



LAIVA

REMUNERATION REPORT 2020

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This Remuneration Report describes the implementation of Citycon's Remuneration Policy in 2020 by presenting the remuneration and other financial benefits paid to the Board of Directors, Chief Executive officer ("CEO") and Deputy CEO during the financial year 2020. The remuneration of the governing bodies of Citycon is based on Citycon's Remuneration Policy approved on 17 March 2020 by the advisory resolution of the Annual General Meeting.

The Remuneration Report has been prepared in accordance with the Finnish Corporate Governance Code 2020 and the provisions of the Limited Liability Companies Act (624/2006, as amended) as well as the Finnish Securities Market Act. The Report has been prepared by the Nomination and Remuneration Committee of the Board of Directors and it will be presented to the Company's Annual General Meeting in March 2021.

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



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

REMUNERATION REPORT 2020

I. LETTER FROM THE CHAIRMAN

Dear Shareholders,

To begin with I would like to thank Citycon's management team and personnel for their work and commitment during the year 2020. Citycon, like all other companies, faced a rapid change in its operating environment due to the COVID-19 outbreak. All the same, Citycon continued to demonstrate the strength and stability of its portfolio and proved its strategy in the new COVID-19 environment. The strong operational figures in 2020 highlight, not only our mixed-use urban hub strategy, focused on necessity and municipal services, but also the dedication and leadership of Citycon's senior management.

The major development project in Finland, Lippulaiva Shopping Centre, is progressing towards opening in 2022 as well as introducing a residential portfolio to be part of Citycon's future mix in connection with the project. Also in the year 2020, the

company successfully executed re-financing operations under exceptional market circumstances. All of these actions will contribute to the long-term financial success of Citycon. In accordance with the pay for performance principle, it is important to reward good performance, as we believe that performance-based remuneration motivates our people to further strive for excellence.

On a general level, Citycon's remuneration approach is built around the principles of driving Citycon's business strategy and creating long-term, sustainable performance with increased shareholder value as outlined in our Remuneration Policy. The objectives of Citycon's incentive structure and related incentive plans are to provide a business strategy aligned, competitive level of remuneration and to attract, retain and motivate the best-qualified talent to lead Citycon.

In line with the Remuneration Policy, a significant part of the CEO's and

Deputy CEO's total remuneration has been long-term and performance-based. The variable remuneration payout correlates with company's operational performance in 2020. The Board of Directors has acknowledged the strong management performance navigating through the COVID-19. The decision-making process on remuneration, as defined in the Remuneration Policy, was followed in 2020 and no clawbacks or temporary deviations from the Remuneration Policy were applied in 2020.

Looking forward, we aim to continue utilizing the short- and long-term incentive schemes to drive company performance in line with our pay for performance culture and continued long-term financial success. At Citycon, we believe that profitability and sustainability go hand in hand, while enabling us to contribute in a positive way to our customers and to the local communities in which we operate. Hence, in 2021 the CEO's short-term remuneration criteria include a link to Citycon's sustainability

key targets, which will further support Citycon's profile as a forerunner in sustainability.



Chaim Katzman
Chairman of the Nomination
and Remuneration Committee



II. OVERVIEW OF COMPANY'S FINANCIAL PERFORMANCE AND REMUNERATION

Citycon's mixed-use strategy focusing on combining retail with municipal service space, residential and office, has shown its stability. The tenant mix, that is reliant on municipality and grocery anchor tenants, has brought further resilience during the past five years. Citycon's net rental income, EPRA earnings and direct operative profit have shown solid development considering the transformation of Citycon's portfolio.

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

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

During the period of 2016–2020 Board of Director's annual fees and meeting fees have remained unchanged.

SUMMARY OF CITYCON'S REMUNERATION DEVELOPMENT

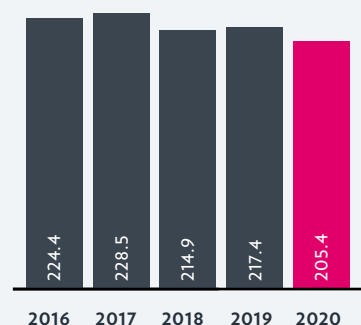
Average compensation (in EUR)	2016	2017	2018	2019	2020
The Board of Directors					
Chairman of the BoD	165,000	165,000	165,000	165,000	165,000
Deputy Chairman of the BoD	84,300	84,000	83,200	87,800	88,000
Other members of the BoD on average	54,514	55,200	54,121	53,726	53,726
CEO					
Fixed pay components	657,386	638,656	643,044	691,852	702,380
Variable pay components	492,000	462,134	456,452	882,155	953,995
Total compensation ¹⁾	1,149,386	1,100,790	1,099,497	1,574,007	1,656,375
Deputy CEO					
Fixed pay components	317,965	317,241	327,497	367,431	426,475
Variable pay components	155,880	195,409	171,257	164,541	472,603
Total compensation	473,845	512,650	498,754	531,972	899,077
Employee					
Average Citycon employee ²⁾	80,723	84,296	73,777	70,236	73,403

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

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

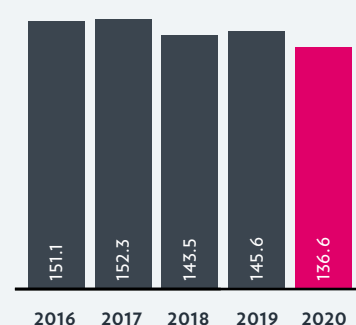
NET RENTAL INCOME

MEUR



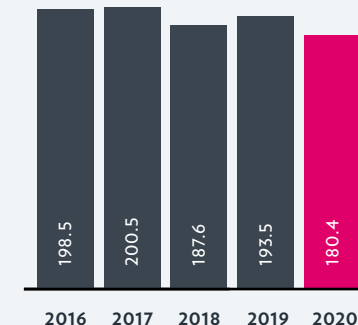
EPRA EARNINGS

MEUR



DIRECT OPERATING PROFIT

MEUR



III. REMUNERATION OF THE BOARD OF DIRECTORS IN 2020

Shareholders in the Annual General Meeting of 2020 resolved on the fees payable to the directors for their service on the Board of Directors or on a Board Committee as follows:

- Chairman of the Board EUR 160,000 annual fee
- Deputy Chairman EUR 70,000 annual fee
- Other Board members EUR 50,000 annual fee
- Chairmen of the Board Committees EUR 5,000 additional fee to reflect the workload of the role.

The Chairmen of the meetings of the Board's Committees shall be paid a meeting fee of EUR 800 and other Board and Committee members EUR 600 per meeting, with the exception of the Chairman of the Board, who shall be paid no meeting fees.

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

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

CITYCON BOARD REMUNERATION 1 JANUARY–31 DECEMBER 2020

Director	Committee Memberships	Total Annual Fees	Meeting Fees	Total
Chaim Katzman, Chairman	Nomination and Remuneration, Chairman	165,000	-	165,000
Ariella Zochovitzky, Deputy Chairman	Audit and Governance, Chairman Nomination and Remuneration, Member	75,000	13,000	88,000
Yehuda (Judah) L. Angster (as of 11 June 2020)	Audit and Governance, Member Nomination and Remuneration, Member	27,740	4,800	32,540
Arnold de Haan	Audit and Governance, Member Nomination and Remuneration, Member Strategy and Investment, Member	50,000	14,400	64,400
Zvi Gordon (as of 11 June 2020)	Strategy and Investment, Member	27,740	4,200	31,940
Bernd Knobloch (until 17 March 2020)	Audit and Governance, Member Strategy and Investment, Member	-	1,800	1,800
Alexandre (Sandy) Koifman	Audit and Governance, Member Nomination and Remuneration, Member	50,000	12,000	62,000
David Lukes	Strategy and Investment, Chairman	55,000	10,400	65,400
Andrea Orlandi*	Nomination and Remuneration, Member Strategy and Investment, Member	-	-	-
Per-Anders Ovin	Audit and Governance, Member	50,000	10,200	60,200
Ofer Stark	Strategy and Investment, Member	50,000	9,600	59,600
Total		550,480	80,400	630,880

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

IV. REMUNERATION OF THE CEO AND THE DEPUTY CEO IN 2020

1. Overview of the Fixed and Variable Remuneration Components

Total Compensation paid to the CEO in 2020 was EUR 1,656,375 (2019: 1,574,007€) and to Deputy CEO EUR 899,077 (2019: 531,972 €). From the total remuneration for Citycon’s CEO 58% was in the form of variable pay. Respectively, 53% of the total remuneration for Deputy CEO was in form of a variable pay component. All financial benefits paid to the CEO and the Deputy CEO in 2020 are listed in the table below.

In addition to their fixed annual base salary and holiday pay, the CEO and Deputy CEO

received fringe benefits, comprising mainly a housing benefit, phone and in addition a car benefit to the Deputy CEO. No additional pension payments outside the statutory payments were paid during the 2020.

The variable remuneration components include the short-term and long-term incentive plans in addition to the potential other financial benefits such as dividend equivalent or one-time payments. A pay for performance principle is based on the concept that CEO’s compensation reflects the performance of the company. Accordingly, the CEO was awarded a one-time reward of EUR 100,000 by the Board of Directors in December 2020, reflecting his performance, including delivering stable financial and operational results under the extraordinary

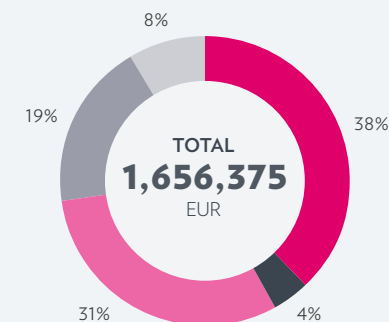
business circumstances in face of the COVID-19 pandemic.

The CEO and the Deputy CEO both had performance-based short-term incentive plan in place for 2020. With respect to long-term incentive schemes, the CEO is included in the CEO Restricted Share Plan 2018–2021. The Deputy CEO is included in the Matching Share Plan 2018–2020. He was also included in the Performance Share Plan 2015 and the Restricted Share Plan 2015, which expired in 2020. In addition he was allocated shares based on the Performance Share Plan 2020–2022. More detailed information on CEO’s and Deputy CEO’s short-term and long-term incentive plans can be found in the next sections of this report.

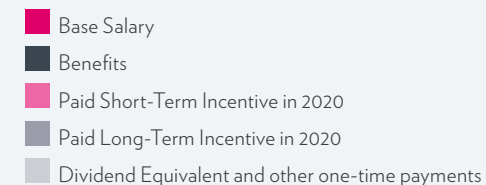
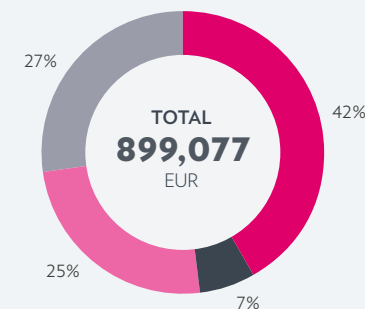
OVERVIEW OF CEO’S AND DEPUTY CEO’S REMUNERATION

EUR	Fixed pay components		Variable pay components			Total Paid Compensation in 2020
	Base Salary	Benefits	Paid Short-Term Incentive in 2020	Paid Long-Term Incentive in 2020	Dividend Equivalent and other one-time payments	
F. Scott Ball, CEO	625,000	77,380	507,600	308,395	138,000	1,656,375
Eero Sihvonen, Deputy CEO	357,603	68,872	210,404	262,199	-	899,077

STRUCTURE OF CEO COMPENSATION IN 2020



STRUCTURE OF DEPUTY CEO COMPENSATION IN 2020



2. Short-term Incentives in 2020

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

According to the CEO's executive contract, the CEO will be eligible for an annual performance bonus of up to EUR 540,000 based upon the Board of Directors' determination of the CEO's achievement of his annual bonus targets. Accordingly, in 2020 the CEO was paid the performance bonus for the financial year 2019 as described in more detail in the enclosed table.

In 2021 spring the CEO shall be paid performance bonus for the preceding financial year 2020, as determined by the Board of Directors based on the following

performance target measures and their mutual weights: EPRA EPS (weight 15%), net rental income growth (weight 20%), selling, general & administrative expenses (S G & A) management (weight 10%), progress of investments, divestments and developments (weight 30%), and discretionary (weight 25%).

The Deputy CEO is eligible for an annual performance bonus of up to 60% of his imputed annual salary, based upon the Board of Directors' determination of the Deputy CEO's achievement of his bonus targets. In 2020 the Deputy CEO was paid the performance bonus for the preceding financial year 2019, based on the following performance target measures and their mutual weights: EPRA EPS (40%), selling, general & administrative expenses (S G & A) management (weight 20%) and individual performance (weight 40%).

In 2021 spring the Deputy CEO shall be paid the performance bonus for the preceding financial year 2020, as determined by the Board of Directors based on the following performance target measures and their mutual weights: EPRA EPS (weight 30%), selling, general & administrative expenses (S G & A) management (weight 30%) and individual performance (weight 40%).

APPLICATION OF SHORT-TERM INCENTIVES IN 2020

	Maximum Reward	Performance Criteria in 2019	Performance Outcome	Earned Reward paid in 2020
F. Scott Ball, CEO	540,000 €	EPRA EPS (weight 15%) Net rental income growth (weight 20%) G&A expenses management (weight 10%) Progress of investments, divestments and developments (weight 30%) Board discretionary (weight 25%)	94%	507,600 €
Eero Sihvonen, Deputy CEO	60% of the annual salary	EPRA EPS (weight 30%) G&A expenses management (weight 30%) Personal targets and discretionary (weight 40%)	92%	210,404 €

3. Long-term Incentives in 2020

CEO Restricted Share Plan 2018-2021

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

All shares unvested under the CEO Restricted Share Plan are eligible for dividend equivalent. The value of the dividend equivalent per reward share equals to the distributed dividend or other distributed assets per share.

In 2020, a gross reward equaling the value of 40,000 shares was paid to the CEO under the CEO Restricted Share Plan. The CEO was obliged by the Board of Directors, to acquire shares with the net reward after taxes and tax-related costs.

Matching Share Plan 2018–2020

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

In 2020, a net reward equaling the value of 5,304 shares was paid to the Deputy CEO under the Matching Share Plan 2018–2020.

CEO RESTRICTED SHARE PLAN 2018-2021

Vesting Period	Allocated shares	Reward Payment Date	Shares Acquired with Net reward	Gross Reward EUR
15.11.2018-15.11.2019	40,000	4.12.2020	21,600	308,395
15.11.2018-15.11.2020	40,000	By the end of Dec 2021		

MATCHING SHARE PLAN 2018-2020

Vesting Period	Allocated shares	Reward Payment Date	Net Reward shares paid, pcs	Gross Reward EUR
1.1.2018-31.12.2019	5,304	17.2.2020	5,304	105,437
1.1.2019-31.12.2020	5,493	By the end of March 2021		
1.1.2020-31.12.2021	4,109	By the end of March 2022		

Performance Share Plan 2015 and Restricted Share Plan 2015

In 2020 the Deputy CEO was paid long-term incentive rewards also based on the Performance Share Plan 2015 and the Restricted Share Plan 2015. These plans, directed to selected key employees, including members of the Corporate Management Committee, expired in 2020.

The Performance Share Plan 2015 included three performance periods, calendar years 2015–2017, 2016–2018 and 2017–2019. The performance criterion for all performance periods was total shareholder return of Citycon's share (TSR). In 2020, a gross reward equaling the value of 1,125 shares, based on the achievement of TSR performance target, including cash proportion to be used for taxes and related costs, was paid to the Deputy CEO.

Shares under the Restricted Share Plan 2015 were allocated to the Deputy CEO in February 2017. The value of the reward was based on the share price development and the reward was paid after the end of a three-year vesting period. Accordingly, in 2020, a gross reward equaling the value of 15,000 shares, including cash proportion to be used for taxes and related costs, was paid to the Deputy CEO.

Performance Share Plan 2020–2022

The Deputy CEO is included in the Performance Share Plan 2020–2022, directed to the members of the Corporate Management Committee, excluding the CEO. The plan comprises of three performance periods, spanning from March 2020, 2021 and 2022 until the end of February 2023, 2024 and 2025, respectively. The rewards payable are based on the participants achieving the strategic individual criteria set for each performance period.

In 2020, a total of 10,000 shares for the performance period of 1.3.2020–28.2.2023, including cash proportion to be used for taxes and related costs, was allocated to the Deputy CEO. The performance criteria for the Deputy CEO relates to driving and defending the company's financial position. The reward shall be payable in spring 2023 in accordance with the achievement of the reward criteria as evaluated by the Board of Directors.

PERFORMANCE SHARE PLAN 2015

Vesting Period	Allocated shares	Reward Payment Date	Net Reward shares paid, pcs	Gross Reward EUR
1.1.2017–31.12.2019	5,982	21.2.2020	562	10,873

RESTRICTED SHARE PLAN 2015

Vesting Period	Allocated shares	Reward Payment Date	Net Reward shares paid, pcs	Gross Reward EUR
8.2.2017–8.2.2020	15,000	17.2.2020	7,500	145,889

PERFORMANCE SHARE PLAN 2020–2022

Vesting Period	Allocated shares	Reward Payment Date	Net Reward shares paid, pcs	Gross Reward EUR
1.3.2020–28.2.2023	10,000	By the end of May 2023		



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