



Remuneration Report 2023

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This Remuneration Report describes the implementation of Citycon Oyj's (Citycon or company) Remuneration Policy in 2023 and presents the remuneration and other financial benefits paid to the Board of Directors and the CEO during the financial year 2023. The remuneration of the governing bodies of Citycon is based on Citycon's Remuneration Policy approved on 2 August 2021 by the advisory resolution of the Extraordinary General Meeting.

This Remuneration Report has been prepared in accordance with the Finnish Corporate Governance Code 2020 and the provisions of the Limited Liability Companies Act (624/2006, as amended) as well as the Finnish Securities Market Act. The Report has been prepared by the Nomination and Remuneration Committee of the Board of Directors and it will be presented to the company's Annual General Meeting in March 2024.

A remuneration report is issued each year together with Citycon's financial statements, management report and Corporate Governance Statement and is available on Citycon's website for 10 years.

→ **Read more**
 The Corporate Governance Code 2020 is available on the Securities Market Association's website at cgfinland.fi.



Remuneration Report 2023

Letter from the Chairman

Dear Shareholders,

In 2023, Citycon continued to demonstrate strong operational performance amidst an uncertain macroeconomic environment as the underlying business continued to perform exceptionally well. The strong operational performance reflects the quality of our necessity-based urban hubs, which have a high proportion of high credit tenants providing easy access to groceries and other necessity goods and services. These centres are connected to public transportation and conveniently located in the largest and fastest growing Nordic markets. Citycon's performance in 2023 highlights the benefits of Citycon's differentiated strategy, as well as the dedication, expertise and leadership of Citycon's senior management. I would like to thank Citycon's management team, and all of our associates, for their work and commitment during the past year.

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 continue to strive for excellence. As outlined in our Remuneration Policy, Citycon's general remuneration approach is built around the principles of driving our business strategy to create long-term, sustainable performance while increasing shareholder value. The

objectives of Citycon's incentive structure and related incentive plans are to align the business strategy with a competitive level of remuneration to attract, retain and motivate the best-qualified talent and experience to lead Citycon and to contribute to its success.

In line with the Remuneration Policy, a significant part of the CEO's total remuneration is long-term, and performance based. In 2023, the total earned remuneration of the CEO as EUR 2,853,031 of which 74% was in the form of variable pay. The variable remuneration payout correlates with the company's operational performance in 2023. In 2023, no clawbacks or temporary deviations from the Remuneration Policy were made.

Looking forward, we aim to continue utilizing the short- and long-term incentive schemes to drive company performance in line with our pay for performance culture and continued long-term financial success. In Citycon, we believe that profitability and sustainability go hand in hand, while enabling us to contribute in a positive way to our customers and the local communities in which we operate. For this reason, in 2023, the CEO's short-term remuneration criteria continued to be linked to Citycon's sustainability strategy and key sustainability targets.

“Performance-based remuneration motivates our people to continue to strive for excellence.”



Chaim Katzman

Chairman of the Board of the Directors
Chairman of the Nomination and Remuneration Committee

Overview of Company's Financial Performance and Remuneration

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

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

In line with emphasizing the principle of pay-for performance, the CEO has 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 commitment to the company.

During the period of 2018–2023 the Board of Director's annual fees and meeting fees have remained unchanged.

Summary of Citycon's remuneration development and company performance

Average compensation (in EUR)	2019	2020	2021	2022	2023
The Board of Directors					
Chairman of the BoD	165,000	165,000	165,000	165,000	165,000
Deputy Chairman of the BoD	87,800	88,000	90,400	83,400	86,184
Other members of the BoD on average	53,726	53,726	56,930	60,080	59,208
CEO					
Fixed pay components	691,852	702,380	698,183	688,457	741,180
Variable pay components	882,155	953,995	851,106	1,247,398	2,111,851
Total compensation	1,574,007 ¹	1,656,375	1,549,289	1,935,855	2,853,031
Employee					
Average Citycon employee ²	70,236	73,403	82,802	76,502	78,720
Company performance					
Net rental income	217.4	205.4	202.3	203.6	195.7
EPRA Earnings	145.6	136.6	124.4	122.6	109.6
Direct operating profit	193.5	180.4	176.1	175.2	164.8

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

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

Remuneration of the Board of Directors

Shareholders in the Annual General Meeting of 2023 resolved on the following fees payable to the members of the Board of Directors and the Board Committees:

- Chairman of the Board: EUR 160,000 annual fee
- Deputy Chairman: EUR 70,000 annual fee
- Other Board members: EUR 50,000 annual fee
- Chairmen of the Board Committees: EUR 5,000 additional fee

The Chairmen of the Board Committee meetings were paid a meeting fee of EUR 800 and other Board and Committee members EUR 600 per meeting.

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

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

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

Citycon Board Remuneration 1 January–31 December 2023

Director	Committee Memberships	Annual Fee	Meeting Fees	Total
Chaim Katzman, Chairman	Nomination and Remuneration, Chairman	165,000	-	165,000
Alexandre (Sandy) Koifman, Deputy Chairman	Audit and Governance, Chairman (until 1 November 2023) Nomination and Remuneration, Member	74,185	12,000	86,185
F. Scott Ball ¹ , Deputy Chairman	-	-	-	-
Judah Angster	Audit and Governance, Member (until 18 July 2023) Nomination and Remuneration, Member Strategy and Investment, Member Cyber, Member	50,000	15,600	65,600
Zvi Gordon	Cyber, Chairman Strategy and Investment, Member	52,301	12,400	64,701
Adi Jemini (since 1 June 2023)	Audit and Governance (since 18 July 2023), Chairman since 1 November 2023)	29,945	5,600	35,545
David Lukes	Strategy and Investment, Chairman	55,000	11,600	66,600
Per-Anders Ovin	Audit and Governance, Member Nomination and Remuneration, Member	50,000	11,400	61,400
Ljudmila Popova	Audit and Governance, Member Cyber, Member	50,000	11,400	61,400
Total		526,431	80,000	606,431

¹ According to the Remuneration Policy, the CEO's salary includes the fees payable for the Board members and thus no separate fee is payable for the Board membership.

Remuneration of the CEO

1. Overview of the Fixed and Variable Pay Components

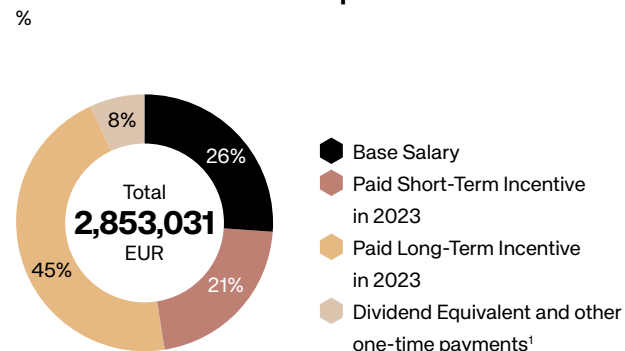
The total remuneration paid to the CEO in 2023 was EUR 2,853,031 (in 2022 EUR 1,935,855). 74% of the CEO's total remuneration was in the form of variable pay. All financial benefits paid to the CEO in 2023 are presented in the table below.

In addition to his fixed annual base salary, the CEO received short-term and long-term incentives. No additional pension payments outside the statutory payments were paid during 2023.

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, stock options or one-time payments. A pay-for-performance principle is based on the concept that the CEO's compensation reflects the performance of the company.

The CEO had performance-based short-term incentive plan in place for 2023. With respect to long-term incentive schemes, the CEO was included in the CEO Restricted Share Plan 2021–2025 and in the CEO Stock Option Plan 2022–2025.

Structure of CEO Compensation in 2023



¹ Other one-time payments include paid gross-up according to CEO contract

2. Short-term Incentives in 2023

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

In 2023, the CEO was paid the performance bonus for the earnings period 15 November 2021–14 November 2022 based on the CEO's executive contract valid as of 15 November 2021. According to the contract, the CEO was eligible for an annual performance bonus of 50–100% of his annual base salary, based upon the Board of Directors' determination of the CEO's achievement of his annual bonus targets. The performance bonus is described in more detail in the following table.

In spring 2024, the performance bonus (earnings period 15 November 2022–14 November 2023), as determined by the Board of Directors, is based on the following performance target measures and their mutual weights: progress of divestments (weight 30%), valuation (weight 20%), EPRA EPS (weight 10%), net rental income growth (weight 10%), general & administrative expenses management (weight 5%), progress of sustainability key metrics¹ (weight 5%) and discretionary (weight 20%).

¹ Citycon's new sustainability strategy, updated in 2023, enables achieving the ambitious goals for 2030. Citycon's sustainability strategy includes six focus areas: carbon neutrality, sustainable mobility, community hub, sustainable value chain, circularity and natural resources and excellence in action. More information on Citycon's sustainability targets and sustainability strategy available on <https://www.citycon.com/sustainability>

Overview of CEO's remuneration

EUR	Fixed pay component		Variable pay component			Total Paid Compensation in 2023
	Base Salary	Benefits (including holiday pay)	Paid Short-Term Incentive in 2023	Paid Long-Term Incentive in 2023	Dividend Equivalent and other one-time payments ¹	
F. Scott Ball, CEO	741,180	0	600,000	1,290,100	221,751	2,853,031

¹ Other one-time payments include paid gross-up according to CEO contract

Application of Short-term Incentives in 2023

	Maximum Reward	Performance Criteria in 2022 (payable in 2023)	Performance Outcome	Earned Reward paid in 2023
F. Scott Ball, CEO	660,000€	EPRA EPS (weight 10%) Net Rental Income Growth (weight 20%) GA Expenses Management (weight 10%) Progress of investments, divestments and developments with the emphasis on residential (weight 15%) Progress of sustainability key metrics (weight 10%) Board discretionary (weight 25%)	91%	600,000€

3. Long-term Incentives in 2023

CEO Restricted Share Plan 2021–2025

The CEO Restricted Share Plan 2021–2025 includes three vesting periods, ending on 15 January 2023, 2024 and 2025. The purpose of the plan is to combine the objectives of the shareholders and the CEO in order to increase the shareholder value of the company in the long-term and to retain the CEO at the company with a competitive reward plan based on the share price and accumulating the company's shares. The rewards under the plan are paid in three equal instalments after each vesting period; their total aggregated amount equaling 570,000 shares including taxes and tax-related costs. All shares unvested under the CEO Restricted

Share Plan are eligible for dividend equivalent. The value of the dividend equivalent per share shall be equal to the distributed dividend or other distributed assets per share. All paid shares shall be subject to a lock-up undertaking by the CEO until 14 January 2025 unless the CEO agreement is terminated prior to such date. Should the CEO be relieved of his position before the payment, the CEO shall be entitled to the reward prorated until the date of relief.

CEO Stock Option Plan 2022–2025

The aim of the stock option plan directed to the CEO is to align the objectives of the shareholders and the CEO in order to increase the long-term value of the company, to retain the CEO at Citycon, and to offer him a competitive reward plan.

The stock options are issued gratuitously and entitle to subscribe a maximum total of 2,111,111 new shares in the company or existing shares held by the company. Of the stock options, 527,778 are marked with the symbol 2022A; 527,778 with the symbol 2022B; 527,778 with the symbol 2022C and 527,777 with the symbol 2022D.

The subscription period for stock options 2022A is 31 January 2022–31 December 2025, for stock options 2022B 31 January 2023–31 December 2025, for stock options 2022C 31 January 2024–31 December 2025 and for stock options 2022D 31 January 2025–31 December 2025.

The share subscription price for shares subscribed by virtue of the stock options is EUR 7.38 per share.

In 2023 the CEO did not exercise any options and accordingly, as per 31 December 2023, the CEO still holds 2,111,111 options.

CEO Restricted Share Plan 2021–2025

Vesting Period	Allocated shares	Reward Payment Date	Shares Acquired with Net reward (pcs)	Gross Reward in EUR
27.10.2021–15.1.2023	190,000	Feb 22 2023	100,000	1,290,100
27.10.2021–15.1.2024	190,000	By the end of Feb 2024		
27.10.2021–15.1.2025	190,000	By the end of Feb 2025		

CEO's participation in the stock option plan

Option rights	Number of the option rights granted to the President and CEO based on the stock option plan	Number of shares that an option right entitles its holder to subscribe for	Share subscription price, EUR	Share subscription period
2022A	527,778	1	7.38	31 January 2022–31 December 2025
2022B	527,778	1	7.38	31 January 2023–31 December 2025
2022C	527,778	1	7.38	31 January 2024–31 December 2025
2022D	527,777	1	7.38	31 January 2025–31 December 2025