CITYCON TREASURY B.V.

2021 ANNUAL REPORT

AMSTERDAM, 28 JUNE 2022

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DIRECTOR'S REPORT

GENERAL

Citycon Treasury B.V. (hereinafter "the Company") is registered in Amsterdam, Hullenbergweg 300, the Netherlands and has been incorporated on 17 June 2011 under Dutch law. The Company acts as a finance company for the Citycon Group companies. The parent company is Citycon Oyj, Espoo, Finland which is listed on the Helsinki Stock Exchange.

OBJECTIVES

The Company's objectives, in accordance with article 3 of the Articles of Association, are to incorporate, participate, manage, and finance (in) other affiliated -/ group companies. Furthermore, to borrow and lend funds, to place public and private debt and in general to engage in financial and commercial activities which may be conductive to the foregoing.

RISK MANAGEMENT

The Board of Directors is responsible for the management of the Company including the policy and business progress within the Company and with this the achievement of the goals, strategy, profit development and the social aspects of doing business that are relevant for the Company. The Company has via its group company Montalbas B.V. an economic risk being the fair value changes in real estate held by the underlying entities in Finland and Estonia. The Board of Directors is also responsible for the compliance with legislation and regulations and the management of risks relating to the financing activities of the Company.

Controls were set up in co-operation with Citycon Oyj to identify and manage foreign exchange-, interest-, liquidity-, counterpart- and credit risks in line with the Citycon group treasury policy.

COVID-19

In February 2020 the Covid-19 virus also reached the Netherlands and the Nordics and since then Citycon's business markets have been affected through partial lockdowns and tenants that have had to keep shops closed, which has affected their ability to pay rent. For Citycon as a group Covid-19 has a direct impact on its cash flow position as the rent collection and occupancy rate has been somewhat lower and on the financing side the crisis leads to higher credit spreads in 2020, but they decreased during 2021 to the lowest levels ever in Q3/2021. From Q4/2021 onwards rates and spreads increased heavily. Regarding liquidity, Citycon has had sufficient committed credit facilities to ensure the continuity of the business. For the Company as a standalone entity, Covid-19 does not have a major impact on its net result from financing activities.

The Company has back-to-back positions in place for all its outstanding loans. For potential default of related companies, we refer to the chapter credit risk on page 2 and 3. As an issuer on the capital markets, the Company faced in 2021 very (ultimate) low spreads and issued a 7Y EUR 350 million senior green bond with a re-offer yield of 1.794%.

COVID-19 and investment in group companies

The outbreak of Covid-19 pandemic in February 2020 was the ultimate stress test for businesses and organizations. In this regard, it has validated and demonstrated the resilient business strategy of Citycon Group. Operationally, our focus is to carry forward the momentum of 2021 into what we believe will be an improving economic environment in 2022 as the impact of Covid-19 subsides.

Despite the outbreak of Covid-19, operational performance of the whole group was strong compared to other retail real estate peers throughout the year. Rent collection rate for the year remained strong at 96% (2020: 96%) and Citycon signed 245,000 sq.m of leases (2020: 199,000).

RISK APPETITE AND IMPACT

Our willingness to assume risks and uncertainties (the risk appetite) may differ for each category but is in general very low. The risk overview table shows the risk appetite and the expected impact on the group's achievement of its objectives if one or more of the main risks and uncertainties were to materialize. The likelihood of the risk-taking place is also disclosed.

Risk Category	Risk	Risk appetite	Impact	Likehood
Strategic risk	Reputation damage	0	00	0
Operational risk	Counterpart - and Credit risk	0	00	00
	Economic risk associate	0	00	00
Legal and compliance risk	Market information risk	0	0	0
	Tax risk (transfer pricing)	0	00	0
Financial risk	Cash flow and liquidity risk	0	00	00
	Interest risk and FMV risk	0	00	0
	Foreign currency risk	0	0	0
	Property valuation	0	0	0

O low / OO medium / OOO large

RISK PROFILE

The table above discloses the risks that the Company's management believes are most relevant to the achievement of our strategy. The sequence of risks below does not reflect an order of importance, vulnerability or materiality. The overview is not exhaustive and should be considered with forward looking statements. There may be risks not yet known to us or which currently are not deemed to be material.

REPUTATION DAMAGE

The fact that we would not be able to fulfill our obligations (Operational, Compliance, Financial) may cause serious damage to the brand "Citycon" and may have a material adverse effect on our financial condition of the entire Citycon Group. The Company employs a rigorous quality and compliance management process before entering into new instruments or deals. Internal policies and Code of Conduct are designed to further mitigate incidents that could result in reputation or brand damage.

COUNTERPART- AND CREDIT RISK

The Company finances the affiliated -/ group company loans to the operating entities mainly via the debt capital markets, the EUR 1.5 billion facility agreement with Citycon Oyj, the EUR 250 million syndicated revolving credit facility with 5 banks and a NOK 2 billion unsecured Commercial Paper Programme in Norway. If a affiliated -/ group company that borrows from the Company goes in default, the Company shall transfer and assign all the rights and obligations under such intercompany loan to Citycon Oyj and shall pay Citycon Oyj an amount equal to the risk participation in cash. The amount of risk participation of the Company in such a loss will be calculated in accordance with the formula below.

$$\frac{\text{Principal outstanding amount of the Intercompany loan}}{\text{Total Facility outstanding}} * \text{Minimum equity}$$

Minimum equity means an amount equal to the lower of (i) EUR 2 million and (ii) an amount equal to 1% of the loans outstanding in any accounting year. In discharging its duties, the Board of Directors is led by the interest of the Company and its affiliated enterprise. The Board of Directors is accountable to the General Meeting of Shareholders for its policy.

MARKET INFORMATION RISK

The Company has clear deadlines to inform the market about its performance. Not meeting the deadlines may cause suspicion on the Company's financial health and ability to meet all its requirements.

In order to meet the deadlines of filing the annual report to the Norwegian, Irish and Dutch regulators, management is working closely together with external advisors.

ECONOMIC RISK AFFILIATED -/ GROUP COMPANIES

The outbreak of Covid-19 pandemic in February 2020 was the ultimate stress test for businesses and organizations. In this regard, it has validated and demonstrated Citycon's resilient business strategy. Operationally, our focus is to carry forward the momentum of 2021 into what we believe will be an improving economic environment in 2022 as the impact of Covid-19 subsides.

Despite Covid-19 continuing in 2021, operational performance for the whole group was compared to our peers "best in class" throughout the year. Rent collection rate for the year remained strong at 96% (2020: 96%) and Citycon signed 245,000 sq.m of leases (2020: 199,000).

TAX RISK (TRANSFER PRICING)

Intercompany loans to affiliated -/ group companies are all being granted at arm's length and validated by transfer pricing study reports. According to the transfer pricing study report performed by Dentons Boekel N.V., the Company is obliged to make a minimum return on its loan portfolio. Taxation will in any case be calculated on this minimum basis or the exceeding profit before tax.

CASH FLOWS AND LIQUIDITY RISKS

The liquidity risk is actively managed and currently covered by funds available under the EUR 250 million unsecured committed syndicated revolving credit facility which was signed in November 2020. The facility provides the Company more than sufficient headroom to meet all its obligations. The facility will mature in June 2024 and replaces the previous unsecured committed syndicated revolving credit facility of EUR 500 million partly and originally maturing December 2021. The Company delivered all financial covenants on its outstanding bonds, term loans and revolving credit facilities in time and the ratios had enough headroom. As per 31 December 2021 the solvency ratio was 0.39 (threshold level < 0.65), secured solvency ratio 0.00 (threshold level < 0.25) and EBITDA Interest coverage 4.10 (threshold level > 1.80) and net debt to total assets ratio 38% (threshold level < 60%). All covenant ratios have been calculated on Citycon Oyj level.

INTEREST RISK AND FAIR VALUE MARKET VALUE RISK

Interest rate exposures are being hedged via back-to-back funding or if needed via interest rate derivatives or cross-currency swaps. Due to some fixed interest rates and the long-term nature of the loans, there may be a risk concerning the fair value. However, the Company has accurately estimated this risk before entering into these long-term deals and has assessed the estimated fair values appropriately. The fair value of the investment properties of the affiliated companies of Montalbas B.V. amounts to EUR 1,073,824,699 (31-12-2020: EUR 1,059,018,512).

FOREIGN CURRENCY RISK

As to foreign exchange risk, the Company has a conservative approach. Currency risks are avoided by the use of various hedging policies. Long-term foreign exchange exposures could be mitigated through cross-currency swaps. Where possible the Company creates back-to-back loan funding structures and any remaining net exposure is hedged using foreign exchange derivatives.

APPOINTMENT

The Board of Directors of the Company is appointed by the General Meeting for an indefinite period. The basis for non-compliance with the recommendation of the Dutch Corporate Governance Code (appointment for a maximum term of four years, Principle II.1.1. of the Code) rests in the principles of the Company being orientated towards the long term.

The Company deviates from Article 2:276 of Book 2 of the Dutch Civil Code, which states that positions on the management should be distributed in a way so that at least 30% of positions are held by women and at least 30% by men. This deviation has been made to ensure that the Company has a competent Board of Directors that has required knowledge of the Company and the Company's key market areas. When appointing members to the Board of Directors, the Company shall aim for a complementary range of experience, gender and age.

The Board of Directors of the Company is responsible for the maintenance and development of an accurate framework for risk management, control and the active management of the strategic, technological, operational, financial and compliance risks that the Company faces.

We declare that the substantial risks with which the Company is confronted are described in this annual report. This annual report provides insight into the extent to which risks are prevented and controlled. The Company takes due consideration of the findings of the external auditor, Ernst & Young Accountants LLP, who audits the annual report. Based on the reports, our own observations and experiences from the past, the Board of Directors declares, with reference to best practice provision II.1.5 of the Dutch Corporate Governance Code, that the framework for risk management and control, provides a reasonable assurance that the annual report does not contain any errors of material importance and that this framework worked properly in the 2021 reporting year.

FINANCIAL HIGHLIGHTS

On the 24th of June 2021 the Company updated its EUR 1,500 million Euro Medium Term Note (EMTN) Programme. In June 2021 the Company placed a 7Y EUR 350 million senior green bond issue. The notes were issued under the EMTN programme. The bond carries a fixed annual interest of 1.625% and representing a yield of 1.794%. The bond is listed on Euronext Dublin. Part of the proceeds were used to tender EUR 93.1 million of the September 2022 bond originally EUR 350 million and was repurchased at a price of 103.0.

In October 2021 the Company bought back via the make-whole clause the remainder of EUR 161.7 million of the September 2022 notes at a price of 102.51. As a result, the first refinancing of the Company is in November 2023 for NOK 800 million, followed by the 2024 senior benchmark bond in October 2024 for EUR 550 million.

After the first year after the Covid-19 outbreak, debt capital markets returned to ultimate low spread levels and the commercial paper markets were also back on pre-covid levels. Therefore, the Company issued the above mentioned bond with the 2nd lowest yield in Citycon history.

The interest income and similar income of the Company for the year 2021 amounts to EUR 104.2 million (2020: EUR 132.3 million). The interest expense and similar charges amounts to EUR 103.0 million (2020: EUR 131.7 million). The interest margin of the Company increased with EUR 0.5 million to EUR 1.1 million (2020: EUR 0.6 million). The increase was mainly caused by the increase of the loan portfolio and the unwinding of intercompany loans related to the tender of the 2022 notes and despite higher one-off amortization in 2021 for renewing the RCF and increased commitment fees for the unsecured RCF. The operational profit after tax excluding share in result of group companies increased with EUR 472,064 to EUR 518,856 (2020: EUR 46,792) mainly caused by the increased interest margin of EUR 0.5 million and decreased administrative expenses in 2021 for EUR 0.1 million. The result on investments from group companies amounted to EUR 44.4 million (2020: EUR 17.8 million). The general and administrative expenses decreased to EUR 0.4 million (2020: 0.5 million).

The available liquidity of the Company as per 31 December 2021 is EUR 250.1 million (2020: EUR 250.1 million). As the revolving credit facility of EUR 250 million (2020: EUR 250 million) is committed the Company has immediate access to liquidity. At year end the facility of EUR 250 million has not been utilized (2020: EUR 250 million). The Company has EUR 0.1 million (2020: EUR 0,1 million) cash at banks as per year end. The Company has a 2 billion NOK uncommitted commercial paper programme and had no outstanding debt under this programme as per 31 December 2021 (2020: 0). Both the revolving credit facility and the NOK commercial paper programme are under the guarantee of its parent company Citycon Oyj, Espoo Finland.

The solvency ratio of the Company is due to the business of the Company and the full guarantee of Citycon Oyj in relation to its external stakeholders irrelevant. However, the solvency ratio of Citycon Group is on a comfortable level. Solvency ratio has been calculated as follows: Consolidated total indebtedness/Group total assets. As per 31 December 2021 the solvency ratio is 0.39 being EUR 1,823,814,035 / EUR 4,649,997,181 (2020: 0.46). We refer to page 76 of the financial statements 2021 of Citycon Oyj. The issued bond of the Company has a credit rating which is in line with the credit rating of its guarantor Citycon Oyj. During Q2 2021 Standard & Poor’s and Moody’s assigned a credit rating opinion update from negative to a stable outlook on Citycon. Consequently, Citycon has now an investment grade credit rating from all three major credit rating agencies of Baa3/BBB- with stable outlook. The Company did not incur any expenses for research & development.

OUTLOOK

The Company expect to meet its covenants due to sufficient available liquidity. The current difficult economic environment will not impact the net financing result of the Company as it acts on the basis of a transfer pricing report.

Interest rates and spreads increased heavily during 2022 due to several reasons like for example the Russian/Ukrainian invasion and the high inflation. As the Company has everything in back-to-back structures the result of the increased rates/margins will not impact the net financing result of the Company.

RESPONSIBILITY STATEMENT

The Board of Directors of the Company state:

1. That the annual report 2021 give us a true and fair view of assets, liabilities, financial position and profit and loss of the Company.

2. That the annual report 2021 give a true and fair view of the position as per balance sheet date, the development during the financial year of the Company in the annual report, together with a description of principal risks it faces.

Amsterdam, 28 June 2022

The Board of Directors

S. Damén	A. Doppenberg	M. Haapalehto	R. Rozenberg

FINANCIAL STATEMENTS

2021

BALANCE SHEET AS AT 31 DECEMBER 2021

before appropriation of result and expressed in EUR

	Notes	31-12-2021	31-12-2020
ASSETS			
Non-current assets			
Investment in associates	1	578 812 731	534 441 004
Loans to affiliated -/ group companies	2	2 932 785 129	2 970 580 046
Derivative financial instruments	3	1 398 595	197 768
		3 512 996 455	3 505 218 818
Current assets			
Loans to affilated -/ group companies	2	204 518 868	208 304 756
Interest receivables from affiliated -/ group companies	4	36 605 953	31 519 519
Other receivables from third parties	5	9 845	11 760
Other receivables from group companies	6	6 793	66 137
Tax receivable	7	-	129 660
Prepaid expenses	8	918 356	1 251 787
Cash at banks	9	78 185	86 298
		242 138 000	241 369 917
Total assets		3 755 134 455	3 746 588 735
LIABILITIES AND EQUITY			
Capital and reserves	10		
Share capital		22 100	22 100
Share premium		453 744 389	453 744 389
Legal reserve cash flow hedge		1 048 946	115 769
Legal reserve group companies		69 419 990	25 049 944
Retained earnings		7 265 959	7 219 167
Unappropriated profits		518 856	46 792
		532 020 240	486 198 161
Provisions			
Deferred tax liability	13	349 649	38 590
		349 649	38 590
Long term liabilities			
Bond notes payable	11	1 835 286 658	1 725 388 801
Loans from affiliated -/ group companies	12	1 103 992 112	1 296 826 662
		2 939 278 770	3 022 215 463
Current liabilities			
Bond notes payable	11	-	33 420 487
Loans from affiliated -/ group companies	12	249 361 005	174 876 869
Interest payable to third parties	14	19 231 263	16 319 934
Interest payable to affiliated -/ group companies	15	14 090 292	12 592 931
Derivative financial instruments	3	-	43 409
Other payables to group companies	16	714 118	752 126
Tax payable	7	15 262	
Accounts payable	17	73 856	130 765
		283 485 796	238 136 521
Total Equity and liabilities		3 755 134 455	3 746 588 735

The accompanying notes form an integral part of these financial statements

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER

(expressed in EUR)

	Notes	2021	2020
Financial income/expense			
Interest and similar income	20	104 152 285	132 274 413
Interest and similar charges	21	-103 047 504	-131 682 552
		1 104 781	591 861
Net financial result		1 104 781	591 861
General and administrative expenses	22	383 956	540 822
Operating result before taxation		720 825	51 039
Result before taxation		720 825	51 039
Taxation operating result	23	-201 969	-4 247
Share in result associates	1	44 371 727	17 845 315
Net profit after taxation		44 890 583	17 892 107

The accompanying notes form an integral part of these financial statements

GENERAL ACCOUNTING PRINCIPLES

The Board of Directors of Citycon Treasury B.V. hereby presents the annual report for the book year ended 31 December 2021. The annual report has been audited by Ernst & Young Accountants LLP and were provided an unqualified audit opinion on 28 June 2022. The independent auditor report can be found on the last pages of the annual report.

ACTIVITIES AND PARENT COMPANY

The Company with registration number 52962733 statutory seated in Amsterdam, the Netherlands is a private limited liability company. The parent company is Citycon Oyj, Espoo, Finland.

The Company's objectives, in accordance with article 3 of the Articles of Association, are to incorporate, participate, manage and finance other affiliated -/ group companies. Furthermore, to borrow and lend funds, to place public and private debt and in general to engage in financial and commercial activities which may be conductive to the foregoing. The office of the Company is located at Hullenbergweg 300, 1101 BV Amsterdam, the Netherlands.

COVID-19

In February 2020 the Covid-19 virus also reached the Netherlands and the Nordics and since then Citycon's business markets have been affected through partial lockdowns and tenants that have had to keep shops closed which has affected their ability to pay rent. For Citycon as a group Covid-19 has a direct impact on its cash flow position as the rent collection and occupancy rate has been somewhat lower and on the financing side the crisis lead to higher credit spreads in 2020. During 2021 spreads came down to lowest levels ever in Q3/2021. From Q4/2021 onwards rates and spreads increased heavily. Regarding liquidity, Citycon has had sufficient committed credit facilities to ensure the continuity of the business. For the Company as a standalone entity, Covid-19 does not have a major impact on its net result from financing activities.

The Company has back-to-back positions in place for all its outstanding loans. For potential default of related companies, we refer to the chapter credit risk on page 2 and 3. As an issuer on the capital markets, the Company faced increasing spreads due to Covid-19. The EUR 200 million tap issue in June 2020 were issued at a yield of 4.5% which was clearly higher than the pre-Covid 19 yields. The EUR 350 million bond issue in March was priced with a spread of 200 bps compared to 477 bps spread for the EUR 200 million tap issue in June 2020.

COVID-19 and investment in group companies

The outbreak of Covid-19 pandemic in February 2020 was the ultimate stress test for businesses and organizations. In this regard, it has validated and demonstrated resilient business strategy of Citycon Group. Operationally, our focus is to carry forward the momentum of 2021 into what we believe will be an improving economic environment in 2022 as the impact of Covid-19 subsides.

BASIS OF PREPARATION

The annual report has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code.

SOLVENCY

Given the objectives of the Company, the Company is economically interrelated with the holding company, Citycon Oyj, Espoo in Finland. In assessing the solvency and general risk profile of the Company, the solvency of Citycon group needs to be considered.

ACCOUNTING POLICIES

The principles of valuation are based on the historical costs. Assets and liabilities are stated at historical cost, unless otherwise indicated. Income and expenses are attributed to the financial year to which they relate. Profit is only included when realized on balance sheet date. Losses are recognized when realized and foreseen.

An asset is included in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be reliable measured. A liability is included in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount if the obligation can be measured with sufficient reliability.

If a transaction results in a transfer of future economic benefits or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet. Assets and liabilities are not included in the balance sheet if economic benefits are not probable or cannot be measured with sufficient reliability.

ESTIMATES

The preparation of the annual report requires management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognized in the period in which the estimate is revised and in future for which the revision has consequences.

The determination of the result of Montalbas B.V. and therefore the result from group companies in the Company is influenced by the fair value of investments properties. This information is given to inform users of the annual report of the Company about estimates and uncertainties in valuations.

FINANCIAL FIXED ASSETS

The Company owns a minority of voting shares in Montalbas B.V. thus no control over Montalbas B.V. and its subsidiaries and therefore they are not consolidated in this annual report. Non-consolidated investments in affiliated companies over whose financial and operating policies the group exercises significant influence is valued using the net asset value method. To determine whether there is significant influence, the financial instruments containing potential voting rights are also considered when these have economic substance. Under the net asset value method, investments in group companies are carried at the group’s share in their net asset value. The net asset value increases with its share in the results of the investments in group companies and its share in the changes recognized directly in the equity of the investments in group companies as from the acquisition date, determined in accordance with the accounting policies disclosed in this annual report. The net asset value decreases with the group’s share in the dividend distributions from the investments in group companies. The group’s share in the results of the investments in group companies is recognized in the profit and loss account. If and to the extent the distribution of profits is subject to restrictions, these are included in a legal reserve. The group’s share in direct equity increases and decreases of investments in group companies is also included in the legal reserve, except for asset revaluations recognized in the revaluation reserve.

PRINCIPLES FOR THE TRANSLATION OF FOREIGN CURRENCIES

The reporting currency in the annual report of the Company is the euro (EUR), which is the Company's functional currency.

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined.

The following exchange rates have been applied as at 31 December 2021:

EUR 1 = NOK 9.9888 (31-12-2020: EUR 1 = NOK: 10.4703);

EUR 1 = SEK 10.2503 (31-12-2020: EUR 1 = SEK: 10.0343);

EUR 1 = DKK 7.4364 (31-12-2020: 7.4409).

FINANCIAL INSTRUMENTS

Financial instruments include trade and other receivables, cash at bank and in hand, derivatives, loans and other financing commitments, trade and other payables. Given the short duration of the current receivables and liabilities, the fair value is approximately equal to the reported book value.

AMORTIZED COST

Amortized cost is the amount at which a financial asset or liability is measured at initial recognition less repayments of the principal, plus or less the cumulative amortization using the effective interest method for any difference between this initial amount and the maturity amount, and less any reductions (effected directly or through a provision being formed) for impairment and doubtful debts.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Company applies hedge accounting since 2015. Derivatives are measured initially and subsequently at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

INTEREST RATE SWAPS:

The Company uses intra-group interest rate swaps to hedge the interest rate cash flow risk. These interest rate swaps hedge against volatility in future interest payment cash flows (cash flow hedging) resulting from interest rate fluctuations, and the resulting profit fluctuations. The Company applies hedge accounting according to RJ 290 to all its interest rate swaps. The amount from financial instruments' fair value change stemming from effective hedging is recognized in equity (cash flow hedge reserve). The amount in the cash flow hedge reserve is recognized in profit and loss account during the period when the cash flow from the hedged item is realized and affects earnings. If the criteria for hedge accounting are not met, changes in fair value are recognized in full through profit and loss. The hedged item is the floating NOK 800 million bond. Refer to note 3 for more detail.

CROSS-CURRENCY SWAP:

The Company may use intra-group cross-currency swaps to hedge the interest rate cash flow risk and to hedge changes in foreign exchange rates. These cross-currency swaps hedge against volatility in future interest payment cash flows (cash flow hedging) resulting from interest rate fluctuations, and the resulting profit fluctuations. The Company applies hedge accounting according to RJ 290 to all its cross-currency swaps. The amount from financial instruments' fair value change stemming from effective hedging on the interest part of the fair value is recognized in equity (cash flow hedge reserve). The amount in the cash flow hedge reserve is recognized in profit and loss account during the period when the cash flow from the hedged item is realized and affects earnings. If the criteria for hedge accounting are not met, changes in fair value are recognized in full through profit and loss. Fair value hedge accounting is applied to the part of the hedging instrument which relates to results from changes in foreign exchange rates. The related fair value change is booked through profit and loss.

FORWARD EXCHANGE CONTRACTS

The Company may use intra-group forward exchange contracts to hedge its risk associated with foreign currency fluctuations. All forward exchange contracts are measured at fair value with recognition of all changes in value in the profit and loss account.

BOND NOTES PAYABLE, COMMERCIAL PAPERS AND LOANS FROM AFFILIATED -/ GROUP COMPANIES

Financial liabilities are recognized initially at fair value minus directly attributable transaction costs. Bond notes payable, commercial papers and loans from affiliated -/ group companies in the annual report are measured at amortized cost.

LOANS TO AFFILIATED -/ GROUP COMPANIES AND OTHER RECEIVABLES FROM THIRD PARTIES/GROUP COMPANIES

Loans granted, and other receivables are carried at amortized cost using the effective interest method, less impairment losses, if any. Financial assets are recognized initially at fair value plus directly attributable transaction costs.

LONG-TERM AND CURRENT LIABILITIES AND OTHER FINANCIAL COMMITMENTS

Initial measurement of liabilities is at fair value less directly attributable transaction costs. Long-term and current liabilities and other financial commitments are stated, after their initial recognition, in the annual report at amortized cost on the basis of the effective interest rate method.

IMPAIRMENT

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, the amount of the impairment loss is determined and recognized in the profit and loss account for all categories of financial assets carried at amortized cost.

The amount of impairment losses on financial assets carried at amortized cost is calculated as the difference between the carrying amount of the asset and the best possible estimate of the future cash flows, discounted at the effective rate of interest of the financial instrument determined on the initial recognition of the instrument. If the decrease in impairment relates to an objective event occurring after the impairment was recognized, a previously recognized impairment loss is reversed to a maximum of the amount required to carry the asset at amortized cost at the time of the reversal if no impairment had taken place. The impairment loss reversal should be taken to the profit and loss account.

OTHER RECEIVABLES FROM THIRD PARTIES/GROUP COMPANIES

The accounting policies applied for the valuation of trade and other receivables and securities are described under the heading 'Loans to affiliated -/ group companies and other receivable from third parties/group companies.

CASH AT BANKS

Cash at bank and in hand includes cash at hand, bank balances and deposits held at call. Bank overdrafts, if any, are shown within borrowings in current liabilities in the balance sheet. Cash at bank and in hand are stated at face value.

LONG-TERM LIABILITIES

Long-term liabilities are reported at amortized cost using the effective interest method.

CURRENT LIABILITIES

Current liabilities are reported at amortized cost using the effective interest method.

PROFIT AND LOSS ACCOUNT

INTEREST AND SIMILAR INCOME

Interest and similar income comprise interest income on funds invested, foreign exchange gains and gains on hedging instruments that are recognized in the profit and loss account. Interest income is recognized in the profit and loss account as it accrues, using the effective interest method.

INTEREST AND SIMILAR CHARGES

Interest and similar charges comprise interest charges on borrowings calculated using the effective interest rate method, foreign exchange losses and losses on hedging instruments that are recognized in the profit and loss account.

GENERAL AND ADMINISTRATIVE EXPENSES

Expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Foreseeable and other obligations as well as potential losses arising before the financial year-end are recognized if they are known before the annual report has been prepared and provided all other conditions for forming provisions are met. This concerns costs that are directly attributable to the operations of the Company.

TAXATION

The taxation on result comprises both current taxes payable and deferred taxes, taking account of tax facilities and non-deductible costs. No taxes are deducted from profits if and insofar as said profits can be offset against losses from previous years. The Company forms since 1 January 2015 a fiscal unity with its Dutch group company Montalbas B.V. and is also the head of the fiscal unity. Taxes are settled within this fiscal unity as if each company were an independent taxable entity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date considering the tax facilities and any adjustments to tax payable in respect of previous years.

A deferred tax liability is recognized for all taxable temporary differences between the valuation for tax and financial reporting purposes. A deferred tax asset is recognized for all deductible temporary differences between the valuation for tax and financial reporting purposes, and carryforward losses, to the extent that it is probable that future taxable profit will be available for set-off. The non-current and current deferred tax assets are recognized under financial assets under the fixed assets and receivables under the current assets, respectively. The deferred tax liabilities are recognized under provisions.

Deferred tax is calculated over the difference between the fair value of derivatives and its cost price for which hedge accounting is applied and is recognized at nominal value.

CASH FLOW STATEMENT

The Company's cash flow information is included in the cash flow statement presented in the consolidated financial statements of the parent company (Citycon Oyj, Finland) for the year ended December 2021, which can be obtained on the website of Citycon Oyj (www.citycon.com). In accordance with the guidelines of the Dutch Accounting Standards Board for financial statement reporting (Dutch Accounting Standard 360 paragraph 104) in the Netherlands, the Company is exempted from including a cash flow statement in its annual report.

NOTES TO THE FINANCIAL STATEMENTS

ASSETS

1. INVESTMENT IN ASSOCIATES

On the 6th of April 2018 the Company acquired all 41 shares (shares A) in Montalbas B.V. (EUR 4,510), which were acquired via a share for share transfer agreement where the Company issued 41 shares to Citycon Oyj (EUR 4,100). The remainder has been settled in cash. The shares A represent 100% of the economic benefits and 25% of the voting rights in Montalbas B.V..

Name	Country of incorporation and operation	Direct/Indirect	31-12-2021
Montalbas B.V.	Amsterdam, The Netherlands	Direct	100%
Rocca el Mare Kaubanduskeskuse AS	Tallin, Estonia	Indirect	100%
Kristiine Keskus OU	Tallin, Estonia	Indirect	100%
Manhattan Acquistion OY	Espoo, Finland	Indirect	100%
Big Apple Top Oy	Espoo, Finland	Indirect	100%
Holding Big Apple Housing OY	Espoo, Finland	Indirect	50%

Investment in associates

	2021 (TEUR)	2020 (TEUR)
As at 1 January	534 441	516 711
Others	-	-115
Result investment in associates	44 372	17 845
As at 31 December	578 813	534 441

The summarized financial information of Montalbas B.V. and its subsidiaries is provided on the next page. This information is based on amounts after inter-company eliminations.

(TEUR) is times EUR 1.000

Summarised statement of profit and loss for the year:		2021 (TEUR)		2020 (TEUR)
Gross rental income		55 247		55 262
Revenue from contracts with customers		15 869		15 859
Operating expenses	-	18 525	-	18 574
Net rental income		52 590		52 547
Administrative expenses	-	1 153	-	1 525
Other income and expenses	-	55	-	156
Fair value losses and gains		8 058	-	22 308
Operating profit		59 441		28 558
Net financial income and expenses	-	10 702	-	11 839
Group contributions		2 252		2 322
Profit before taxes		50 990		19 040
Current taxes	-	46	-	174
Deferred taxes	-	6 572	-	1 021
Profit for the year form continuing operations		44 372		17 845
Total comprehensive income attributable to Citycon Treasury B.V.		44 372		17 845

Summarised statement of financial position as at:		31-12-2021 (TEUR)		31-12-2020 (TEUR)
Investment properties		1 073 825		1 059 019
Intangible assets	-	75		23
Interest bearing loans		12 159		12 202
Trade and other current assets		52 889		71 202
Cash and equivalents		396		238
Interest bearing loans and borrowings and deferred tax liabilities	-	545 527	-	601 704
Other payables	-	14 839	-	6 524
Total equity		578 827		534 455
Total equity attributable to Citycon OYJ		14		14
Total equity attributable to Citycon Treasury B.V.		578 813		534 441

(TEUR) is times EUR 1.000

Net asset value method and significant estimates

The investment in Montalbas B.V. is accounted for against net asset value. The (consolidated) result of Montalbas B.V. is mainly caused by the exploitation of Investment Property by the subsidiaries of Montalbas B.V.

The determination of the result of Montalbas B.V., and therefore the result from group companies in the Company is influenced by the fair value of investment properties. This information is given to inform users of the annual report of the Company about estimates and uncertainties in valuations.

Investment property refers to land or a building, or part of a building, held to earn rental income or capital appreciation, or both. The investment properties indirectly owned by Montalbas B.V. are Iso Omena in Espoo, Finland, Rocca Al Mare in Tallinn, Estonia and Kristiine in Tallinn, Estonia.

The investment properties are measured initially at cost, including transaction costs such as consultant fees and transfer taxes. After their initial measurement investment properties are valued at fair value through profit and loss.

The fair value valuation of the Company's properties is conducted half-yearly by an independent external appraiser (CBRE or Jones Lang-Lasalle) according to the International Valuation Standards (IVS) while on the first and third quarter of the year the fair value measurement is conducted internally, except for ongoing (re)development projects and new acquired properties, which are valuated externally. When measuring the values internally, valuations are based on the yields and market rent indications received from the external appraiser. In addition, the external appraiser conducts the fair value evaluation of properties under (re)development.

Fair value definition and hierarchy

The fair value is defined as the price that would be received from the sale of an asset in an orderly transaction between market participants at the measurement date. Used valuation techniques are appropriate under the existing circumstances, and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair value measurement

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

Inputs

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

Portfolio weighted average	31-12-2021	31-12-2020
Yield requirement (%)	5.1	5.3
Market rents (EUR/sq.m.)	31.7	32.3
Operating expenses (EUR/sq.m.)	6.7	6.7
Vacancy during the cash flow period (%)	3.5	4.0
Market rent growth assumption (%)	2.0	1.7
Operating expense growth assumption (%)	2.0	1.7

Sensitivity analysis

Sensitivity to change in the properties' fair value, or the risk associated with fair value, can be tested by altering the key parameters. The sensitivity analysis below uses the investment properties' fair value of EUR 1,073.8 million defined by the external appraiser as at 31 December 2021 as the starting value. Sensitivity analysis indicates that the market value is most sensitive to changes in market rents and yield requirement. A 10% increase in market rents increases the market value of the investment properties by approximately 12%. Correspondingly, a 10% decrease in the yield requirement results in an approximately 11% increase in market value.

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

	Fair value (MEUR)				
Change %	-10%	-5%	±0%	+5%	+10%
Yield requirement	1,191.1	1,128.9	1,073.8	1,022.4	976.4
Market rents	939.2	1,006.1	1,073.8	1,139.9	1,206.8
Operating expenses	1,100.2	1,086.6	1,073.8	1,059.4	1,045.8
Change, percentage points	-2	-1	±0	1	2
Vacancy	1,099.6	1,086.3	1,073.8	1,059.7	1,046.4

(MEUR) is times EUR 1.000.000

Investment property changes and classification

All investment properties are operative investment properties for which the movement schedule is presented below.

Operative investment properties	2021 (MEUR)	2020 (MEUR)
As at 1 January	1059.0	1073.6
Investments	6.7	7.7
Fair value gains/losses, Right-of-Use Assets	8.1	-22.2
Exchange differences	0.1	-0.1
As at 31 December	1073.8	1059.0

(MEUR) is times EUR 1.000.000

2. LOANS TO AFFILIATED -/ GROUP COMPANIES

	2021 (EUR)	2020 (EUR)
At 1 January	3 178 884 802	2 805 685 442
New Loans	585 652 534	796 060 328
Discount/Prepaid expenses	-3 857 000	-15 380 000
Amortisation discount/prepaid expenses	4 767 189	2 793 059
Reclassified to short term loans	-204 518 868	-208 304 756
Translation adjustment	25 723 152	-8 216 135
Loans redeemed	-653 866 680	-402 057 891
As at 31 December long term loans to group companies	2 932 785 129	2 970 580 046
As at 31 December short term loans to group companies	204 518 868	208 304 756
As at 31 December total loans to group companies	3 137 303 997	3 178 884 802

An amount of EUR 796,9 million (2020: EUR 837,6 million) of the loans outstanding has a final maturity over more than 5 years. Loans to affiliated -/ group companies for a total amount of EUR 1.427,3 million (2020: EUR 1.511,7 million) are denominated in a currency other than Euro. The total of foreign currency loans amounts to SEK 4.869,5 million (2020: SEK 6.099,3 million), NOK 8.530,8 million (2020: NOK 8.436,0 million) and DKK 730,2 million (2020: DKK 730,2 million). If no natural hedge is in place the Company has entered into foreign exchange contracts to hedge foreign currency exposures. Concerning the fair values of the loans to group affiliated companies we refer to note 27 on page 35 and 36.

The foreign currency conversion of the loans and valuation of foreign exchange contracts is based on the prevailing rate of exchange on the respective reporting dates. The Company has short-term loans to affiliated -/ group companies for EUR 204,5 million (2020: EUR 208,3 million) of which the principal portions are due and payable within one year. Interest rates are determined based on the at arm's length principle. The average interest rate on all loans to affiliated -/ group companies as at 31 December 2021 is 2.87% (2020: 2.81%). The effective interest rate as at 31 December 2021 is 3.02% (2020: 2.91%). For further information on the loans to affiliated -/ group companies we refer to note 27 on page 35 and 36.

3. DERIVATIVE FINANCIAL INSTRUMENTS / FORWARD EXCHANGE CONTRACTS

The Company has one interest rate swap of 800 million NOK nominal on the books. The derivative swaps the floating interest in the NOK 800 million bond into a fixed interest rate of 0.525%. Derivative financial instruments are measured at fair value in the annual report. For these derivative financial instruments, being one (2020: two) interest rate swap(s) for in total NOK 800 million (2020: NOK 1.150 million), cash flow hedge accounting is applied. The change in fair values of the interest part of these derivatives is recognized under equity, taking the tax effect into account. The fair value of the derivative financial instruments as per 31 December 2021 in total amounted to EUR 1,4 million (2020: EUR 0,2 million). Based on the effectiveness testing, which takes place on a quarterly basis, the interest rate derivatives are considered to be highly effective and therefore no ineffectiveness postings are registered in the profit and loss account.

The maturity date of the interest rate swap is on the 24th of November 2023.

The movement in derivative financial instruments during the year was as follow:

	2021 (EUR)	2020 (EUR)
At 1 January	154 359	338 271
Change in fair value	1 244 236	-183 912
As at 31 December total derivative financial instruments	1 398 595	154 359
Derivative financial instruments current assets	1 398 595	197 768
Derivative financial instruments current liabillities	-	-43 409
	1 398 595	154 359

Forward exchange contracts are measured at fair value on each balance-sheet date. Changes in fair values of these are reported in profit and loss statement as hedge accounting is not applied. The main determinants of the fair value valuation are the FX spot rate, the spot rate quoted at valuation date and the FX basis spread to 'compensate' for the received/paid differences of both reference rates of the forward contract. As per 31 December 2021 there were no forward exchange contracts outstanding (2020: EUR 0.0 million).

4. INTEREST RECEIVABLES FROM AFFILIATED -/ GROUP COMPANIES

Interest receivables from affiliated -/ group companies include accrued interest from loans to affiliated -/ group companies for EUR 36,6 million (2020: EUR 31,5 million). For further information on interest receivables from affiliated -/ group companies we refer to note 27 on page 35 and 36.

5. OTHER RECEIVABLES FROM THIRD PARTIES

Other receivables from third parties contains rental deposits for office space for an amount of EUR 9,845 (2020: EUR 11,760) 2020 also contains a VAT return receivable.

6. OTHER RECEIVABLES FROM AFFILATED COMPANIES

Other receivables from affiliated companies amounted to EUR 6,793 (2020: EUR 66,137).

7. TAX PAYABLE/RECEIVABLE

As per 31 December 2021 the Company has a tax payable for an amount of EUR 15,262 (2020: tax receivable EUR 129,660) related to corporate income tax.

8. PREPAID EXPENSES

Prepaid expenses contain arrangement and extension fees which relates to the syndicated revolving credit facility. The book value of the arrangement and extension fees as per year end amounts to EUR 0,9 million (2020: EUR 1,2 million) which will be amortized over the remaining tenor of the facility. An amount of EUR 0,5 million of the arrangement fees will be amortized after 2022.

9. CASH AT BANKS

Cash at banks are at the disposal of the Company.

	31-12-2021 (EUR)	31-12-2020 (EUR)
Cash at banks	78 185	86 298
	78 185	86 298

LIABILITIES

10. CAPITAL AND RESERVES

Authorized share capital consists of 900 shares of EUR 100 each. As per 31 December 2021, the total number of shares which are fully paid in, are 221 (2020: 221). All shares of the Company are held by the parent company Citycon Oyj, Espoo, Finland, which is listed on the Helsinki stock exchange.

	Share capital	Share premium	Legal reserve cash flow hedge	Legal Reserve group companies	Retained earnings	Unappropriated profits	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 01-01-2020	22 100	453 744 389	253 703	7 319 973	6 436 190	782 977	468 559 332
Cash flow Hedging RJ290	-	-	-183 912	-	-	-	-183 912
Deferred tax	-	-	45 978	-	-	-	45 978
Others	-	-	-	-115 344	-	-	-115 344
Dividend distributed by associate	-	-	-	-	-	-	-
Appropriation of result	-	-	-	-	782 977	-782 977	-
Result for the year	-	-	-	17 845 315	-	46 792	17 892 107
						-	
Balance as at 01-01-2021	22 100	453 744 389	115 769	25 049 944	7 219 167	46 792	486 198 161
Cash flow Hedging RJ290	-	-	1 244 236	-	-	-	1 244 236
Deferred tax	-	-	-311 059	-	-	-	-311 059
Others	-	-	-	-1 681	-	-	-1 681
Appropriation of result	-	-	-	-	46 792	-46 792	-
Result for the year	-	-	-	44 371 727	-	518 856	44 890 583
Balance as at 31-12-2021	22 100	453 744 389	1 048 946	69 419 990	7 265 959	518 856	532 020 240

PROPOSAL FOR THE APPROPRIATION OF THE RESULT 2021

The following appropriation of the result after taxes ad EUR 44,890,583 for the year 2021 is proposed to the General Meeting to include EUR 518,856 to retained earnings. The remainder of EUR 44,371,727 has been included to legal reserve group companies within shareholder’s equity.

11. BOND NOTES PAYABLE

All bond notes payable issued by the Company are issued under the full guarantee of its group company Citycon Oyj, Helsinki and are rated in line with Citycon Oyj's corporate rating. In July 2017 the Company established a EUR 1.500 million EMTN Programme to enable the Company to issue bonds/notes quicker in any currency on the European and Nordic capital markets. The last update of the EMTN Programme was in June 2021 which means that the Company can issue bonds on the capital market in a very short notice.

The movement schedule, contractual maturity and details of the bond notes payable can be shown as follow:

	31-12-2021 (EUR)	31-12-2020 (EUR)
As at 1 January	1 725 388 801	1 512 267 764
Bond issues nominal value	350 000 000	274 928 818
Buy back Bond September 2022	-254 883 000	-
Discount/Fees	-6 639 322	-18 577 207
Amortized issue discount/fees	7 008 664	4 269 308
To Short term	-	-33 420 487
Exchange rate gains and losses	14 411 516	-14 079 394
	1 835 286 658	1 725 388 801
0-1 years	-	-
1-5 years	1 194 074 785	1 080 359 336
> 5 years	641 211 873	645 029 465
	1 835 286 658	1 725 388 801

issue date	instrument	Interest rate	Interest settlement	CCY	Nominal amount	Maturity date	Listing	Eff.Yield	Fair value (mid pricequote)	CCY	Fair value
1-Oct-2014	Bond	2,500%	Annually	EUR	350 000 000	1-Oct-2024	Irish stock exchange	2,62%	105,445	EUR	369 057 500
1-Sep-2015	Bond	3,900%	Annually	NOk	1 300 000 000	1-Sep-2025	Oslo stock exchange	3,90%	102,65	NOK	1 334 450 000
8-Sep-2016	Bond	1,250%	Annually	EUR	350 000 000	8-Sep-2026	Irish stock exchange	1,26%	101,057	EUR	353 699 500
22-Sep-2017	Bond	2,750%	Annually	NOK	1 000 000 000	22-Sep-2025	Oslo stock exchange	2,77%	98,9	NOK	989 000 000
3-Sep-2018	Bond	2,375%	Annually	EUR	300 000 000	15-Jan-2027	Irish stock exchange	2,50%	104,422	EUR	313 266 000
10-Jun-2020	Bond	2,500%	Annually	EUR	200 000 000	1-Oct-2024	Irish stock exchange	4,50%	105,445	EUR	210 890 000
24-Nov-2020	Bond	3M nibor +2,80%	Quarterly	NOK	800 000 000	24-Nov-2023	Oslo stock exchange	3M nibor +2,80%	102,996	NOK	823 968 000
4-Mar-2021	Bond	1,625%	Annually	EUR	350 000 000	12-Mar-2028	Irish stock exchange	1,794%	99,681	EUR	348 883 500

12. LOANS FROM AFFILIATED -/ GROUP COMPANIES

The Company holds loans from affiliated -/ group companies for a total amount of EUR 1.353,3 million (2020: EUR 1.471,7 million). An amount of EUR 279,6 million (2020: EUR 189,8 million) of the principal portion has a maturity longer than five years. The principal portion of EUR 249,4 million (2020: EUR 174,9 million) are due and payable within one year and will be prolonged. Interest rates are determined based on arm's length principle. Floating rate loans for an amount of EUR 893,7 million (2020: EUR 1.125,5 million) carry a 3-months reference rate, plus a margin which is based on a transfer pricing study prepared in accordance with the OECD transfer pricing guidelines, and which will be updated from time to time. As at 31 December 2021 the average interest rate on all loans from affiliated -/ group companies was 3.60% (2020: 2.70%). The effective interest rate equals the average interest rate as there are only minor differences between the underlying. Total outstanding loans from group affiliated companies with a fixed interest as per 31 December 2021 amounts to nominal EUR 459,7 million (2020: EUR 346,2 million) and has a fair value of EUR 538,7 million (2020: EUR 411,9 million). The other loans from group affiliated companies are floating rate loans and have a fair value which equals to the carrying amount of the loans. All loans from affiliated -/ group companies with counterparty Citycon Oyj are being issued under the terms of the EUR 1.5 billion multi-currency facility agreement, which was established in August 2014, unless a separate loan agreement is in place. For further information on the loans from affiliated -/ group companies we refer to note 27 on page 35 and 36.

The movement in loans from affiliated -/ group companies during the year was as follow:

	31-12-2021 (EUR)	31-12-2020 (EUR)
At 1 January	1,471,703,531	1,344,834,150
New Loans	195,658,180	512,762,712
Reclassified to short term loans	-249,361,005	-174,876,869
Translation adjustment	11,305,230	-5,866,594
Amortisation	-	623,950
Loans redeemed	-325,313,824	-392,383,875
As at 31 December long term loans from affiliated -/ group companies	1,103,992,112	1,296,826,662
As at 31 December short term loans from affiliated -/ group companies	249,361,005	174,876,869
As at 31 December total loans from affiliated -/ group companies	1,353,353,117	1,471,703,531

13. DEFERRED TAX LIABILLITY

The long-term provision deferred tax liability concerns the potential tax liability of the difference between the fair value of EUR 1,4 million (2020: EUR 0,2 million) and the cost price of EUR 0,0 million of the derivatives for which cash flow hedge accounting has been applied. The long-term provision amounted to EUR 0,3 million (2020: EUR 0,0 million).

	2021 (EUR)	2020 (EUR)
At 1 January	38 590	84 568
Change in deferred tax	311 059	-45 978
As at 31 December total deferred tax	349 649	38 590

14. INTEREST PAYABLE TO THIRD PARTIES

Interest payable to third parties include accrued interest on bond notes payable for an amount of EUR 18,9 million (2020: EUR 16,0 million) and commitment fees from financial institutions for an amount of EUR 0,3 million (2020: EUR 0,3 million).

15. INTEREST PAYABLE TO AFFILIATED -/ GROUP COMPANIES

Interest payable to affiliated -/ group companies include accrued interest on loans from affiliated -/ group companies of EUR 14,1 million (2020: EUR 12,6 million).

16. OTHER PAYABLES TO GROUP COMPANIES

Other payables to group companies amounted to EUR 0,7 million (2020: EUR 0,8 million).

17. ACCOUNTS PAYABLE

Accounts payable amounted to EUR 0,1 million (2020: EUR 0,1 million).

	2021 (EUR)	2020 (EUR)
Consultants/Auditor	44 748	80 716
Accrual bonus/holiday allowance	22 586	24 495
VAT	1 361	2 988
Payroll Tax	5 161	4 294
Others	-	18 272
As at 31 December total accounts payable	73 856	130 765

18. RISK MANAGEMENT

General

During the normal course of business, the Company makes use of several financial instruments such as bond notes, commercial papers, bank loans, loans from and to affiliated -/ group companies and cash balances with banks. Due to the use of these financial instruments, the Company is exposed to currency risk, interest rate risk, credit risk and liquidity risk. The Company uses intra-group derivative financial instruments to hedge its exposure from financing activities, in accordance with its treasury policy.

Currency risk

Currency risk is the risk that fluctuations in the prevailing foreign currency exchange rates will affect the Company's financial position and cash flows. In August 2014 the Company signed a Hedging Agreement with Citycon Oyj. The hedging agreement has been entered into to avoid foreign currency exposures in the Company. Via this hedging agreement the Company and Citycon Oyj may enter into foreign exchange agreements with each other to mitigate currency risks.

The Company has loans receivable from related parties and loans payable to the shareholder. The currency risk for the Company concerns NOK, SEK and DKK loan receivables to related parties. On the basis of a risk analysis, the Management of the Company has determined that the currency risk is being mitigated with foreign exchange contracts or a back-to-back loan structure.

Below an overview of the major foreign exchange positions of the Company:

Type	Currency	Loans to Group Companies in local currency	External Debt in local currency	Loans from Group Companies in local currency	Foreign currency position
		1	2	3	4
					total 1+2+3
Assets&Liabillities NOK denominated	NOK	8 530 840 006	-3 100 000 000	-5 430 780 267	59 739
Assets&Liabillities SEK denominated	SEK	4 869 454 210		-4 869 454 210	-
Assets&Liabillities DKK denominated	DKK	730 161 076		-730 161 076	-

Another foreign currency position in the balance sheet is the accrued interest derived from the net interest margin in foreign currency. The Company does not hedge these positions in accordance with the treasury policy of Citycon group.

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Interest risk

Interest rate risk is the risk that fluctuations in the prevailing levels of market interest rates will affect the Company's financial position or cash flows. The Company effectively has no interest rate risk as the profit for the year before taxation is determined by applying a fixed margin to the average loans receivable outstanding during the year. Company's policy is to avoid interest risks by creating back-to-back structures, inserting equal interest base rates and determine same interest periods between assets and liabilities. For the cases where no back-to-back structure is in place the Company will turn into interest rate derivatives to mitigate the position.

As at 31 December 2021 the Company has one derivative with Citycon Oyj for a total nominal amount of NOK 800 million outstanding. The derivative swaps the floating coupon of the NOK 800 million Bond into a fixed coupon.

Liquidity risk

Liquidity risk is the risk of the Company failing to meet its contractual obligations due to insufficient liquidity. The Company's approach for funding and liquidity is managed centrally by the Group Treasury, which is responsible for ensuring adequate financial resources in place. In November 2020 the Company has signed a three and a half-year EUR 250 million unsecured syndicated revolving credit facility partly replacing the EUR 500 million RCF originally maturing in December 2021. Liquidity risk for the Company is mainly covered by the committed revolving credit facility and the back-to-back structure of interest settlement dates and maturity dates on its whole loan portfolio.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. As the Company normally has no external investments the credit risk is predominantly emerging from loans payable and receivable with related parties and affiliated -/ group companies. The emerging credit risk is mitigated by close monitoring of the financial performance of borrowing companies.

All financial instruments are concluded with either highly rated financial institutions or companies within the Citycon Group, which are expected to fully perform under the terms of the agreements. The Company continuously monitors changes in credit ratings of counterparties. At the balance sheet date, the credit risk concentrates on entities of the Citycon Group. The corporate credit rating of Citycon Oyj at issue date of this annual report is for Standard & Poor's with stable outlook and for Moody's Baa3 with negative outlook. The Company does not expect any counterparties to fail to meet their obligations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Reference is made to the loan facility agreement of EUR 1.5 billion between Citycon Oyj and the Company where it is stated that the maximum amount of credit risk for the Company is EUR 2 million (equity risk) to the group borrowers and the remaining credit risk exposure above EUR 2 million relates to the Company's shareholder. The guarantor of all external debt is Citycon Oyj.

19. OFF BALANCE SHEET COMMITMENTS

The Company has limited rental, lease, back office and IT commitments with third parties. The rental agreement for the offices has been signed in September 2014 for a period of two years after which it has been yearly renewed. The annual expense for all commitments is approx. EUR 40,000 per annum.

20. INTEREST INCOME AND SIMILAR INCOME

	2021 (EUR)	2020 (EUR)
Interest income affiliated companies	47 667 965	37 397 947
Interest income group companies	59 545 847	49 790 068
Exchange rate gains	-3 061 541	45 086 385
Interest income external	14	13
	104 152 285	132 274 413

21. INTEREST EXPENSE AND SIMILAR CHARGES

	2021 (EUR)	2020 (EUR)
Interest expense group companies	44 596 902	40 994 085
Interest expense affiliated companies	258 453	439 866
Interest expense bond	56 016 815	40 867 757
Interest expense commercial papers	248 531	-
Exchange rate losses	-3 052 806	45 050 372
Amortized paid arrangement fees	4 979 609	4 330 472
	103 047 504	131 682 552

22. GENERAL AND ADMINISTRATIVE EXPENSES

The general and administrative expenses are comprised as follow:

	2021 (EUR)	2020 (EUR)
Wages and salaries, administration	132 738	156 540
Other personnel	3 247	1 708
Consulting and advisory fees	121 731	186 382
Rents	22 035	28 351
Car lease and travel expenses		474
Authority and membership fees	1 167	-
Office expenses	9 026	2 308
Non-deductible VAT	52 637	56 364
Recharged expenses	41 375	108 695
Total administrative expenses	383 956	540 822

The wages and salaries, administration is comprised as follow:

	2021 (EUR)	2020 (EUR)
Salaries	122 871	146 488
Social security	9 867	10 052
Total wages and salaries, administration	132 738	156 540

23. TAXATION

The Company operates based on a transfer pricing report which defines the arm's length remunerations for intercompany loans. Since 1 January 2015 the Company formed a fiscal unity for corporate income tax with its group company Montalbas B.V.. Extension of the fiscal unity has been approved by Dutch tax authorities despite the Company's minority ownership of voting rights.

	2021 (EUR)	2020 (EUR)
Profit before tax	720 824	51 039
Deemed income	90 000	
Fiscal higher amortisation bridge fees	-12 470	-30 131
Non-deductible mixed expenses	4 700	4 700
Fiscal profit	803 054	25 608
15,0% over EUR 122.500 / 16,5% over EUR 100,00(	18 375	4 225
25% over remainder	170 139	
Total corporate income tax	188 514	4 225
Corporate income tax in profit & loss		
Current year - Corporate income tax	188 514	4 225
Previous year - Corporate income tax	13 455	22
	201 969	4 247
Effective tax rate	28,0%	8,3%

The effective tax rate has increased to 28.0% (2020: 8.3%). The effective tax rate increased mainly due to adding deemed income of EUR 90.000 as the Company did not meet the minimum interest margin requirements for 2021 according to the transfer pricing study report from 2018.

In accordance with standard fiscal unity conditions, the Company, along with the other member(s) of the fiscal unity, are wholly severally liable for the taxation payable by the fiscal unity up to the 31st of December 2021.

24. AUDITORS

The audit of the Company's annual report has been performed by Ernst & Young Accountants LLP.

The cost of the external auditor and the audit organization and the entire network to which the audit organization belongs charged to the financial year set out below.

	Ernst / Young Accountants LLP	Ernst / Young Oy Finland	Total
Audit of the financial statements	91 800	13 000	104 800
Other audit engagements	8 565	28 000	36 565
Tax advisory services	-	-	-
Other non-audit services	-	-	-
Total	100 365	41 000	141 365

The fees stated above for the audit of the annual report are based on the total fees for the audit of the 2021 annual report, regardless of whether the procedures were already performed in 2021.

25. DIRECTORS

During 2021 the Company had four directors. The directors were: Mr. B.J.W. Helsing, Mr. M.J. Mattila, Mr. R.E. Rozenberg and Mr. A. Doppenberg. Mr. Helsing resigned in August 2021 and Mr. Mattila in January 2022. The new directors Ms. S. Damén and Mr. M. Haapalehto were appointed during Q1 2022. The remuneration during 2021 amounts to EUR 156,540 (2020: 153,864).

26. EMPLOYEES

During 2021 the Company had an average of 1.00 FTE (2020: 1.42 FTE).

27. RELATED PARTIES

All transactions are conducted on an arm's length basis. Further information on related party transactions is also disclosed in relevant notes to the annual accounts.

MAJOR OUTSTANDING EXPOSURE FROM LOANS TO AFFILIATED -/ GROUP COMPANIES:

Related parties	Country Code	Outstanding loan amounts (*MEUR)	Outstanding loan amounts (*MEUR)	Maturity date loans	Interest rates	Accrued interest (*TEUR)
		31-12-2021	31-12-2020		31-12-2021	31-12-2021
Citycon OYJ **)	FIN	348,1	347,4	1-10-2024	2,825% *)	2 465,1
Citycon OYJ	FIN	-	254,9	16-9-2022	- *)	-
Citycon OYJ **)	FIN	349,8	349,8	8-9-2026	1,575% *)	1 721,7
Citycon OYJ **)	FIN	189,8	186,5	1-10-2024	3,075% *)	1 533,3
Citycon OYJ	FIN	11,7	11,7	1-7-2022	2,000%	59,2
Citycon OYJ **)	FIN	298,3	298,0	15-1-2027	2,725% *)	7 834,4
Citycon OYJ	FIN	1,3	1,3	16-10-2024	2,000%	6,8
Citycon OYJ	FIN	0,8	0,8	16-10-2024	2,000%	3,9
Citycon OYJ **)	FIN	346,6	-	12-3-2028	1,975% *)	5 567,9
Citycon OYJ **)	FIN	100,1	95,5	22-9-2025	3,150% *)	858,5
Citycon AB	SWE	356,1	514,3	2-1-2024	2,100%	1 898,6
Kista Real Property JV AB	SWE	97,1	93,5	16-1-2023	6,000% *)	5 667,0
Kista Real Property JV AB	SWE	21,8	-	15-1-2031	4,000% *)	186,5
Rocca el Mare	EST	17,2	-	28-6-2031	2,100%	93,7
Kristiine Keskus OU	EST	-	70,4	29-4-2027	-	-
Citycon Denmark ApS	DEN	98,2	98,1	31-12-2025	2,100%	372,3
Ciltycon Holding AS	NOR	125,1	119,4	28-12-2028	5,750% *)	1 619,0
Ciltycon Holding AS	NOR	9,6	0,1	10-11-2022	2,890%	39,3
Ciltycon Holding AS	NOR	100,1	95,5	16-9-2022	4,172% *)	1 229,9
Ciltycon Holding AS	NOR	39,5	37,7	4-1-2022	3,030%	302,9
Ciltycon Holding AS **)	NOR	130,1	124,2	1-9-2025	4,075% *)	1 782,7
Ciltycon Holding AS **)	NOR	-	33,4	1-3-2021	-	-
Ciltycon Holding AS	NOR	20,0	19,1	24-2-2022	2,920%	60,1
Ciltycon Holding AS	NOR	7,5	7,1	6-2-2024	2,660%	18,0
Ciltycon Holding AS	NOR	-	76,7	1-3-2021	-	-
Ciltycon Holding AS	NOR	2,7	2,6	6-2-2024	2,660%	50,3
Ciltycon Holding AS	NOR	23,5	22,4	6-8-2024	2,920%	101,2
Ciltycon Holding AS **)	NOR	80,1	76,4	24-11-2023	3,750%	308,7
Ciltycon Holding AS	NOR	100,1	95,5	30-11-2023	2,660%	673,1
Ciltycon Holding AS	NOR	115,5	-	1-3-2031	4,774% *)	1 374,7
Manhattan Acquisition Oy	FIN	146,4	146,4	16-10-2024	2,100%	777,4
		3 137,3	3 178,9			36 606,0

Reference is made to note 2 Loans to affiliated -/ group companies on page 22 and counterpart- and credit risk on page 2 and 3.

*) These loans to affiliated -/ group companies are fixed rate loans.

**) Related to an external Bond.

The difference between the carrying value of EUR 3,137.3 million (2020: EUR 3,178.9 million) and the nominal value of EUR 3,154.7 million (2020: EUR 3,197.2 million) are the unamortized discount and prepaid arrangement fees for an amount of EUR 17.4 million (2020: EUR 18.4 million). The fair value of the fixed rate loans amount to EUR 2,566.1 million (2020: EUR 2,518.0 million) and has been calculated/discounted excluding credit spread. The other loans to affiliated -/ group companies are floating rate loans and have a fair value which not significantly differs from the nominal -/carrying value amount of EUR 989,9 million.

MAJOR OUTSTANDING EXPOSURE FROM LOANS FROM AFFILIATED -/ GROUP COMPANIES:

All intercompany loans from affiliated -/ group companies are mainly loans from Citycon Oyj, Espoo, Finland. The majority of these loans have been drawn under the terms of the EUR 1.5 billion multi-currency subordinated term loan facility agreement between Citycon Oyj and the Company, signed on the 1st of August 2014.

Affiliated company	Country Code	Outstanding loan amounts (*MEUR) 31-12-2021	Outstanding loan amounts (*MEUR) 31-12-2020	Maturity date loans	Interest rates 31-12-2021	Accrued interest (*TEUR) 31-12-2021
Citycon OYJ	FIN		76,7	1-3-2021	2,36%	-
Citycon OYJ	FIN		98,1	31-12-2021	2,00%	-
Citycon OYJ	FIN	39,5	37,7	4-1-2022	2,91%	290,4
Citycon OYJ	FIN	100,1	-	28-2-2022	2,56%	647,8
Citycon OYJ	FIN	100,1	95,5	16-9-2022	3,10%	895,4
Citycon OYJ	FIN	9,6	0,1	10-11-2022	2,79%	37,9
Citycon OYJ	FIN	97,1	93,5	16-1-2023	5,88%	5 549,0
Citycon OYJ	FIN	20,0	19,1	24-11-2023	2,82%	58,0
Citycon OYJ	FIN		95,5		3,10%	
Citycon OYJ	FIN	356,1	514,3	31-12-2023	2,00%	1 808,1
Citycon OYJ	FIN	2,7	9,7	6-2-2024	2,56%	17,3
Citycon OYJ	FIN	7,5		6-2-2024	2,56%	48,4
Citycon OYJ	FIN	23,5	22,4	6-8-2024	2,82%	97,7
Citycon OYJ	FIN	146,4	204,6	16-10-2024	2,00%	740,3
Citycon OYJ	FIN	57,8	-	16-10-2024	2,00%	292,0
Montalbas B.V.	HOL	12,2	12,2	31-12-2024	2,10%	64,6
Citycon OYJ	FIN	2,9	2,4	1-1-2025	2,00%	12,9
Citycon OYJ	FIN	98,2	-	31-12-2025	2,00%	354,6
Citycon OYJ	FIN		70,4	29-4-2027	2,00%	
Citycon OYJ	FIN	125,1	119,4	28-12-2028	5,63%	1 583,8
Citycon OYJ	FIN	21,8		15-1-2031	3,90%	181,9
Citycon OYJ	FIN	115,5		1-3-2031	4,67%	1 345,9
Citycon OYJ	FIN	17,2		28-6-2031	2,00%	89,3
		1 353,3	1 471,7			14 115,2

Reference is made to note 12 Loans from affiliated -/ group companies on page 27 and counterpart- and credit risk on page 2 and 3.

SUBSEQUENT EVENTS

In March and April 2022, the Company bought back in the open market a nominal amount of EUR 25 million of the 2024 bond of originally EUR 550 million at an average price of 101.86.

Amsterdam, 28 June 2022

The Board of Directors

S. Damén	A. Doppenberg	M. Haapalehto	R. Rozenberg

OTHER INFORMATION

STATUTORY STIPULATIONS CONCERNING THE APPROPRIATION OF RESULTS

1 Any profit realized in a financial year is at the disposal of the general meeting.

2 The Company may only make distributions if an insofar as its equity exceeds the amount of the paid up and called up part of the share capital plus the reserves that must be maintained by law or these articles of association.

3 Dividend payments may be made only after adoption of the annual report from which it appears that such payments are permitted. Dividends are due and payable immediately after they have been declared, unless the general meeting sets another date in the relevant resolution. Shareholder's claims against the Company or the payment of dividend expire five years after the dividend was declared.

4 With due observance of paragraph of this article, the general meeting may resolve to pay interim dividends to make distributions from a reserve which need not be maintained by law.

5 If the general meeting adopts a resolution to that effect, distributions may be made otherwise than in cash.

6 The shares held by the Company in its own capital are to be disregarded in the calculation of the amount of dividend to be paid on shares.

INDEPENDENT AUDITOR'S REPORT

Reference is made to the next pages of this report.

Independent auditor's report

To: the shareholder and the board of directors of Citycon Treasury B.V.

Report on the audit of the financial statements 2021 included in the annual report

Our opinion

We have audited the financial statements 2021 of Citycon Treasury B.V. based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Citycon Treasury B.V. as at 31 December 2021 and of its result in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- the balance sheet as at 31 December 2021
- the profit and loss account for 2021
- the notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Citycon Treasury B.V. (the company) in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

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

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Citycon Treasury B.V. acts as a finance company for group companies of Citycon Oyj, Espoo, Finland and holds an investment in associate, Montalbas B.V. This investment represents all of the economic benefits and 25% of the voting rights. Montalbas B.V. indirectly holds investment properties, shopping centers, one in Finland and two in Estonia, valued at fair value. The company's exposure to credit risk, interest rate risk and currency risks is limited.

Currency and interest rate exposures are hedged via back-to-back funding or if needed via interest rate derivatives or cross-currency swaps. The credit risk is limited as all credit losses above €2 million will be for the account of Citycon Oyj. We tailored our audit approach accordingly and paid specific attention in our audit to a number of areas driven by the company's operations and our risk assessment. We refer to the section describing the key audit matters.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Materiality

Materiality	€18.8 million (2020: €18.6 million)
Benchmark applied	0.5% of total assets (2020: 0.5%)
Explanation	We determined materiality based on our understanding of the company's business and our perception of the financial information needs of users of the financial statements. We considered that total assets reflects the source of income and repayments to the holders of the bonds and the commercial paper issued by the company as well as the value of the of the investment in associate. We determined materiality consistent with prior financial year.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the board of directors that misstatements in excess of €937,500, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Citycon Treasury B.V. holds one investment in an associate, Montalbas B.V., which is accounted for using the net asset value method. The financial information of this associate is included in the financial statements of Citycon Treasury B.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audit of the associate. In this respect we have determined the nature and extent of the audit procedures to be carried out for the associate.

We have used the work of another Ernst & Young Global Member firm as part of our audit for the audit of the investment in associate Montalbas B.V. and its subsidiaries, which is accounted for at net asset value.

By performing these procedures, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the financial information to provide an opinion on the company's financial statements.

Teaming and use of specialists

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a listed finance company. We have made use of our own specialists in the area of derivatives and tax. In auditing Montalbas B.V. and its subsidiaries, the Ernst & Young Global Member firm also included their own specialists, including real-estate valuation specialists.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Our audit response related to fraud risks

We identify and assess the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the board of directors' process for responding to the risks of fraud and monitoring the system of internal control, as well as the outcomes.
We refer to the Risk Management section of the Director's report for the board of directors' (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls. We have used data analysis to identify and address high-risk journal entries. We evaluated the business rationale of transactions with related parties and whether these were accounted for at-arm's length and in accordance with transfer pricing documentation. We have also performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates, as disclosed in the General Accounting Principles under "Estimates".
These risks did however not require significant auditor's attention during our audit.

We considered available information and made enquiries of relevant executives and members of the board of directors.

The consideration of the potential risk of management override of controls or other inappropriate influence over the financial reporting process, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations
We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the board of directors, reading minutes and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and have been informed by the board of directors that there was no correspondence with regulatory authorities. We enquired with the group auditor of Citycon Oyj and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

The board of directors made a specific assessment of the company's ability to continue as a going concern and to continue its operations for at least the next twelve months.

We discussed and evaluated the specific assessment with the board of directors exercising professional judgment and maintaining professional skepticism. We considered whether the board of directors' going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all events or conditions that may cast significant doubt on the company's ability to continue as a going concern, including considerations relating to the financial position of Citycon Oyj in cooperation with the group auditor. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify serious doubts on the company's ability to continue as a going concern for the next twelve months. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the board of directors. The key audit matters are not a comprehensive reflection of all matters discussed.

In comparison with previous year, our key audit matters did not change.

Valuation of Loans and other financial receivables to Citycon group companies	
Risk	The main activity of Citycon Treasury B.V. is to operate as a financing company of the Citycon group. The Company raises funds from third party lenders through issuances of bonds, commercial paper and other facilities and subsequently lending the funds raised to companies belonging to the Citycon group (group affiliated companies; the Citycon Group Companies). The Company is exposed to the risk that a Citycon group company defaults on meeting its obligations. As the loans to and receivables from the Citycon group companies represent approximately 84% (2020: 85%) of the total assets of the Company, any impairment may have a material effect on the financial statements. As disclosed in note 2 and note 18 under "Credit risk", to mitigate the risk, the Company concluded a loan facility agreement with the parent company (Citycon Oyj), in which the parent company confirmed that all credit losses above €2 million per loan will be compensated by the parent company. Assessing whether there is any objective evidence that a financial asset is impaired, and, if any such evidence exists, determining the size of the impairment loss, requires significant judgment. Given the factors mentioned, we consider this a key audit matter.
Our audit approach	Our audit procedures included, amongst others, evaluating the appropriateness of the company's accounting policy relating to the impairment of financial assets in accordance with Part 9 of the Book 2 of the Dutch Civil Code and Dutch Accounting Standard 290 "Financial instruments" and the criteria set to determine that there is objective evidence of an impairment loss and whether these have been applied consistently. We also evaluated the design of internal controls of the processes underlying the identification and assessment of objective evidence for impairment as part of the financial statement closing process. Furthermore, we have performed, among others, the following audit procedures to determine whether there is objective evidence that triggers impairment of loans and other financial receivables due from Citycon group companies: ▶ We obtained financial information and assessed the financial position and results of the relevant group companies ▶ We obtained external information regarding market and industry conditions, which could have an impact on the financial position and results of the relevant group companies We have also performed the following procedures to assess the ability of the parent company to guarantee credit losses above €2 million: ▶ We obtained external information regarding market and industry conditions, which could have an impact on the financial position and result of the relevant group companies ▶ We obtained and evaluated the going concern assessment of Citycon Oyj including inspection of the credit ratings of Citycon Oyj and the cash flow forecast in cooperation with the group auditor of Citycon Oyj.

Valuation of Loans and other financial receivables to Citycon group companies	
	Furthermore, we reviewed the audited financial statements 2021 and quarterly reporting for the three months period ended 31 March 2022 of Citycon Oyj . Finally, we evaluated the appropriateness of the disclosures in the financial statements.
Key observations	Based on the procedures performed we concur with the board of directors' assessment that there is no objective evidence that triggers impairment of loans and other financial receivables from Citycon group companies. Furthermore, we consider the disclosures related to the loans and other financial receivables appropriate.

Valuation of the investment in associate Montalbas B.V.	
Risk	The investment in associate Montalbas B.V. is accounted for using the net asset value method. The net asset value of Montalbas B.V. is mainly dependent on the fair value of the investment properties held by its subsidiaries, and as such is dependent on significant assumptions regarding the fair value of investment properties as disclosed in note 1. As the fair value is judgmental by nature and sensitive to key inputs, we consider the valuation of the investment in the associate to be a significant risk and key audit matter in our audit.

Our audit approach	Our audit procedures included, amongst others, evaluating the appropriateness of the company's accounting policy relating to the investment in associates in accordance with Part 9 of the Book 2 of the Dutch Civil Code and Dutch Accounting Standard 214 "Financial fixed assets" and the use of the equity method applying the accounting policies of the company and whether these have been applied consistently.
	
	Furthermore, we have performed, among others, the following audit procedures:
	▶ We obtained an understanding of the internal processes related to determining the net asset value on Citycon Treasury level.
	▶ We obtained audited sub-consolidation financial information of Montalbas B.V. and its group companies and evaluated that the applied accounting policies of the audited financial information (and related adjustments) are in accordance with the accounting policies of Citycon Treasury B.V.
	▶ We evaluated the valuation of the investment properties as included in the Montalbas B.V. subsidiaries by performing the following procedures:
	  ▶ Obtaining an understanding of the internal processes at Citycon Oyj regarding the determination of fair value of investment properties
	  ▶ Evaluating the competence and objectivity of the external appraiser and historical accuracy of management's judgment and assumptions
	  ▶ Involving our own valuation specialists to assist us in evaluating the assumptions and methodologies used by the board of directors

Valuation of the investment in associate Montalbas B.V.	
	We evaluated the disclosure of the valuation of Montalbas B.V., considering whether significant judgements were adequately disclosed and particularly whether the disclosures adequately convey the degree of estimation uncertainty and the range of possible outcomes.
Key observations	Based on the procedures performed we concur with the valuation of the investments in the associate (Montalbas B.V.) in the financial statements of Citycon Treasury B.V.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the board of directors as auditor of Citycon Treasury B.V. on 14 January 2015, as of the audit for the year 2014 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the board of directors for the financial statements

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The "Information in support of our opinion" section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the Audit and Governance Committee of Citycon Oyj in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. bThe information included in this additional report is consistent with our audit opinion in this auditor's report.

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

From the matters communicated with the board of directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Utrecht, 28 June 2022

Ernst & Young Accountants LLP

signed by R.H.A. Duim