by the advisory resolution of the Extraordinary General Meeting.

This Remuneration Report has been prepared in accordance with the Finnish Corporate Governance Code 2020 and the provisions of the Limited Liability Companies Act (624/2006, as amended) as well as the Finnish Securities Market Act. The Report has been prepared by the Nomination and Remuneration Committee of the Board of Directors and it will be presented to the company's Annual General Meeting in March 2022.

Going forward, a remuneration report will be issued each year together with Citycon's financial statements, management report and the Corporate Governance Statement and it will be available on Citycon's website for 10 years thereafter.



The Corporate Governance Code 2020 is available on the Securities Market Association's website at [cgfinland.fi](https://www.cgfinland.fi).

REMUNERATION REPORT 2021

I. LETTER FROM THE CHAIRMAN

Dear Shareholders,

To begin, I would like to thank Citycon's management team and all of our associates for their work and commitment during 2021. We are encouraged to see continued performance and valuation improvement at our centres, with operations nearly back to pre-covid levels. The positive development reflects the quality of our necessity-based urban hubs, which have a high proportion of tenants providing easy access to groceries and other critical goods and services, connected to public transportation and conveniently located in the largest and fastest growing Nordic markets. The strong operational figures in 2021 highlight the benefits of our differentiated strategy, as well as the dedication, expertise and leadership of Citycon's senior management.

Citycon is in the midst of a significant strategic transformation as we develop and transform our existing necessity-based centers into mixed-use urban hubs with a clear focus on increasing the share of residential in our portfolio and around our centers while correspondingly decreasing the proportion of non-essential retail, such as

fashion. One important milestone to continue the execution of this transformation was that, in August 2021, we agreed with Mr. F. Scott Ball that he will continue as the CEO of the company through January 2025. Mr. Ball's appointment provides an important continuation to the business in addition to providing the necessary support and overall development of the organisation. Mr. Ball began his tenure as CEO of Citycon in 2019 and has performed excellently, navigating Citycon to strong financial and operational results during a global pandemic.

In accordance with the pay for performance principle, it is important to reward good performance, as we believe that performance-based remuneration motivates our people to further strive for excellence. On a general level, Citycon's remuneration approach is built around the principles of driving Citycon's business strategy to create long-term, sustainable performance while increasing shareholder value as outlined in our Remuneration Policy. The objectives of Citycon's incentive structure and related incentive plans are to align the business strategy with a competitive level of remuneration to attract, retain and motivate the best-qualified talent and experience to lead Citycon and to contribute to Citycon's success.

In line with the Remuneration Policy, a significant part of the CEO's and the Deputy CEO's total remuneration has been long-term and performance-based. In 2021, the total earned remuneration of the CEO was EUR 1,549,289 of which 55 % was in the form of variable pay. The variable remuneration payout correlates with company's operational performance in 2021. As mentioned, the Board of Directors has acknowledged the strong management performance navigating through the COVID-19 pandemic and subsequent business downturn. The decision-making process on remuneration, as defined in the Remuneration Policy, was followed in the remuneration decision-making in 2021 and no clawbacks or temporary deviations from the Remuneration Policy were applied in 2021.

Looking forward, we aim to continue utilizing the short- and long-term incentive schemes to drive company performance in line with our pay for performance culture and continued long-term financial success. In Citycon, we believe that profitability and sustainability go hand in hand, while enabling us to contribute in a positive way to our customers and the local communities in which we operate. For this reason, in 2022, the CEO's short-term remuneration criteria will be even more heavily linked to

Citycon's key sustainability goals, as we decided to increase the weight of progress of key sustainability metrics from 5% to 10% in the CEO's short-term remuneration criteria. Further, the Board believes that compensation should be aligned with shareholder interests, and as a result, a greater portion of CEO compensation in 2022 is variable and tied to the performance of Citycon's share performance.



Chaim Katzman
Chairman of the Nomination
and Remuneration
Committee



II. OVERVIEW OF COMPANY'S FINANCIAL PERFORMANCE AND REMUNERATION

Citycon's mixed-use strategy focusing on combining necessity-based retail with municipal services, residential and office, has shown its stability. The tenant mix, that is relying on municipality and grocery anchor tenants, has brought further resilience during the past five years. Citycon's net rental income, EPRA earnings and direct operative profit have shown solid development considering the impact of the global pandemic and opportunistic asset sales.

The CEO's and the Deputy CEO's remuneration consist of fixed and variable pay components. The fixed remuneration includes the annual base salary and fringe benefits, whereas Citycon has paid no additional pension payments.

In line with emphasizing the principle of pay-for performance, the CEO and the Deputy CEO have had more significant portion of total compensation tied to variable incentives than employees on average. The purpose of the short-term incentive plan is to steer towards the successful delivery of the annual business plan. The long-term incentive plans reward for creating sustainable long-term shareholder value and ensure the CEO's and the Deputy CEO's commitment to the company.

During the period of 2017-2021 the Board of Director's annual fees and meeting fees have remained unchanged.

SUMMARY OF CITYCON'S REMUNERATION DEVELOPMENT

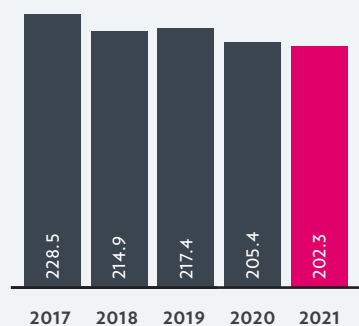
Average compensation (in EUR)	2017	2018	2019	2020	2021
The Board of Directors					
Chairman of the BoD	165,000	165,000	165,000	165,000	165,000
Deputy Chairman of the BoD	84,000	83,200	87,800	88,000	90,400
Other members of the BoD on average	55,200	54,121	53,726	53,726	56,930
CEO					
Fixed pay components	638,656	643,044	691,852	702,380	698,183
Variable pay components	462,134	456,452	882,155	953,995	851,106
Total compensation 1)	1,100,790	1,099,497	1,574,007	1,656,375	1,549,289
Deputy CEO					
Fixed pay components	317,241	327,497	367,431	426,475	453,738
Variable pay components	195,409	171,257	164,541	472,603	269,699
Total compensation	512,650	498,754	531,972	899,077	723,437
Employee					
Average Citycon employee 3)	84,296	73,777	70,236	73,403	82,802

¹⁾ CEO's total compensation excluding one-time expenses relating to the CEO change in 2019, including severance compensation and good leaver's long-term incentive rewards for the former CEO and sign-on bonus for the new CEO. More detailed information of these expenses can be found in Remuneration Report 2019.

²⁾ Average Citycon employee salary is based on personnel expenses without indirect employee costs divided by the average number of personnel during the year

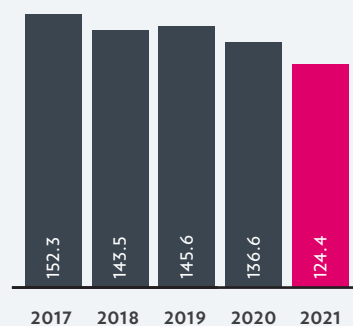
NET RENTAL INCOME

MEUR



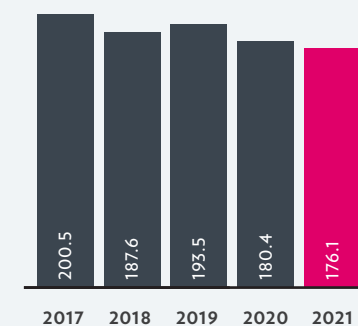
EPRA EARNINGS

MEUR



DIRECT OPERATING PROFIT

MEUR



III. REMUNERATION OF THE BOARD OF DIRECTORS IN 2021

Shareholders in the Annual General Meeting of 2021 resolved on the fees payable to the directors for their service on the Board of Directors or on a Board Committee as follows:

- Chairman of the Board: EUR 160 000 annual fee
- Deputy Chairman: EUR 70 000 annual fee
- Other Board members: EUR 50 000 annual fee
- Chairmen of the Board Committees: EUR 5 000 additional fee
- The Chairmen of the meetings of the Board's Committees were paid a meeting fee of EUR 800 and other Board and Committee members EUR 600 per meeting.

As an exception to the above, the Chairman of the Board was paid no meeting fees and the CEO was paid no annual or meeting fees for his Board of Directors' position.

The AGM also decided that the members of the Board shall be compensated accrued travel and lodging expenses as well as other potential costs related to Board or Committee work. A Board member has the possibility to choose not to accept any annual fees and/or meeting fees. Board remuneration is paid entirely in cash.

The Board members did not participate in share-based remuneration schemes, nor were they included in the company's other incentive schemes.

CITYCON BOARD REMUNERATION 1 JANUARY – 31 DECEMBER 2021

Director	Committee Memberships	Annual Fee	Meeting Fees	Total
Chaim Katzman, Chairman	Nomination and Remuneration, Chairman	165,000	-	165,000
Alexandre (Sandy) Koifman, Deputy Chairman	Audit and Governance, Chairman Nomination and Remuneration, Member	62,500	15,600	78,100
Ariella Zochovitzky, Deputy Chairman (until 30 June 2021)	Audit and Governance, Chairman Nomination and Remuneration, Member	37,500	6,400	43,900
Judah Angster	Audit and Governance, Member Nomination and Remuneration, Member	50,000	15,000	65,000
F. Scott Ball* (as of 2 August 2021)		-	-	-
Arnold de Haan	Audit and Governance, Member Nomination and Remuneration, Member Strategy and Investment, Member	50,000	13,800	63,800
Zvi Gordon	Strategy and Investment, Member	50,000	10,200	60,200
David Lukes	Strategy and Investment, Chairman	55,000	10,200	65,200
Andrea Orlandi (until 26 April 2021)**	Nomination and Remuneration, Member Strategia- ja investointivaliokunta, jäsen	-	-	-
Per-Anders Ovin	Audit and Governance, Member Nomination and Remuneration, Member	50,000	13,200	63,200
Ljudmila Popova (as of 2 August 2021)	Audit and Governance, Member	25,000	6,000	31,000
Ofer Stark	Strategy and Investment, Member	50,000	9,600	59,600
Total		595,000	100,000	695,000

* as set out in the Remuneration Policy, Mr F. Scott Ball, CEO of Citycon, is not entitled to separate fee for the Board membership.

** Andrea Orlandi has notified the company that he will not accept any annual or meeting fees payable by the company

IV. REMUNERATION OF THE CEO AND THE DEPUTY CEO IN 2021

1. Overview of the Fixed and Variable Pay Components

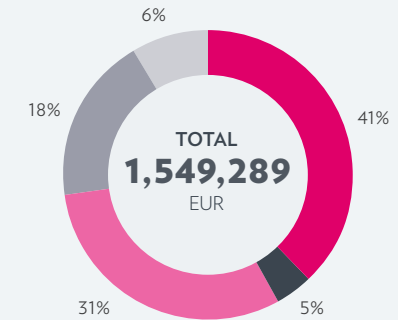
Total compensation paid in 2021 to the CEO was EUR 1,549,289 (in 2020 EUR 1.656,375) and to the Deputy CEO EUR 723,437 (in 2020 EUR 899,077). 55% of the CEO's total remuneration was in the form of variable pay. Respectively, 37% of the Deputy CEO's total remuneration was in form of variable pay. All financial benefits paid to the CEO and the Deputy CEO in 2021 are listed in the table below.

In addition to their fixed annual base salary and holiday pay, the CEO and the Deputy CEO received fringe benefits, comprising mainly of housing and phone benefits, as well as a car benefit to the Deputy CEO. No additional pension payments outside the statutory payments were paid during 2021.

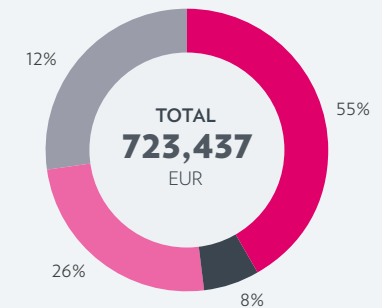
The variable remuneration components include the short-term and long-term incentive plans in addition to the potential other financial benefits such as dividend equivalent or one-time payments. A pay-for-performance principle is based on the concept that the CEO's compensation reflects the performance of the company.

The CEO and the Deputy CEO both had performance-based short-term incentive plan in place for 2021. With respect to long-term incentive schemes, the CEO was included in the CEO Restricted Share Plan 2018–2021 and 2021–2025. The Deputy CEO was included in the Matching Share Plan 2018–2020. In addition, he was allocated shares based on the Performance Share Plan 2020–2022. More detailed information on the CEO's and the Deputy CEO's short-term and long-term incentive plans can be found in the next sections of this report.

STRUCTURE OF CEO COMPENSATION IN 2021

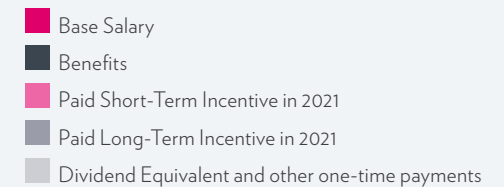


STRUCTURE OF DEPUTY CEO COMPENSATION IN 2021



OVERVIEW OF CEO'S AND DEPUTY CEO'S REMUNERATION

EUR	Fixed pay components		Variable pay components			Total Paid Compensation in 2021
	Base Salary	Benefits (including holiday pay)	Paid Short-Term Incentive in 2021	Paid Long-Term Incentive in 2021	Dividend Equivalent and other one-time payments	
F. Scott Ball, CEO	627,917	70,266	486,000	278,856	86,250	1,549,289
Eero Sihvonen, Deputy CEO	396,809	56,929	185,390	84,309	-	723,437



2. Short-term Incentives in 2021

Citycon's Board of Directors evaluates the quantitative and qualitative achievement of the CEO's and the Deputy CEO's performance targets under their respective short-term incentive plans and decide on the performance bonuses payable for each earnings period, during the first quarter of the following calendar year. The performance criteria set for the short-term incentive plans are based each year on annual financial, operational, strategic and personal targets as seen fit by the Board. The short-term incentives are payable around the time of the general meeting's approval of the annual report.

According to the CEO's executive contract in force until 14 November 2021, the CEO will be eligible for an annual performance bonus of up to EUR 540,000 based upon the Board of Directors' determination of the CEO's achievement of his annual bonus targets. Accordingly, in 2021 the CEO was paid the performance bonus for the earnings period 15 November 2019 – 14 November 2020 as described in more detail in the enclosed table.

In 2022 spring the CEO shall be paid performance bonus for the preceding

earnings period, as determined by the Board of Directors based on the following performance target measures and their mutual weights: EPRA EPS (weight 15%), net rental income growth (weight 20%), general & administrative expenses (G & A) management (weight 10%), progress of investments, divestments and developments (weight 30%), progress of sustainability key metrics (weight 5%) and discretionary (weight 20%).

The Deputy CEO is eligible for an annual performance bonus of up to 60% of his imputed annual salary, based upon the Board of Directors' determination of the Deputy CEO's achievement of his bonus targets. Accordingly, in 2021 the CEO was paid the performance bonus for the financial year 2020 as described in more detail in the enclosed table.

In 2022 spring the Deputy CEO will be paid the performance bonus for the financial year 2021, as determined by the Board of Directors based on the following performance target measures and their mutual weights: EPRA EPS (weight 30%), general & administrative expenses (G & A) management (weight 30%) and individual performance (weight 40%).

APPLICATION OF SHORT-TERM INCENTIVES IN 2021

	Maximum Reward	Performance Criteria in 2020 (payable in 2021)	Performance Outcome	Earned Reward paid in 2021
F. Scott Ball, CEO	540,000 €	EPRA EPS (weight 15%) Net rental income growth (weight 20%) G&A expenses management (weight 10%) Investments, divestments and developments (weight 30%) Board discretionary (weight 25%)	90%	486,000€
Eero Sihvonen, Deputy CEO	60% of the annual salary	Direct EPRA EPS (weight 30%) G&A expenses management (weight 30%) Personal targets and discretionary (weight 40%)	86%	185,390€

3. Long-term Incentives in 2021

CEO Restricted Share Plan 2018-2021

The CEO is included in the CEO Restricted Share Plan 2018–2021. The plan includes three vesting periods, ending on 15 November 2019, 2020 and 2021. The purpose of the plan is to combine the objectives of the shareholders and CEO in order to increase the shareholder value of the company in the long-term and to retain the CEO at the company with a competitive reward plan based on the share price and accumulating the company's shares. No reward shall be paid, if the CEO terminates his director contract before the reward payment for the respective vesting period. The rewards under the plan are paid in three equal instalments after each vesting period, their total aggregated amount equaling 120,000 shares including taxes and tax-related costs. All shares unvested under the CEO Restricted Share Plan are eligible for dividend equivalent. The value of the dividend equivalent per reward share shall equal to the distributed dividend or other distributed assets per share.

In 2021, a gross reward equaling the value of 40,000 shares was paid to the CEO under the CEO Restricted Share Plan. The CEO was obliged by the Board of Directors, to acquire shares with the net reward after taxes and tax-related costs.

CEO Restricted Share Plan 2021-2025

The CEO is included in the CEO Restricted Share Plan 2021–2025. The plan includes three vesting periods, ending on 15 January 2023, 2024 and 2025. The purpose of the plan is to combine the objectives of the shareholders and CEO in order to increase the shareholder value of the company in the long-term and to retain the CEO at the company with a competitive reward plan based on the share price and accumulating the company's shares. The rewards under the plan are paid in three equal instalments after each vesting period, their total aggregated amount equaling 570,000 shares including taxes and tax-related costs. All shares unvested under the CEO Restricted Share Plan are eligible for dividend equivalent. The value of the dividend equivalent per reward share shall equal to the distributed dividend or other distributed assets per share. All paid shares shall be subject to a lock-up undertaking by the CEO until 14 January 2025 unless the CEO agreement is terminated prior to such date. Should the CEO be relieved from the CEO position before the reward payment, the CEO shall be entitled to the reward prorated until the date of relief.

CEO RESTRICTED SHARE PLAN 2018-2021

Vesting Period	Allocated shares	Reward Payment Date	Shares Acquired with Net reward	Gross Reward EUR
12.12.2018–15.11.2020	40,000	4.12.2020	21,600	308,395
12.12.2018–15.11.2021	40,000	26.11.2021	25,000	278,856

CEO RESTRICTED SHARE PLAN 2021-2025

Vesting Period	Allocated shares	Reward Payment Date	Shares Acquired with Net reward	Gross Reward EUR
27.10.2021–15.1.2023	190,000	By the end of Feb 2023	-	-
27.10.2021–15.1.2024	190,000	By the end of Feb 2024	-	-
27.10.2021–15.1.2025	190,000	By the end of Feb 2025	-	-

Matching Share Plan 2018–2020 (Deputy CEO)

The Deputy CEO is included in the Matching Share Plan 2018–2020, targeted to the members of the Corporate Management Committee. The plan includes three matching periods, calendar years 2018–2019, 2019–2020, and 2020–2021. The terms of the plan provide that the participant invests in the company's shares a pre-determined percentage of his bonus earned from the company's short-term performance bonus plan during the calendar year preceding the matching period. Subject to the share ownership prerequisite and employment or service contract being in force upon reward payment, the Deputy CEO will receive matching shares for his invested shares, payable by the end of March after the respective matching period. In addition, a cash proportion is included in the reward to cover taxes and tax-related costs arising from the reward in accordance with the terms and conditions of the Matching Share Plan 2018–2020.

In 2021, a net reward equaling the value of 5,493 shares were paid to the Deputy CEO under the Matching Share Plan 2018–2020.

Performance Share Plan 2020–2022 (Deputy CEO)

The Deputy CEO is included in the Performance Share Plan 2020–2022, directed to the members of the Corporate Management Committee, excluding the CEO. The plan comprises of three performance periods, spanning from March 2020, 2021 and 2022 until the end of February 2023, 2024 and 2025, respectively. The rewards payable are based on the participants achieving the strategic individual criteria set for each performance period. In 2021, a total of 10,000 shares for the performance period of 1.3.2021–28.2.2024, including cash proportion to be used for taxes and related costs, was allocated to the Deputy CEO. The performance criteria for the Deputy CEO are driving and defending the company's financial position. Due to the Deputy CEO's planned retirement forming a good leaver cause, the rewards for the performance periods of 1. March 2020–28. February 2023 and 1. March 2021–28. February 2024 shall be payable in spring 2022 in accordance with the achievement of the reward criteria as evaluated by the Board of Directors.

MATCHING SHARE PLAN 2018–2020

Vesting Period	Allocated shares	Reward Payment Date	Net Reward shares paid, pcs	Gross Reward EUR
1.1.2018–31.12.2019	5,304	17.2.2020	5,304	105,437
1.1.2019–31.12.2020	5,493	5.3.2021	5,493	84,309
1.1.2021–31.12.2021	4,109	By the end of March 2022	-	-

PERFORMANCE SHARE PLAN 2020–2022

Vesting Period	Allocated shares	Reward Payment Date	Net Reward shares paid, pcs	Gross Reward EUR
1.3.2020–28.2.2023	10,000	By the end of March 2022	-	-
1.3.2021–28.2.2024	10,000	By the end of March 2022	-	-



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