Financial Review 2023

Lippulaiva residentials

Contents

The accounting principles have been marked with a grey background.

Information on the key estimates and assumptions have been marked with a beige background.

CFO Sakari Järvelä comments on significant items during the reporting period.

About this report

Accounting principles and key estimates and assumptions regarding business activities are presented together with the relevant note. The aim is to improve the presentation of how operating result was formed, what assets were used to achieve the business profits and how business and asset transactions were financed.

Information to shareholders

Listing of Citycon's shares
Citycon Oyj's shares are listed on the Nasdaq Helsinki Ltd. Large Cap list under the trading code CTY1S. Citycon has one series of shares, and each share entitles its holder to one vote at the General Meeting of shareholders and to an equal dividend.

Annual general meeting
Citycon Oyj's Annual General Meeting will be held on 19 March 2024 at 12:00 noon. The notice, topics discussed in the meeting, proposals made for the Annual General Meeting, as well as the instructions on how to register will be found on Citycon's website.

Shareholders wishing to attend the meeting must be registered in Citycon's shareholder register at Euroclear Finland Ltd. on the record date 7 March 2024.

Changes of address
Shareholders are requested to notify their book-entry account operator or Euroclear Finland Ltd., whichever holds the shareholder's book-entry account, of any changes to their name or address.

Publication of financial information
Citycon publishes financial information in English and Finnish. All materials are available on Citycon's website.

Subscription to publications
Citycon's financial reports, stock exchange releases and press releases can be ordered by registering an e-mail address on Citycon's website at citycon.com/newsroom.

Investor relations contacts
Citycon's Investor Relations function assists in all investor relations related questions. The primary contact is the Manager, Legal and Investor Relations, Valtteri Piri (ir@citycon.com).

Asset distribution
The Board of Directors proposes to the Annual General Meeting that the Board of Directors will be authorized to decide on the distribution of assets from the invested unrestricted equity fund.

Based on the proposed authorization, the maximum total amount of equity repayment, shall not exceed 0.30 per share. Based on the current total number of issued shares in the company, the authorization would equal a maximum of EUR 51,598,261.2 in equity repayment. The equity repayment would be paid to shareholders in four installments.

Financial calendar 2024	
Financial Statements Bulletin and Financial Statements 2023	15 February
Interim Report January–March 2024	15 May
Half-yearly Report January–June 2024	17 July
Interim Report January–September 2024	6 November
AGM record date	7 March
Last day for AGM registration	12 March
AGM	19 March

Preliminary payment date of equity repayment[1]

28 March 2024
28 June 2024
30 September 2024
31 December 2024

→ **More information:**
Shares and shareholders, pages 36–37

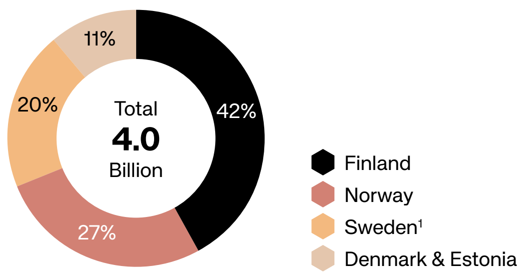
[1] Citycon's Board of Directors will make separate resolutions and announcements on each distribution of the dividend/equity repayment subject to been authorized for asset distribution by the Annual General Meeting.

We create cities full of life. For people. For communities. For development. For growth.

Citycon is the leading owner and developer of urban hubs in the Nordics and Baltics. Our 33 mixed-use, necessity-based centres are located in the major cities in Finland, Sweden, Norway, Denmark and Estonia. We transform unique locations into sustainable communities and cities full of life, serving 140 million people each year and delivering long-term share value.

Balanced Nordic portfolio

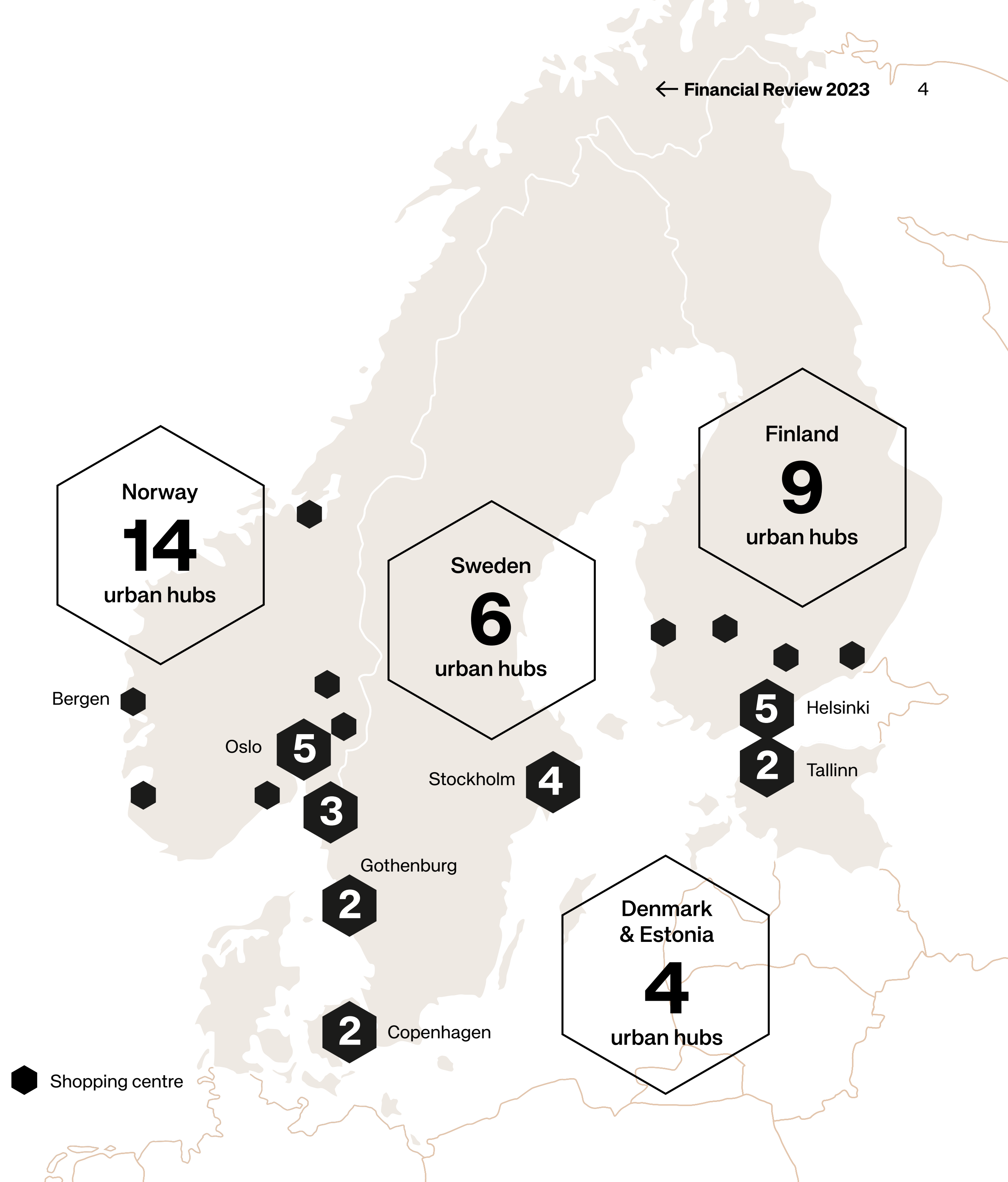
%



[1] Including Kista Galleria 50%.

33

urban hubs in 5 countries serving 140 million people each year.



CEO's interview

What were the highlights of the year for you?

In 2023, we continued to demonstrate the strength and stability of Citycon's necessity-based strategy regardless of macroeconomic pressures as our business fundamentals remained and our assets continued to perform very well. The positive operating results reflect the quality of our grocery-anchored urban hubs, which have a high proportion of necessity tenants, connected to transportation and in convenient locations in the largest Nordic cities. Our long-stated strategy of creating mixed-use urban hubs is paying operational dividends and driving traffic to our centers.

One of the highlights of the year was the opening of three residential towers in Lippulaiva in the first quarter of 2023. We are pleased with their leasing progress as the occupancy rate of the residentials is currently approx. 90%. These residential units will create additional demand for the property and diversify Citycon's revenue streams. We have two additional pads at this property where we are negotiating a joint venture for development. Additionally, we reopened Myyrmanni centre in Finland, which is our most recent example of our strategy in action. In Myyrmanni, we have further improved the tenant mix by increasing the share of necessity-based tenants with a renewed Lidl grocer and a 7,300 sq.m. Prisma hypermarket resulting in groceries representing approx. 60% of the total GLA. This is consistent with what we have achieved in many of our properties across the portfolio. These active asset management initiatives not only provide stability to revenue growth, but it also has the added benefit of improving the average credit profile of our tenant base.

2023 was also the year where we continued our progress to solidify our investment grade balance sheet. We refinanced and expanded our credit facility in April from EUR 500 million to EUR 650 million, consisting of a EUR 400 million revolver and EUR 250 million term loan. With the proceeds we executed EUR 236 million bond repurchases for our bonds maturing in the near future. We have continued to execute bond repurchases from the open market, taking advantage of discounts and dislocation in secondary trading while improving the maturity profile.

In November, we executed approx. SEK 1,020 million 7-year mortgage loan secured by one of our Swedish assets, highlighting Citycon's access to debt financing with competitive terms and providing evidence that the secured loan market is functioning well. Additionally, in Q4, we executed two hybrid exchanges where we repurchased our hybrid bonds at a discount compared to the nominal value in exchange for equity at the current market value. Through these actions, we were able to demonstrate our commitment to maintain our investment grade credit rating and to continue to mitigate the earnings impact of higher current market interest rates, while also improving our overall balance sheet.

We are pleased that these credit actions as well as Citycon's sound operating performance were also recognized by S&P, who reaffirmed Citycon's investment grade rating with stable outlook.

We will continue to focus on delivering on our strategy of creating and operating necessity-based retail hubs in top Nordic locations.

How would you describe Citycon's operational performance in 2023?

We continue to see strong performance in our business fundamentals as sales, footfall, rents, occupancy collections continue to show sustained growth. Like-for-like tenant sales increased by 3.4% and like-for-like footfall 1.8% compared to the previous year. This combined with increasing average rent and occupancy rate, you have the recipe for success.

We were pleased to see continued strong demand for our centres from both new and existing tenants, as evidenced by our excellent leasing activity with over 132,000 sq.m. of signed leases in 2023 with positive leasing spreads of 1.4%, resulting in retail occupancy up 60 bps to 96.0%. Notable, at the same time we were able to increase the average rent per square meter in comparable FX, by 1.6 EUR to 24.0 EUR/s.qm.

The net effect of these strong operational KPI's is that like-for-like net rental income grew 6.5% in 2023 (in comparable FX). We benefited by the fact that 93% of our leases are linked to indexation and stand to further benefit in 2024. Our occupancy cost ratio remains one of the lowest in the industry highlighting the health of Citycon's tenants. While tenant sales continue to increase, this combination provides us with plenty of headroom for compounding rent growth going forward.

How is the increasing focus on sustainability impacting Citycon?

Citycon has been an early leader in the real estate sector when it comes to sustainability, and we are fully committed to deliver on our ambitious sustainability goals, namely carbon neutrality by 2030 and to reduce greenhouse gas emissions in line with the 1.5°C Paris goal. Alongside with our company level targets, sustainability is embedded in our operations at every step of the process and in 2023, all Citycon employees had a sustainability linked target in their bonus criteria. To underline our commitment to the long-term sustainability promises, we updated our sustainability strategy in May 2023. The updated sustainability strategy enables the company to work effectively on multiple areas towards its ambitious goals for 2030.

Our long-term sustainability work is also contributing to our financial performance in the current more volatile energy cost environment, as Citycon has a significant amount of its own onsite energy production at our solar, geothermal, and hydrothermal powerplants. Going forward we will continue to seek to invest in sustainable solutions through a variety of measures to improve our centers, our urban hubs and the communities in which we operate.

As a result of our ambitious sustainability work, Citycon has once again received recognition for our efforts to reduce the greenhouse gas emissions by being named among Europe's Climate Leader companies by Financial Times.

What are Citycon's focus areas for 2024?

Moving forward into 2024, we will continue to focus on delivering on our strategy of creating and operating necessity-based retail hubs in top Nordic locations. We remain confident about the business as we own quality real estate, we provide the consumer the goods and services they require, and we provide an environment that is convenient to access. When you layer in the dramatic impact of compounding rent growth, you have created extreme strong and stable business fundamentals.

The balance sheet will remain a key focus for us in 2024. We will continue to actively work towards further strengthening our financial position and we will continue our capital recycling. Our confidence in the reopening of the transaction markets leads us to increase our EUR 380 million divestment target by the end of 2024 to EUR 950 million within the next 24 months. In 2023, we demonstrated our access to debt financing with competitive terms which gives us flexibility to we be patient as the Nordic transaction and bond market stabilizes.

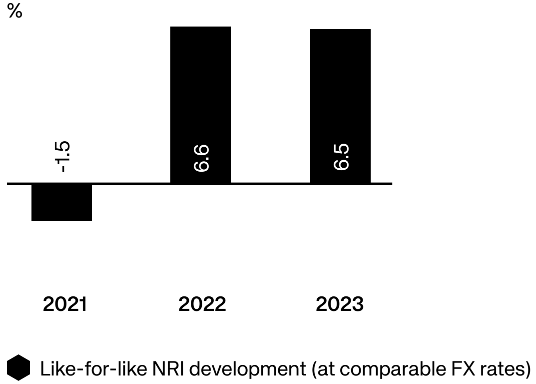
In 2024, we will intensify our focus on cost control and profitability in all our business operations. To that end we will reduce our operating cost as well as dramatically decrease our G&A expenses to a run rate of 10% of net rental income by year-end 2024. We will also consolidate corporate Nordic functions into our existing office in suburban Helsinki. It is also important to note that, following the completion of the residential towers in Lippulaiva in Q1/2023, we now have minimal committed capital expenditures which will be approx. EUR 30 million in 2024 (70% lower in 2024 than in 2023). We will also complete some existing projects including a 7,300 sq.m. Prisma in Myyrmanni, a new Selver grocery and gym in Rocca al Mare, a new Lidl grocery in Albertlund and finally the first Nike Rise in Finland in Iso Omena.

Lastly, I would like to highlight that there is a scarcity of the type of high-quality retail assets we own, we have a proven business model and all of the important metrics (sales, footfall, rents, occupancy, collections) continue to show sustained growth. For all of these reasons, we remain bullish on the prospects of the business moving forward.

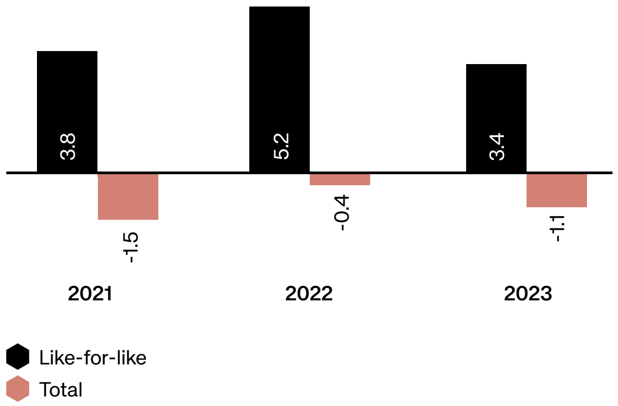
F. Scott Ball
CEO

Key figures

Like-for-like net rental income development
%



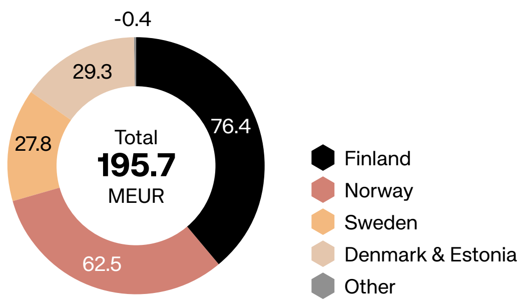
Tenant sales development[1]
%



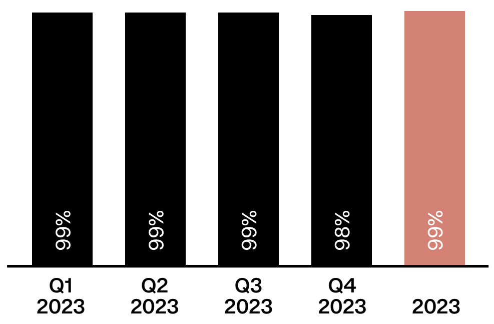
[1] Sales figures include estimates. Sales figures exclude VAT and the change has been calculated using comparable exchange rates. Kista Galleria 50% not included.

Key figures	2023	2022
Net rental income, MEUR	195.7	203.6
Like-for-like net rental income growth	6,5%	6,6%
EPRA Earnings per share (basic)	0.651	0.730
EPRA NRV per share	9.30	11.01
Average interest rate	2.61%	2.43%

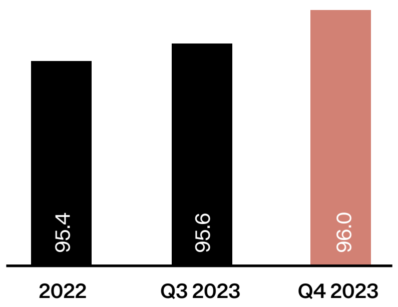
Net rental income by segments
MEUR



Rent collection rate
%



Retail occupancy rate[1]
%



[1] Kista Galleria 50% not included.

Citycon – urban convenience in the heart of communities

We bring value to communities by developing urban hubs for living, working, socialising and shopping. We have extensive experience as an urban developer and use our expertise when we create mixed-use centres that include retail, offices, hotels, housing, food & beverage as well as healthcare, culture and leisure services.

Focusing on prime assets that we...

...own,

- Strong portfolio of 33 convenience based centres
- Located in growing urban areas in Nordic and Baltic cities
- Long-term investor

...manage,

- In-house real estate expertise throughout the centre value chain
- Retail experts in 5 countries
- Pan-Nordic approach with synergies and a cross-border leasing team

...develop.

- Area development – creating attractive places for living, working and socializing
- Improved commercial attractiveness and competitiveness and better places for our tenants to operate

How we create value?

Assets in Nordic prime locations

- Top 2 cities in each country with strong urbanisation
- Connection to public transportation

Necessity-based tenant mix

- Grocery anchored centres, a large share of necessity tenants
- Mixed-use hubs with growing share of municipalities

Proven asset management

- Long lasting relationship with municipalities
- Continued dialogue with surrounding communities
- Sustainability embedded in the operating model

Active capital recycling

- Proceeds used to repay debt
- Strengthen investment grade balance sheet

Inherent building rights

- Mainly residential, which will enhance value of underlying center
- Minimal capex required to get zoning
- Multiple value extraction paths via sale, JV or build

A stable core business with attractive opportunities for value creation

Report by the Board of Directors

Citycon continued to demonstrate the strength and stability of its Nordic portfolio. Citycon's operational performance showed continued improvement throughout the year as like-for-like net rental income increased by 6.5%. The overall financial performance remained solid in 2023 and reported Direct Operating Profit, EPRA Earnings per share, and Adjusted EPRA Earnings per share were EUR 164.8 million, EUR 0.651, and EUR 0.479, respectively. Rent collection rate was high at 99% for 2023 and reflects the high quality and creditworthiness of Citycon's tenants. Combined with Citycon's low occupancy cost ratio (9.5%) and increasing tenant sales, there is ample headroom for rent indexations also in 2024.

Like-for-like tenant sales increased 3.4% and like-for-like footfall 1.8% compared to the previous year. Like-for-like tenant sales are already well above (9.2%) 2019, which demonstrates the strength of Citycon's strategy to focus on grocery-anchored urban hubs, which have a high proportion of tenants providing necessity goods and services, connected to transportation and in convenient locations in the largest Nordic cities.

Citycon continued its active capital management and further improved its financial position by refinancing and expanding its credit facility in April from EUR 500 million to EUR 650 million, issuing a new SEK 1,020 million term loan in November and executing two hybrid-equity exchanges in Q4. Importantly, Citycon executed EUR 191 million notional bond repurchases during the year and retired EUR 87 million of hybrid debt. Through these actions Citycon continued to mitigate the earnings impact of higher current market interest rates, while also improving its overall balance sheet. Citycon's credit actions and sound operating performance were also recognized by credit agencies as, in December, S&P reaffirmed Citycon's investment grade rating with stable outlook.

Main events in 2023

General:

- Citycon continued to demonstrate strong operational performance amidst an uncertain macroeconomic environment.
- Citycon announced a new sustainability strategy which enables the company to work effectively on multiple areas towards its ambitious goals for 2030.
- Citycon was selected as one of Europe's Climate Leaders for the third consecutive year according to the list drafted by the Financial Times and German research company Statista. Citycon is the only Finnish real estate company included in the list and was in the top quarter of all European companies, regardless of sector.
- Sakari Järvelä was appointed Citycon Oyj's Chief Financial Officer and member of the Corporate Management Committee as of 1 February 2024.

Key Figures

Citycon Group[1]		2023	2022	%	FX Adjusted %[2]
Net rental income	MEUR	195.7	203.6	-3.9%	1.7%
Like-for-like net rental income development	%	*6.5%*	*6.6%*	-	-
Direct operating profit[3]	MEUR	164.8	175.2	-5.9%	-0.1%
IFRS Earnings per share (basic)[4]	EUR	-0.70	-0.15	-	-
Fair value of investment properties	MEUR	3,858.2	4,040.1	-4.5%	-
Loan to Value (LTV)[3]	%	46.3	41.4	11.8%	-
EPRA based key figures[3]					
EPRA Earnings	MEUR	109.6	122.6	-10.7%	-4.3%
Adjusted EPRA Earnings[5]	MEUR	80.6	92.1	-12.5%	-3.9%
EPRA Earnings per share (basic)	EUR	0.651	0.730	-10.8%	-4.4%
Adjusted EPRA Earnings per share (basic)[5]	EUR	0.479	0.548	-12.6%	-4.1%
EPRA NRV per share[6]	EUR	9.30	11.01	-15.5%	-

[1] The numbers include the sale of four investments properties during the previous year.
[2] Change from previous year (comparable exchange rates). Change-% is calculated from exact figures.
[3] Citycon presents alternative performance measures according to the European Securities and Markets Authority (ESMA) guidelines. More information is presented in Basis of Preparation and Accounting Policies in the notes to the accounts.
[4] The key figure includes hybrid bond coupons, amortized fees and gains and expenses on hybrid bond repayments.
[5] The key figure includes hybrid bond coupons and amortized fees.
[6] The effect of currency rates to EPRA NRV/share was EUR -0.47.

Outlook for 2024

Direct operating profit	MEUR	185–203
EPRA Earnings per share (basic)	EUR	0.62–0.74
Adjusted EPRA Earnings per share (basic)	EUR	0.46–0.58

The outlook assumes that there are no major changes in macroeconomic factors and no major disruptions from the war in Ukraine. These estimates are based on the existing property portfolio, including Kista 100%, as well as on the prevailing level of inflation, the EUR–SEK and EUR–NOK exchange rates, and current interest rates.

Operational performance:

- Q1–Q4/2023 like-for-like tenant sales 3.4%.
  - 9.2% vs. Q1–Q4/2019 (pre-pandemic)
- Q1–Q4/2023 LFL footfall 1.8%
- Q4/2023 retail occupancy 96.0%
  - 40 bps vs. Q3/2023
  - 60 bps increase vs. Q4/2022
- Q1–Q4/2023 collections were 99%
- Q1–Q4/2023 average rent per sqm increased EUR 1.6 to EUR 24.0 (comparable FX)
- Q1–Q4/2023 positive leasing spread of 1.4%
- Q4/2023 9.5% LFL occupancy cost ratio

Financial performance:

- Like-for-like net rental income in Q1–Q4/2023 increased 6.5%
  - Total net rental income was EUR 195.7 million (Q1–Q4/2022: EUR 203.6 million).
- EPRA Earnings were EUR 109.6 million (Q1–Q4/2022: EUR 122.6 million). EPRA Earnings per share (basic) was EUR 0.651 (Q1–Q4/2022: EUR 0.730)
- Adjusted EPRA earnings were EUR 80.6 million (Q1–Q4/2022: EUR 92.1 million)
- IFRS earnings per share was EUR -0.70 (Q1–Q4/2022: EUR -0.15). Net cash from operations per share was EUR 0.75 (Q1–Q4/2022: EUR 0.59)
- The Board of Directors proposes to the Annual General Meeting that the Board be authorised to decide on the profit distribution. Based on the proposed authorization the maximum amount of profit sharing, to be paid as equity repayment, would be EUR 0.30 per share.

Balance sheet:

- In total, Citycon repurchased EUR 191 million of notional bonds in 2023 through tender offer and from the open market by using approx. EUR 184 million of cash
  - Additionally, Citycon retired EUR 87 million of hybrid debt
  - Repurchases further stabilizes Citycon's well-laddered maturity profile and reduces refinancing risk
- Citycon replaced and extended of EUR 650 million credit facility in April 2023, incl. EUR 250 million term loan
- Citycon signed a SEK 1 020 million (approx. EUR 89.5 million) fixed rate green term loan in November
- Citycon updated its EUR 400 million Commercial Paper programme into green format, and issued its first Green Commercial Paper
  - the first ever Green Commercial Paper issued in the Finnish market
- S&P reaffirmed in December Citycon's investment grade rating with stable outlook.
- Citycon remains committed to its investment grade credit rating.

Business environment

The Nordic economies, like the rest of the global economy, are impacted by the increase in cost of living and the uncertain economic environment due to inflation, rising interest rates, and geopolitical uncertainty. The common denominator for the Nordic countries is their strong financial position, thanks to high personal savings, strong public finances and robust job creation, which continue to persist. This provides these economies a buffer and some degree of resilience during this time of inflation, and rising interest rates.

While inflation is trending higher in all Nordic markets, this continues to benefit Citycon's operations due to the grocery and services-oriented tenant mix of Citycon's necessity-based urban hubs, which are less reliant on consumer discretionary spending. In addition, 93% of the Company's leases are tied to indexation.

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

Business environment key figures

	Finland	Norway	Sweden	Denmark	Estonia	Euro area
GDP growth, 2023	-0.5%	0.5%	-0.4%	1.0%	-3.4%	0.5%
Unemployment, 2023	7.2%	3.6%	7.6%	4.8%	6.7%	6.5%
Inflation, 2023	4.3%	5.8%	8.5%	3.3%	9.1%	5.4%
Retail sales growth, 11/2023[1]	-0.2%	0.4%	1.6%	1.3%	-0.3%	-0.3%

[1] % change compared with the same month of the previous year

Sources: IMF, World Economic Outlook (October 2023), SEB Nordic Outlook, European Commission, Eurostat

Net rental income

Like-for-like net rental income in Q4 increased 5.3% compared to Q4/2022.

Like-for-like net rental income in Q1–Q4/2023 increased by 6.5%.

Total net rental income for the period was EUR 195.7 million (Q1–Q4/2022: EUR 203.6 million, including disposed assets).

Like-for-like net rental income from the Finnish operations increased by 7.6% in Q1–Q4/2023. Like-for-like net rental income from Norwegian operations increased by 4.6% in Q1–Q4/2023. Like-for-like net rental income from the Swedish operations increased by 1.3% in Q1–Q4/2023. Like-for-like net rental income from the Danish & Estonian operations increased by 12.6% in Q1–Q4/2023.

Occupancy, Sales and Footfall

The retail occupancy rate was 96.0% in Q4/2023 and was 60 bps higher versus the same time last year (Q4/2022: 95.4%). Economic occupancy for Q4/2023 was 94.9% (Q4/2022: 94.5%). Furthermore, the average rent per sq.m. increased by 0.3 to 24.0 EUR (Q4/2022: 23.7 EUR). With comparable FX rates, average rent per sq.m increased by 1.6 EUR. In Q1–Q4/2023 Citycon leased over 132,000 sq.m. with a positive leasing spread of 1.4%.

Like-for-like tenant sales increased 1.9% in Q4/2023 and 3.4% for Q1–Q4/2023 compared to the same time last year. Notably, like-for-like tenant sales in Q1–Q4/2023 are up 9.2% compared to the same time period in 2019.

Like-for-like footfall increased by 1.4% in Q4/2023 and 1.8% in Q1–Q4/2023 compared to the same period last year.

Financial result Q1–Q4/2023 vs. Q1–Q4/2022

Operating profit was EUR -38.0 million (Q1–Q4/2022: EUR 87.7 million).

Administrative expenses were EUR 31.1 million (Q1–Q4/2022: EUR 28.7 million). At the end of the reporting period, Citycon Group employed a total of 234 (31 December 2022: 251) full-time employees (FTEs) of whom 43 worked in Finland, 75 in Norway, 39 in Sweden, 14 in Denmark & Estonia and 64 in Group functions.

Personnel key figures

	2023	2022	2021
FTE at the end of the reporting period	234	251	242
Wages and salaries, EUR million	19.1	18.9	17.3

Net financial expenses (IFRS) decreased slightly to EUR 47.7 million (Q1–Q4/2022: EUR 48.0 million) mainly following increased interest income on cash at bank and income from hedging derivatives. Indirect one-off gains of EUR 2.9 million from bond repurchases executed at a discount was offset by EUR 2.8 million indirect loss (Q1–Q4/2022: EUR 9.2 million loss) from hedging derivatives not under hedge accounting and other indirect items.

Share of loss of joint ventures and associated companies totalled EUR -36.7 million (Q1–Q4/2022: EUR -24.6 million) mainly due to weaker development of property fair values in joint venture Kista.

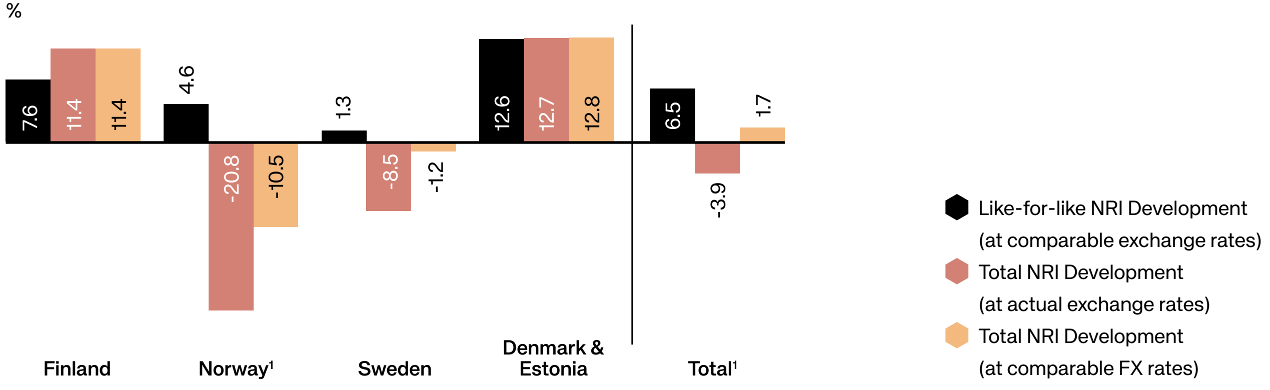
Profit for the period was EUR -115.0 million (Q1–Q4/2022: EUR 5.1 million).

Net rental income and gross rental income breakdown

	Net rental income						Gross rental income
MEUR	Finland	Norway[2]	Sweden	Denmark & Estonia	Other	Total	Total
2022	**68.6**	**78.9**	**30.4**	**26.0**	**-0.3**	**203.6**	**222.3**
(Re)development projects	4.0	-2.3	-0.9	-	-	0.8	1.2
Divestments	0.0	-7.7	-	-	-	-7.7	-8.2
Like-for-like properties[1]	3.9	2.5	0.3	3.3	-	9.9	12.1
Other (incl. exchange rate differences)	0.0	-8.9	-2.0	0.0	-0.1	-11.0	-12.1
2023	**76.4**	**62.5**	**27.8**	**29.3**	**-0.4**	**195.7**	**215.3**

[1] Like-for-like properties are properties held by Citycon throughout two full preceding periods and exclude properties under (re)development or extension.
[2] NRI impacted by four assets sold in 2022.

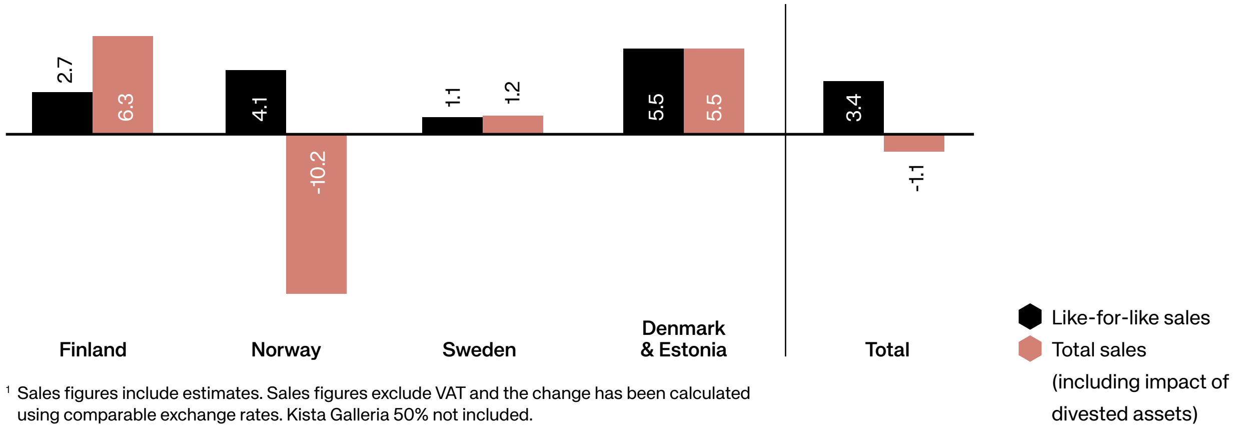
Like-for-like and total net rental income development, 2023 vs. 2022



[1] Total NRI impacted by disposals executed in 2022.

Tenant sales development, 2023 vs. 2022[1]

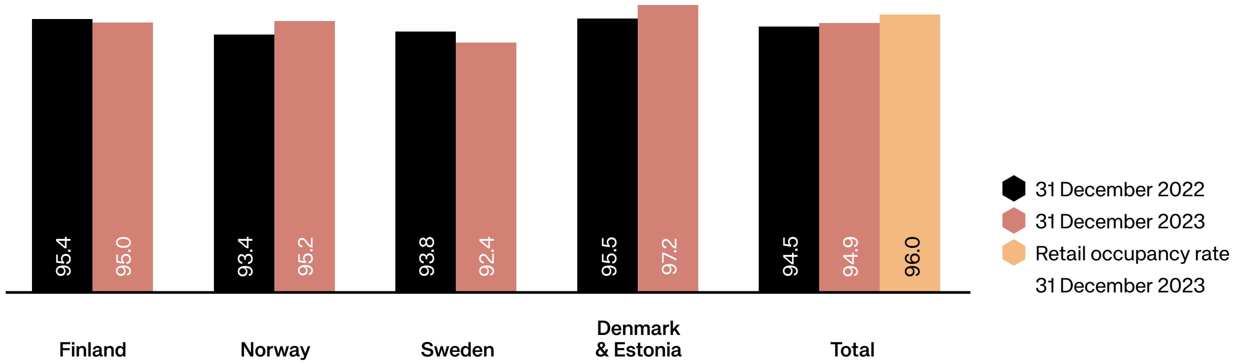
%



[1] Sales figures include estimates. Sales figures exclude VAT and the change has been calculated using comparable exchange rates. Kista Galleria 50% not included.

Occupancy rate[1]

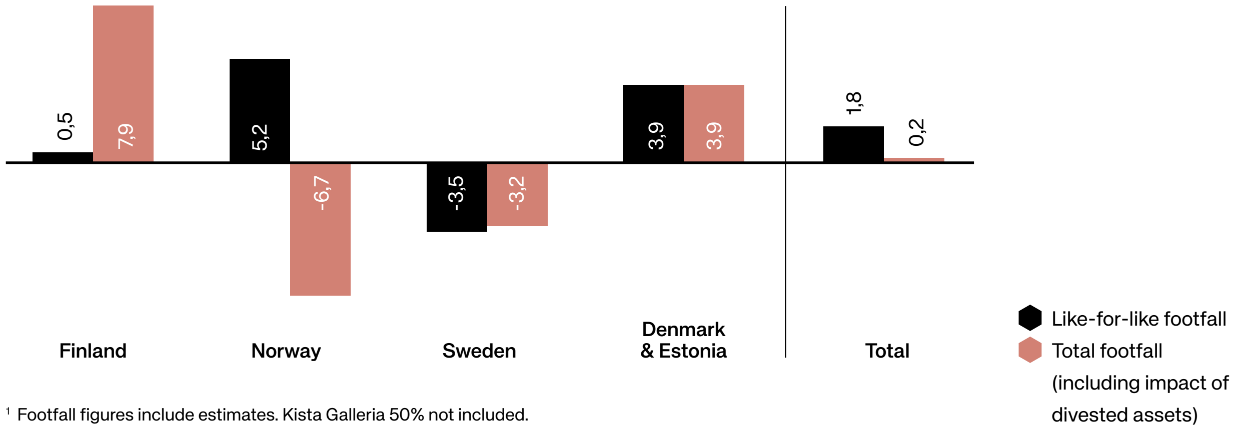
%



[1] Kista Galleria 50% not included.

Footfall development, 2023 vs. 2022[1]

%



[1] Footfall figures include estimates. Kista Galleria 50% not included.

Lease portfolio summary[1]

		31 December 2023	31 December 2022
Number of leases	pcs	3,371	3,191
Average rent	EUR/sq.m./month	24.0	23.7
Average remaining length of lease portfolio	years	3.6	3.4
Occupancy cost ratio[2]	%	9.5%	9.2%
Leasing Spread	%	1.4%	2.0%

[1] Kista Galleria 50% not included.
[2] The rolling twelve month occupancy cost ratio for like-for-like shopping centres.

At period-end, Citycon had a total of 3,371 (3,191) leases, of which the average remaining length was 3.6 years (3.4).

Leasing activity[1]

		2023	2022
Total area of leases started	sq.m.	236,923	262,772
Total area of leases ended	sq.m.	237,608	302,490

[1] Leases started and ended do not necessarily refer to the same premises. Kista Galleria 50% not included.

Property portfolio value development

From year-end, the fair value of investment properties decreased by EUR 181.9 million to EUR 3,858.2 million (31 December 2022: EUR 4,040.1 million). Net investments, including both acquisitions and disposals and development projects increased the fair value by EUR 92.8 million. In addition, changes in right-of-use -assets increased the value of investment properties by an additional EUR 1.8 million. Fair value losses decreased the value of investment properties by EUR 200.3 million and exchange differences by EUR 76.2 million.

Q1–Q4/2023 fair value change of investment properties amounted to EUR -200.3 million (Q1–Q4/2022: EUR -56.5 million) mainly due to increase in yield requirements in all segments. In addition, fair value change includes EUR -21.0 million (EUR -15.9 million) Torvbyen fair value impact as a result of a closure of the center for structural damage. The application of IFRS 16 standard had an impact of EUR -6.6 million (Q1–Q4/2022: EUR -6.8 million) to the fair value change of investment properties during the January–December reporting period.

External appraisers, CBRE (in Denmark, Estonia and Norway) and JLL (in Finland and Sweden) measure the fair values for annual financial statements. Citycon measures the fair values of the properties internally in the Q1–Q3. All internal valuation periods are subject to yield and market commentary from Citycon's current external appraisers in its respective markets.

CBRE's and JLL's valuation statements are available on Citycon's website below Investors.

Property portfolio summary

31 December 2023	No. of properties	Gross leasable area	Fair value, MEUR	Properties held for sale, MEUR	Portfolio, %
Shopping centres, Finland	9	336,850	1,683.9		44%
Other properties, Finland	1	2,240	4.4		0%
Finland, total	**10**	**339,090**	**1,688.3**		**44%**
Shopping centres, Norway	13	342,600	1,077.1		28%
Rented shopping centres, Norway[1]	1	14,500	-		-
Norway, total	**14**	**357,100**	**1,077.1**		**28%**
Shopping centres, Sweden	5	173,400	610.8		16%
Other properties, Sweden	1	-	6.7	-	0%
Sweden, total	**6**	**173,400**	**617.5**		**16%**
Shopping centres, Denmark & Estonia	4	141,900	434.8		11%
Other properties, Denmark & Estonia	-	-	-	-	-
Denmark & Estonia, total	**4**	**141,900**	**434.8**		**11%**
Shopping centres, total	32	1,009,250	3,806.6		99%
Other properties, total	2	2,240	11.1		0%
Investment properties, total	**34**	**1,011,490**	**3,817.7**		**99%**
Right-of-use assets classified as investment properties (IFRS 16)	-	-	40.5		1%
Investment properties in the statement of financial position, total	**34**	**1,011,490**	**3,858.2**		**100%**
Kista Galleria (50%)	1	46,250	173.2		-
Investment properties and Kista Galleria (50%), total	**35**	**1,057,740**	**4,031.4**		**-**

[1] Value of rented properties is recognised within IFRS 16 investment properties based on IFRS rules.

Fair value changes

MEUR	2023	2022
Finland	-68.4	-15.3
Norway[1]	-64.5	-26.5
Sweden	-35.3	-5.0
Denmark & Estonia	-25.5	-3.0
Investment properties, total	**-193.7**	**-49.8**
Right-of-use assets classified as investment properties (IFRS 16)	-6.6	-6.8
Investment properties in the statement of financial position, total	**-200.3**	**-56.5**
Kista Galleria (50%)	-40.8	-25.5
Investment properties and Kista Galleria (50%), total	**-241.1**	**-82.0**

[1] Includes EUR -21.0 million (EUR -15.9 million) Torvbyen fair value impact as a result of a closure for structural damage.

Capital recycling

No transaction activity occurred in Q1–Q4/2023.

Strengthening the balance sheet remains a key priority for the company. In November 2022, Citycon announced its goal to sell EUR 500 million of non-core assets in the next 24 months. Following the transaction executed in December 2022 the remaining target is EUR 380 million. Citycon is committed to execute the previously disclosed divestment target by the end of 2024 and have increased its target to EUR 950 million over the next 24 months.

(Re)development projects

Further information on the company's completed, ongoing and planned (re)developments can be found on page 33 in the Financial Review 2023.

Shareholders' equity

Equity per share was EUR 11.56 (31 December 2022: EUR 13.75). Loss for the period, hybrid bond repayments, paid equity return and translation losses decreased equity per share.

At period-end, **shareholders' equity** attributable to parent company's shareholders was EUR 1,380.1 million (31 December 2022: EUR 1,618.8 million).

(Re)development projects in progress on 31 December 2023

	Location	Area before/ after, sq.m.	Expected net investment, MEUR	Actual gross investment by 31 December 2023, MEUR	Completion
Herkules, residentials (50%)	Skien, Norway	-/7,600	28.0	10.5	2024
Barkarby, residentials	Stockholm, Sweden	-/12,950	69.5[1]	6.6[1]	2024

[1] The transaction has been structured as a forward commitment, whereby Citycon made a deposit of EUR 6.6 million in April 2022 and will fund the remaining purchase price, pro-rata, at the completion of two construction phases in Q1/2024 and Q2/2024. The closing of the transaction will be after the completion of each phase with no additional obligations from Citycon before construction of each phase is complete.

Completed (re)development projects in 2023

	Location	Area before/ after, sq.m.	Actual gross investment by 31 December 2023, MEUR	Completion
Lippulaiva residentials	Helsinki metropolitan area, Finland	-/12,800	61.3	Q1/2023

Capital expenditure

MEUR	2023	2022
Acquisitions of properties[1]	-	6.3
Acquisitions of and investments in joint ventures	-	0.4
Property development[2]	92.8	165.7
Other investments	3.1	4.6
Total capital expenditure incl. acquisitions	**95.9**	**177.0**
Capital expenditure by segment		
Finland	46.6	111.6
Norway	21.2	32.1
Sweden	15.1	19.8
Denmark & Estonia	11.0	9.7
Group administration	2.0	3.9
Total capital expenditure incl. acquisitions	**95.9**	**177.0**
Divestments[3,4]	**-**	**292.0**

[1] Capital expenditure takes into account deduction in the purchase price calculations and FX rate changes.
[2] Comprised mainly of investments in Lippulaiva in 2022.
[3] Excluding transfers into 'Investment properties held for sale' -category.
[4] Divestments in 2022 comprise of sale of four non-core centres in Norway and two companies included in Lippulaiva centre in Finland.

Financing

In January, Citycon executed a tender offer of the 2024 notes and the two capital securities issued in 2019 and 2021. The company announced that it accepted an aggregate amount of EUR 57.4 million of the principal amounts outstanding on the three tendered securities for repurchase, for a total purchase consideration of EUR 41.4 million.

In March, the company returned to repurchase bonds at an attractive price in the open market. In total, EUR 22.5 million of the company's 2024 notes were repurchased in the open market.

In April, the company signed a total of EUR 650 million new committed syndicated multicurrency credit facility, to replace and extend its existing EUR 500 million facilities maturing in May 2024. The new facility consists of a EUR 400 million revolving credit facility and a EUR 250 million term loan, and is fully secured by Iso Omena and four Norwegian assets.

In May, the company deployed part of the funds from the new term loan in a public tender offer to repay EUR 138.3 million of the 2024 notes. Another EUR 80.0 million was used to repay short term commercial paper over the quarter.

In June, the company continued repurchasing bonds in the open markets for a total notional of EUR 15.7 million. Repurchases targeted all of the company's outstanding Eurobonds, of which EUR 9.0 million of the total notional was related to the 2024 notes.

Furthermore Citycon terminated its credit rating agreement with the rating agency Moody's Investors Service. The credit rating of Citycon continues to be assessed by Standard & Poor's, which in April affirmed Citycon's investment grade credit rating (BBB-/ stable outlook) highlighting Citycon's strong operating performance and stable credit metrics.

In September, the company repurchased senior bonds in the open markets for a total notional of EUR 0.4 million and hybrid bonds for a total notional of EUR 0.7 million.

The company also renegotiated and prolonged its SEK 3.3 billion position of EURSEK cross-currency swaps and utilised the positive fair value in the existing hedging derivatives to reduce the interest rate level paid in the renewed hedges. The maturity of the cross-currency swaps was prolonged from 2026 to 2028 and the renewed hedges will earn an interest income of EUR 8.1 million annually compared to an annual interest income of EUR 0.6 million before renewals.

In November, Citycon signed a SEK 1 020 million (approx. EUR 89.5 million) fixed rate green term loan with Deutsche Pfandbriefbank (pbb) and Landesbank Hessen-Thüringen Girozentrale (Helaba). The maturity of the term loan is 7 years and it is fully secured by Liljeholmstorget Galleria in Stockholm, Sweden. The funds were mainly used to repay the NOK 800 million bond which matured in late November.

Furthermore, the company updated its EUR 2.5 billion Euro Medium Term Note (EMTN) bond programme, thereby being effective for another year. The programme enables Citycon to raise bond financing in any currency on the European and Nordic capital markets.

In addition, the company completed a directed share issue in exchange for repurchasing certain of its hybrid bonds for EUR 14.7 million. A total of 2,774,398 shares were subscribed for in the share issue and the subscription price was EUR 5.30 per share. The Company repurchased the 2024 Hybrid Bonds for a repurchase price equalling approximately 84 percent. The main purpose of the transaction was to strengthen the Company's balance sheet and improve its capital structure.

In December, the company completed another directed share issue in exchange for repurchasing certain of its hybrid bonds for EUR 6.4 million. A total of 1,210,866 shares were subscribed for in the share issue and the subscription price was EUR 5.30 per share. The Company repurchased the 2024 Hybrid Bonds for a repurchase price equalling approximately 84 percent. The main purpose of the transaction was to strengthen the Company's balance sheet and improve its capital structure.

On December 19, S&P Global Ratings reaffirmed Citycon's investment grade rating (BBB-) and kept its Stable outlook unchanged citing Citycon's sound operating performance to continue over the next 24 months due to positive indexation and robust occupancy rates. S&P noted they expect to see Citycon's credit metrics remaining within their rating thresholds and that Citycon's liquidity and funding position remains solid, with expected asset disposals to improve weighted average debt maturity over the coming months.

The Annual General Meeting authorized the Board of Directors to decide quarterly in its discretion on the distribution of equity repayment with an annual maximum total amount of EUR 0.50 per share. The equity repayment paid in March, June, September and December were mainly financed by operative cash flow.

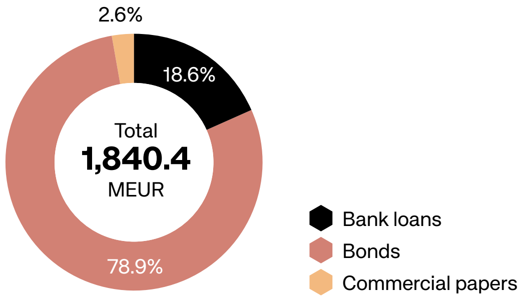
Key financing figures

MEUR		31 December 2023	31 December 2022
Nominal debt outstanding	MEUR	1,840.4	1,781.7
Interest-bearing liabilities, carrying value[1]	MEUR	1,864.4	1,807.7
Available liquidity	MEUR	434.3	577.7
Average loan maturity	years	2.7	3.2
Loan to Value (LTV)[2]	%	46.3	41.4
Interest cover ratio (financial covenant > 1.8)	x	3.7	4.0
Net debt to total assets (financial covenant < 0.60)	x	0.44	0.39
Solvency ratio (financial covenant < 0.65)	x	0.45	0.40
Secured solvency ratio (financial covenant < 0.25)	x	0.08	0.00

[1] Including EUR 38.8 million (Q4/2022: EUR 42,8 million) IFRS 16 lease liabilities.
[2] Hybrid bond treated as equity as according to IFRS. Excluding both right-of-use assets recognized as part of investment properties, as well as lease liabilities pertaining to these right-of-use assets, which are based on IFRS 16 requirements.

Breakdown of loans

%



Interest-bearing debt

The outstanding amount of interest-bearing debt increased in 2023 by EUR 58.7 million to EUR 1,840.4 million, as part of the new financing was used to repurchase hybrid debt, offset by weakening of the NOK currency rate. The carrying amount of interest-bearing liabilities in the balance sheet was EUR 1,864.4 million including IFRS 16 liabilities of EUR 38.8 million.

The weighted average loan maturity decreased during the quarter and stands at 2.7 years. LTV (IFRS) increased during the quarter to 46.3% as a result of decreased property values and slightly higher net debt.

Financial expenses

The direct net financial expenses (EPRA) Q1–Q4/2023 were EUR 0.8 million higher than last year. Increased interest cost on debt was largely offset by interest income on hedging derivatives.

Net financial expenses (IFRS) decreased slightly to EUR 47.7 million (Q1–Q4/2022: EUR 48.0 million) mainly following increased interest income on cash at bank and income from hedging derivatives. Indirect one-off gains of EUR 2.9 million from bond repurchases executed at a discount was offset by EUR 2.8 million indirect loss (Q1–Q4/2022: EUR 9.2 million loss) from hedging derivatives not under hedge accounting and other indirect items.

The financial income mainly consisted of interest income on a loan to Kista Galleria and indirect one-off gains on bond repurchases at a discount. The foreign exchange differences are netted in financial expenses in the table above.

The period-end weighted average interest rate was 2.61%.

Financial risk management

Citycon uses interest rate swaps to hedge the floating interest rate risk exposure. According to the company's treasury policy, the currency net transaction risk exposure with profit and loss impact is fully hedged through currency forwards and cross-currency swaps that convert EUR debt into SEK and NOK.

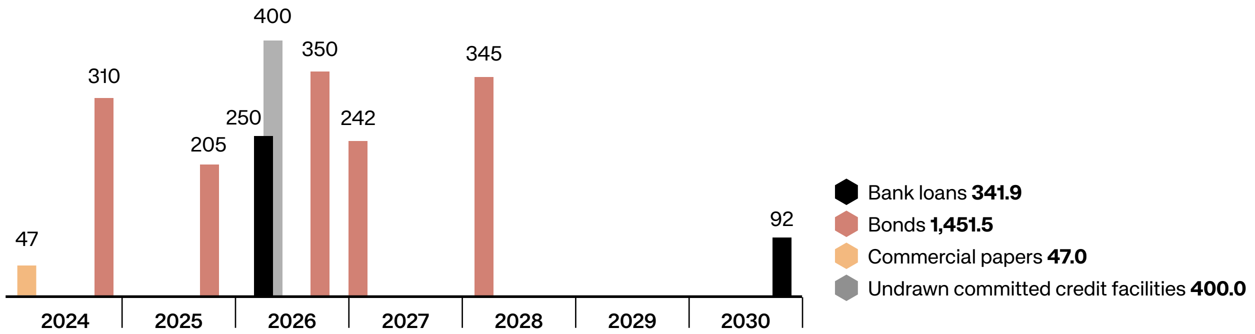
Changes in corporate management

On 1 December 2023, Chief Financial Officer Bret McLeod announced his intention to resign from his position effective January 31, 2024. At the same time, the Board of Directors of Citycon unanimously appointed Sakari Järvelä, VP, Corporate Finance and Investor Relations, to the position of CFO and a member of Citycon's Corporate Management Committee as of February 1, 2024.

After the reporting period, Kirsi Simola-Laaksonen, Citycon's Chief Information Officer and member of the Corporate Management Committee informed that she has decided to leave the company as of February 29, 2024.

Debt maturities

MEUR



Financial expenses key figures

MEUR		2023	2022
Financial expenses[1]	MEUR	-61.2	-64.7
Financial income[1]	MEUR	13.5	16.7
Net financial expenses (IFRS)	**MEUR**	**-47.7**	**-48.0**
Direct net financial expenses (EPRA)	MEUR	-47.7	-47.0
Weighted average interest rate[2]	%	2.61	2.43
Weighted average interest rate excluding derivatives	%	3.13	2.57
Year-to-date weighted average interest rate[2]	%	2.57	2.42

[1] The foreign exchange differences are netted in the financial expenses
[2] Including interest rate swaps and cross-currency swaps

Sustainability

Citycon's strategy is to be a forerunner in sustainable shopping centre management. Citycon's sustainability strategy was updated in 2023 and Citycon has set ambitious targets that extend to 2030.

In its sustainability reporting, Citycon applies the GRI Standards, European Public Real Estate Association (EPRA) Best Practice Recommendations on Sustainability Reporting (3rd Edition) and Citycon's own internal reporting principles (Criteria). Citycon's sustainability strategy, targets and measures are described in detail in the upcoming Sustainability Accounts 2023.

Citycon's Annual and Sustainability Report 2022 was awarded as one of the best within the industry. Citycon received the EPRA Gold Award in the Sustainability Best Practices series for the tenth year in a row. Citycon has received a rating of AA in the MSCI ESG Ratings assessment. Citycon also has the ISS-Oekom "Prime" rating, awarded to companies that achieve the best ESG scores among their sector peers.

Key environmental indicators 2023:

- Citycon's total energy consumption (incl. electricity consumption in common areas, heating and cooling) amounted to 246 gigawatt hours (Q1–Q4/2022: 263 GWh). Shopping centre energy intensity (kWh/sq.m) decreased by 4% compared to previous year.
- The carbon footprint totalled 5,425 thousand carbon equivalent tonnes (Q1–Q4/2022: 5,108 tCO_2 e). The carbon intensity of shopping centres is 3 $kgCO_2$ e/sq.m that is the same than previous years.
- The recycling rate in shopping centres remained at the same level as the previous year and was 99%.

Citycon uses BREEAM In-Use to assess and develop the sustainable management of its shopping centres. 81% of Citycon's shopping centres, measured by fair value, had acquired the certification at period-end.

Disclosure according to the Taxonomy Regulation Delegated Act:

Citycon's sustainability and finance teams have classified the company's activities by mapping Citycon group's consolidated IFRS income statement accounts based on whether they are covered by a NACE code included in the Taxonomy. Based on this classification 97% of Citycon's total turnover, 95% of capital expenditure and 71% of operational expenditure is derived from Taxonomy-eligible activities.

Citycon is not obliged to report information according to the taxonomy regulation, and for that reason Citycon does not report on the taxonomy alignment of the company's operations for the year 2023.

Risks and uncertainties

The most significant near-term risks and uncertainties in Citycon's business operations are associated with the general development of the economy and consumer confidence in the Nordic countries and Estonia, and how this affects fair values, occupancy rates and rental levels of the shopping centres and, thereby, Citycon's financial results. Increased competition locally or from e-commerce might affect demand for retail premises, which could lead to lower rental levels or increased vacancy, especially outside capital city regions. Costs of development projects could increase due to rising construction costs or projects could be delayed due to unforeseeable challenges. Rising interest rates could also put pressure on investment yields, which could potentially impact fair values. The war in Ukraine continue to pose risks to economic health in Europe as well.

The main risks that can materially affect Citycon's business and financial results, along with the main risk management actions, are presented in detail on pages 68–70 in the Financial Statements 2023, in Note 3.5 A) as well as on Citycon's website in the Corporate Governance section.

Legal proceedings

Certain lawsuits, claims and legal disputes based on various grounds are pending against Citycon relating to the company's business operations. In the company's view, it is improbable that the outcome of these lawsuits, claims and legal disputes will have a material impact on the company's financial position.

General meeting

Annual General Meeting 2023

Citycon's Annual General Meeting 2023 (AGM) was held virtually, without a meeting venue using remote connection in real time on 21 March 2023. The General Meeting approved all the proposals made by the Board of Directors to the General Meeting. The AGM adopted the company's Financial Statements and discharged the members of the Board of Directors and the CEO from liability for the financial year 2022 and decided to adopt the Remuneration Report for the governing bodies.

The General Meeting decided that no dividend is distributed by a resolution of the AGM and authorised the Board of Directors to decide in its discretion on the distribution of assets from the invested unrestricted equity fund. Based on the authorisation, the maximum amount of equity repayment to be distributed from the invested unrestricted equity fund shall not exceed EUR 0.50 per share. The authorisation is valid until the opening of the next AGM.

The AGM decisions and the minutes of the AGM are available on the company's website at citycon.com/agm2023.

Extraordinary General Meeting 2023

Citycon's Extraordinary General Meeting (EMG) held on 1 June 2023 decided to increase the number of members of the board to nine (9) until the close of the next Annual General Meeting. Further, Mr Adi Jemini was elected as new member of the Board of Directors. Further information available on the company's website at citycon.com/egm2023.

Board of Directors

Under the Articles of Association, the Board of Directors of the company consists of a minimum of five and a maximum of ten members, elected by the General Meeting for a term of one year that will end at the close of the following Annual General Meeting.

The AGM resolved the number of members of the Board of Directors to be eight. Chaim Katzman, Yehuda (Judah) L. Angster, F. Scott Ball, Zvi Gordon, Alexandre (Sandy) Koifman, David Lukes, Per-Anders Ovin and Ljudmila Popova were re-elected to the Board of Directors.

Citycon's EGM 2023 set the number of Board members at nine. Mr Adi Jemini was elected as new member of the Board of Directors.

Chaim Katzman was the Chairman of the Board of Directors in 2023 Alexandre (Sandy) Koifman and F. Scott Ball were Vice Chairmen of the Board of Directors.

Auditor

Since 2006, the company's auditor has been Ernst & Young Oy, a firm of authorised public accountants, which had designated Authorised Public Accountant Antti Suominen to act as the responsible auditor of Citycon in 2023.

Chief Executive Officer (CEO)

From 1 January 2019 onwards, F. Scott Ball has been the company's CEO. Mr Ball's personal details, career histories and positions of trust can be found on the company's website at citycon.com/management. Information on the CEO's executive contract and its terms and conditions are available on pages 52–54 of the Financial Statements.

Corporate governance statement

Citycon has published Citycon Group's Corporate Governance Statement 2023 as a separate report, distinct from the Report by the Board of Directors. The statement is prepared in accordance with the recommendations of the Finnish Corporate Governance Code 2020 and is available on the company's website at citycon.com/corporate-governance.

Shares, share capital and shareholders

The company has a single series of shares, with each share entitling to one vote at a General Meeting of shareholders. At the end of reporting period, the total number of shares outstanding in the company was 171,994,204. The shares have no nominal value.

At the end of December 2023, Citycon had a total of 27,738 registered shareholders (Q4/2022: 28,817 shareholders), of which 9 were account managers of nominee-registered shares. Holders of the nominee-registered shares held approximately 120.8 million (Q4/2022: 116.3 million) shares, or 70.2% of shares and voting rights in the company (Q4/2022: 69.2%).

Directed share issue in exchange for repurchasing hybrid bonds

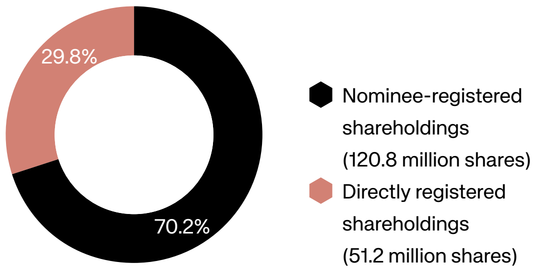
On 28 November 2023, Citycon's Board of Directors resolved, pursuant to the authorisation granted by the Annual General Meeting, on a directed share issue of up to 2,774,398 new shares of the company to hybrid bond holder. A total of 2,774,398 shares were subscribed for in the share issue. The subscription price was EUR 5.30 per share. Pursuant to the transaction, the subscription price for the shares payable by the investor to the company was set off against the repurchase price for the 2024 hybrid bonds payable by the company to the investor. Citycon repurchased the 2024 hybrid bonds for an approximate aggregate price of EUR 14.7 million. The repurchase price equalled to approximately 84.0 per cent of the principal amount of each of 2024 Hybrid Bonds, excluding all accrued and unpaid interest on such principal amount. The total number of Citycon shares increased to a total of 170,783,338 shares.

On 20 December 2023, Citycon's Board of Directors resolved, pursuant to the authorisation granted by the Annual General Meeting, on a directed share issue up to 1,210,866 new shares of the company to certain hybrid bond holders. A total of 1,210,866 shares were subscribed for in the share issue. The subscription price was EUR 5.30 per share. Pursuant to the transaction, the subscription price for the shares payable by the investors to the company was set off against the repurchase price for the 2024 hybrid bonds payable by the company to the investors. Citycon repurchased the 2024 hybrid bonds for an approximate aggregate price of EUR 6.4 million. The repurchase price equalled to approximately 84.0 per cent of the principal amount of each of 2024 Hybrid Bonds, excluding all accrued and unpaid interest on such principal amount. The total number of Citycon shares increased to a total of 171,994,204 shares.

The main purpose of the transactions was to strengthen the company's balance sheet and improve its capital structure in the current market environment, while doing so in a rapid and cost-effective manner that, in the assessment of the company, would otherwise not be available in the current market conditions. Additionally, the capital structure and balance sheet strengthening will also support the company in maintaining its investment grade credit rating for the foreseeable future.

Shareholders 31 December 2023

% of shares and voting rights



Shares and share capital

MEUR		2023
Share capital at period-start	MEUR	259.6
Share capital at period-end	MEUR	259.6
Number of shares at period-start		168,008,940
Number of shares at period-end		171,994,204

There are, therefore, weighty financial reasons for the company to deviate from shareholders' pre-emptive subscription rights.

Further information of the company's stock listing, trading volume, share price, market cap, share capital, most significant registered shareholders, of the distribution of ownership and of the issue-adjusted average number of shares can be found on pages 36–37 of the Financial Review.

Dividend and equity repayment

Citycon's equity repayments paid in 2023:

Dividends and equity repayments paid on 31 December 2023[1]

MEUR	Record date	Payment date	EUR / share
Equity repayment Q1	24 March 2023	31 March 2023	0.125
Equity repayment Q2	16 June 2023	26 June 2023	0.125
Equity repayment Q3	22 September 2023	29 September 2023	0.125
Equity repayment Q4	20 December 2023	29 December 2023	0.125
Total			**0.50**

[1] Board decision based on the authorisation issued by the AGM 2023.

Board authorisations

In addition to the above explained asset distribution authorisation of the Board of Directors, the Board of Directors of the company had two valid authorisations at the period-end granted by the AGM held on 21 March 2023:

- The Board of Directors may decide on an issuance of a maximum of 16 million shares or special rights entitling to shares referred to in Chapter 10 Section 1 of the Finnish Companies Act, which corresponded to approximately 9.52% of all the shares in the company at the period-end. The authorisation is valid until the close of the next AGM, however, no longer than until 30 June 2024.
- The Board of Directors may decide on the repurchase and/or on the acceptance as pledge of the company's own shares in one or several tranches. The amount of own shares to be repurchased and/or accepted as pledge shall not exceed 30 million shares, which corresponded to approximately 17.86% of all the shares in the company at the period-end. The authorisation is valid until the close of the next AGM, however, no longer than until 30 June 2024.

During January–December 2023, the Board of Directors used three times its authorisation to repurchase its own shares and issue them by conveying repurchased shares. The repurchases and conveyances were made for payment of rewards earned under the company's share plans in accordance with the terms and conditions of the plans:

Restricted Share Plan 2020–2022

- On 6 March 2023, the company repurchased a total of 7,000 of its own shares and conveyed them on 9 March 2023 to four key persons of the company.

Performance Share Plan 2020–2022

- On 6 March 2023, the company repurchased a total of 10,000 of its own shares and conveyed them on 9 March 2023 to two key persons of the company.

CFO Restricted Share Plan 2021–2024

- On 7 August 2023, the company repurchased a total of 7,500 of its own shares and conveyed them on 10 August 2023 to the CFO of the company.

Own shares

During the reporting period, the company held a total of 24,500 of the company's own shares, which were conveyed to implement payments of rewards earned under the company's share plans as described in the section Board authorisations. At the end of the period, the company or its subsidiaries held no shares in the company.

Flagging notices

In Q1/2023, Citycon received in total five flagging notifications (between 24 February and 10 March 2023) due to a share purchase agreement entered into by Gazit Europe Netherlands B.V. and its parent G City Ltd. on 22 February 2023, according to which Gazit Europe Netherlands B.V. purchased a total of 19,000,000 shares in Citycon from G City Ltd. The share purchase agreement was published by flagging notification on 24 February 2023 and separate flagging notifications for the partial executions were published on 3 March, 7 March, 9 March and 10 March 2023. The completion of the share purchase agreement did not affect the aggregate total direct and indirect holdings of G City Ltd. in Citycon.

In Q2–Q3/2023, the company did not receive any notifications of changes in shareholding.

On 27 December 2023 Citycon received a flagging notification according to which G City Ltd.'s direct holding of shares in Citycon has decreased below thirty (30) percent. Due to the dilutive effect of the directed share issue announced by Citycon Oyj on 20 December 2023 and completed on 22 December 2023, the direct shareholding of G City Ltd. in Citycon Oyj decreased to approximately 29.81% following the registration of the new shares on 22 December 2023.

Incentive plans

Long-term Share-based Incentive Plans

Citycon has eight long-term share-based incentive plans for the Group key employees:

- CEO Restricted Share Plan 2021–2025
- CEO Option Plan 2022–2025
- CFO Restricted Share Plan 2021–2024
- Performance Share Plan 2020–2022 (Corporate Management Committee excl. the CEO)
- Performance Share Plan 2023–2025 (Corporate Management Committee excl. the CEO)
- Matching Share Plan 2022–2024 (Corporate Management Committee excl. the CEO)
- Restricted Share Plan 2020–2022 (Key employees, excl. Corporate Management Committee) and
- Restricted Share Plan 2023–2025 (Key employees, excl. Corporate Management Committee)

In February 2023, the Board of Directors approved two new long-term share-based incentive plans: Performance Share Plan 2023–2025 and Restricted Share Plan 2023–2025. Performance Share Plan is directed to the members of the Corporate Management Committee, excluding the CEO. Restricted Share Plan is directed to selected key employees, excluding the CEO and other members of the Corporate Management Committee. New long-term share-based incentive plans will replace Performance Share Plan 2020–2022 and Restricted Share Plan 2020–2022, of which last shares were allocated in 2022 (reward payments will take place in 2023–2025).

The main terms of the long-term share-based incentive plans are explained in the Note 1.6 on pages 52–54 of the Financial Statements.

More information on the share-based incentive plans is available on the company's website at citycon.com/remuneration.

Shares held by members of the board of directors and by the company management

The members of the Board of Directors of Citycon, the CEO, the other Corporate Management Committee members held a total of 280,184 company shares on 31 December 2023. These shareholdings represented 0.2% of the company's total shares and total voting rights.

Details of the shareholdings of the members of the Board of Directors, the CEO and the other members of the Corporate Management Committee are available on the company's website at www.citycon.com/managers-holdings-shares.

Events after the reporting period

Citycon has received in February an approval from Swedish authorities on Kista transaction and is now in final stages to take over the remaining interest in Kista Galleria in Stockholm, Sweden. Kista Galleria has approximately SEK 2,400 million of debt and following the transaction Citycon assumes seller's share of existing debt (approximately SEK 1,200 million) and make a cash payment (EUR approx. 2.5 million). The new loan will be secured by additional two assets located in Sweden.

After the transaction, Citycon will have 100% ownership of the centre. The transaction is expected to be executed in Q1/2024.

Helsinki, 15 February 2024
Citycon Oyj
Board of Directors

EPRA performance measures

EPRA (European Public Real Estate Association) is a common interest group for listed real estate companies in Europe. Citycon is an active member of EPRA. EPRA's objective is to encourage greater investment in European listed real estate companies and strive for 'best practices' in accounting, financial reporting and corporate governance in order to provide high-quality information to investors and to increase the comparability of different companies. The best practices also create a framework for discussion and decision-making on the issues that determine the future of the sector. In addition, EPRA publishes the FTSE EPRA/NAREIT index in association with FTSE, which tracks the performance of the largest European and North-American listed real estate companies. Citycon is included in the FTSE EPRA index, which increases international interest towards Citycon as an investment.

Citycon applies the best practices policy recommendations of EPRA for financial reporting and also for sustainability reporting. This section in Citycon's financial statements presents the EPRA performance measures and their calculations. For more information about EPRA and EPRA's best practice policies please visit EPRA's web page: www.epra.com.

EPRA performance measures

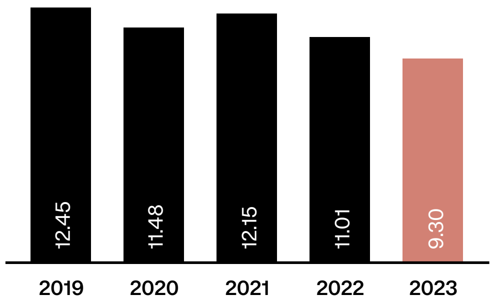
	Note	2023	2022	2021	2020	2019
EPRA Earnings, MEUR	1	109.6	122.6	124.4	136.6	145.6
Adjusted EPRA Earnings, MEUR[1]	1	80.6	92.1	100.0	120.3	143.9
EPRA Earnings per share (basic), EUR	1	0.651	0.730	0.703	0.767	0.818
Adjusted EPRA Earnings per share (basic), EUR[1]	1	0.479	0.548	0.565	0.676	0.809
EPRA NRV per share, EUR	2	9.30	11.01	12.15	11.48	12.45
EPRA NAV per share, EUR	2	-	-	-	11.30	12.28
EPRA Cost Ratio (including direct vacancy costs), %	3	19.3	16.8	18.1	18.3	14.1
EPRA Cost Ratio (excluding direct vacancy costs), %	3	17.2	14.5	14.9	15.6	11.7
EPRA Net Initial Yield (NIY), %	4	5.3	5.3	5.2	5.4	5.3
EPRA 'topped-up' NIY, %	4	5.3	5.3	5.2	5.4	5.4
EPRA vacancy rate, %	5	5.1	5.5	6.6	6.1	4.5
EPRA Property related capex MEUR	6	95.2	175.7	193.7	341.3	107.8
EPRA LTV %	7	61.6	57.4	-	-	-
EPRA Earnings for five years, MEUR	8	109.6	122.6	124.4	136.6	145.6

[1] The adjusted key figure includes hybrid bond coupons and amortized fees.

The numbers include the sale of four investments properties during 2022.

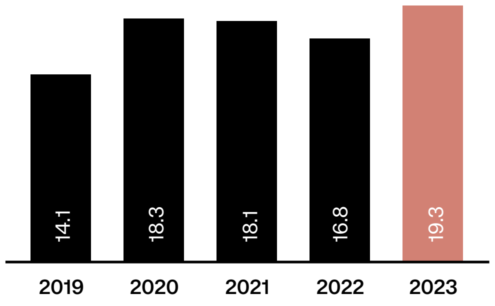
EPRA NRV per share

EUR



Development of EPRA Cost Ratio during 2019–2023

%



1. EPRA earnings and EPRA earnings per share (basic)

EPRA Earnings presents the underlying operating performance of a real estate company excluding all so called non-recurring items such as net fair value gains/losses on investment properties, profit/loss on disposals and other non-recurring items. EPRA Earnings is especially important for investors who want to assess the extent to which dividends are supported by recurring income.

	2023			2022		
	MEUR	Average number of shares (1,000)	per share, EUR	MEUR	Average number of shares (1,000)	per share, EUR
Earnings in IFRS Consolidated Income Statement	**-115.0**	**168,285**	**-0.683**	**5.1**	**168,011**	**0.030**
+/- Net fair value losses/gains on investment property	200.3	168,285	1.190	56.5	168,011	0.337
-/+ Net gains/losses on disposal of investment property	2.3	168,285	0.014	4.3	168,011	0.025
+/- Indirect other operating expenses	0.3	168,285	0.002	26.7	168,011	-
+ Early close-out costs of debt and financial instruments	-2.9	168,285	-0.017	-8.1	168,011	-0.048
-/+ Fair value gains/losses of financial instruments	2.8	168,285	0.017	9.2	168,011	0.055
+/- Indirect losses/gains of joint ventures and associated companies	32.0	168,285	0.190	21.0	168,011	0.125
-/+ Change in deferred taxes arising from the items above	-10.2	168,285	-0.060	8.0	168,011	0.048
+/- Non-controlling interest arising from the items above	-	168,285	-	0.0	168,011	-
EPRA Earnings (basic)	**109.6**	**168,285**	**0.651**	**122.6**	**168,011**	**0.730**
-/+ Hybrid bond coupons and amortized fees	-28.9	168,285	-0.172	-30.5	168,011	-0.182
Adjusted EPRA Earnings (basic)	**80.6**	**168,285**	**0.479**	**92.1**	**168,011**	**0.548**

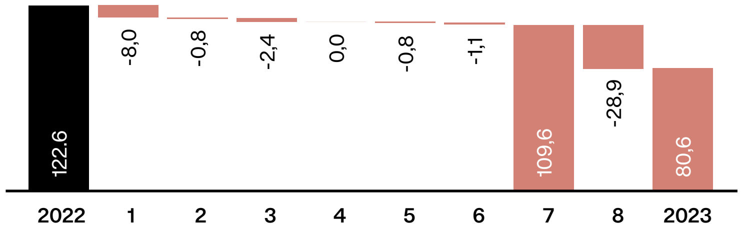
EPRA Earnings can also be calculated from the statement of comprehensive income from top to bottom. The EPRA Earnings calculation is presented in the below table with this different method, which also presents the Direct Operating profit.

EPRA Earnings was EUR 109.6 million and EPRA EPS was EUR 0.651.
EPRA earnings calculated with actual FX-rates decreased due to disposals made during 2022 and weakening of NOK and SEK FX-rates. Standing portfolio EPRA Earnings with comparable FX-rates increased by 3.1%.

	2023			2022		
	MEUR	Average number of shares (1,000)	per share, EUR	MEUR	Average number of shares (1,000)	per share, EUR
Net rental income (NRI)	**195.7**	**168,285**	**1.163**	**203.6**	**168,011**	**1.212**
Direct administrative expenses	-31.1	168,285	-0.185	-28.7	168,011	-0.171
Direct other operating income and expenses	0.3	168,285	0.002	0.2	168,011	0.001
Direct Operating profit	**164.8**	**168,285**	**0.980**	**175.2**	**168,011**	**1.043**
Direct net financial income and expenses	-47.7	168,285	-0.284	-47.0	168,011	-0.280
Direct share of profit/loss of joint ventures and associated companies	-4.7	168,285	-0.028	-3.6	168,011	-0.022
Direct current taxes	-2.9	168,285	-0.017	-2.1	168,011	-0.013
Change in direct deferred taxes	0.1	168,285	0.001	0.2	168,011	0.001
Direct non-controlling interest	-	168,285	-	0.0	168,011	0.000
EPRA Earnings (basic)	**109.6**	**168,285**	**0.651**	**122.6**	**168,011**	**0.730**
Hybrid bond coupons and amortized fees	-28.9	168,285	-0.172	-30.5	168,011	-0.182
Adjusted EPRA Earnings (basic)	**80.6**	**168,285**	**0.479**	**92.1**	**168,011**	**0.548**

Change in EPRA earnings

MEUR



1 Net rental income
2 Direct net financial income and expenses
3 Direct administrative expenses
4 Direct other operating income and expenses
5 Direct current and deferred taxes
6 Other direct items
7 EPRA Earnings 2023
8 Hybrid bond coupons and amortized fees

2. EPRA net asset value metrics

EPRA NAV metrics present the fair value of net assets of a real estate company. In October 2019, the European Public Real Estate Association ('EPRA') published new Best Practice Recommendations ('BPR') for financial disclosures by listed real estate companies. The BPR introduced three new measures of net asset value: EPRA Net Reinstatement Value (NRV), Net Tangible Assets (NTA), and Net Disposal Value (NDV), which replaced previously reported measures EPRA NAV and NNNAV. The metrics have been updated to better reflect the development of real estate companies from passive asset owners to active asset managers and capital allocators and hence presents three different scenarios from which the company can choose one as the most representative.

The EPRA NRV scenario, aims to represent the value required to rebuild the entity and assumes that no selling of assets takes place. EPRA NRV intends to reflect the fair value of a business on a going-concern basis, all items arising from future disposals (e.g. deferred taxes on disposals), the fair value of financial instruments are excluded from EPRA NRV. The transfer tax cost to rebuild the portfolio increases EPRA NRV.

The EPRA NTA is focused on reflecting a company's tangible assets and assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax liability.

EPRA NDV aims to represent the shareholders' value under an orderly sale of business, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax. EPRA NDV is a measure of the real estate company's "spot" fair value at the balance sheet date. Spot fair value means that EPRA NDV reflects the fair value of net assets of the company at a particular day as opposed to EPRA NRV, which reflects the fair value of net assets on a going-concern basis. However, EPRA NDV is not a liquidation NAV as the fair values of assets and liabilities are not based on a liquidation scenario.

Citycon considers EPRA NRV to be the most relevant measure for its business. EPRA NRV is closest to previously reported EPRA NAV. EPRA NRV will now be Citycon's primary measure of net asset value, replacing the previously reported EPRA NAV and EPRA NAV per share measures.

Closing share price of Citycon was 5.20 EUR per share on 31 December 2023.

The tables below present calculation of the three new EPRA net asset value measures NRV, NTA and NDV.

EPRA NRV per share decreased by EUR 1.71 to EUR 9.30 (11.01) mainly due to weaker NOK and SEK currency rates that lowered equity through translation losses. The impact of weaker currency rates was EUR 0.47 per share.

	EPRA Net Asset Value measures		
31 December 2023	**EPRA NRV**	**EPRA NTA**	**EPRA NDV**
Equity attributable to parent company shareholders	1,380.1	1,380.1	1,380.1
Deferred taxes from the difference of fair value and fiscal value of investment properties[3]	246.3	123.1	-
Fair value of financial instruments	1.4	1.4	-
Goodwill as a result of deferred taxes	-61.5	-	-
Goodwill as per the consolidated balance sheet	-	-111.4	-111.4
Intangible assets as per the consolidated balance sheet	-	-10.7	-
The difference between the secondary market price and carrying value of bonds[1]	-	-	153.0
Real estate transfer taxes[2]	33.8	-	-
TOTAL	**1,600.1**	**1,382.7**	**1,421.8**
Number of ordinary shares at balance sheet date, million	172.0	172.0	172.0
Net Asset Value per share	**9.30**	**8.04**	**8.27**
31 December 2022			
Equity attributable to parent company shareholders	1,618.8	1,618.8	1,618.8
Deferred taxes from the difference of fair value and fiscal value of investment properties[3]	264.9	132.5	-
Fair value of financial instruments	-1.9	-1.9	-
Goodwill as a result of deferred taxes	-65.7	-	-
Goodwill as per the consolidated balance sheet	-	-115.4	-115.4
Intangible assets as per the consolidated balance sheet	-	-11.0	-
The difference between the secondary market price and carrying value of bonds[1]	-	-	246.5
Real estate transfer taxes[2]	34.2	-	-
TOTAL	**1,850.3**	**1,622.8**	**1,749.9**
Number of ordinary shares at balance sheet date, million	168.0	168.0	168.0
Net Asset Value per share	**11.01**	**9.66**	**10.42**

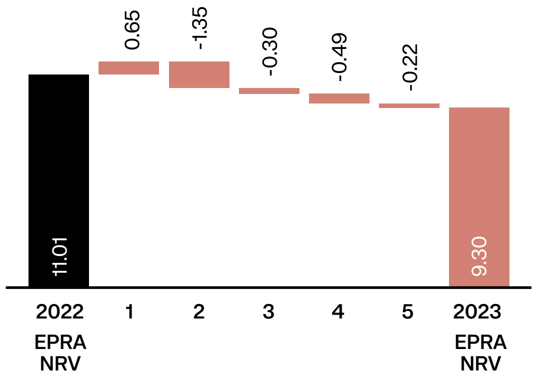
[1] When calculating the EPRA NDV in accordance with EPRA's recommendations, the shareholders' equity is adjusted using EPRA's guidelines so that bonds are valued based on secondary market prices. The difference between the secondary market price and the carrying value of the bonds was EUR 153.0 million (secondary market price lower) as of 31 December 2023. In the comparison period 31 December 2022, the difference was EUR 246.5 million (secondary market price lower).

[2] The real estate transfer tax adjustment in EPRA NRV calculation is based on the transfer tax cost for the buyer for share deal in Finland. Share deals are not subject to transfer tax in other group operating countries.

[3] In the EPRA NTA formula, 50% of the deferred tax liability related to investment property fair value is added back, according to EPRA guidelines.

Change of net reinstatement value (EPRA NRV)

EUR



1 EPRA Earnings
2 Indirect result
3 Translation reserve
4 Dividends paid and equity return
5 Other

3. EPRA cost ratios

EPRA Cost Ratios reflect the relevant overhead and operating costs of the business and provide a recognized and understood reference point for analysis of a company's costs. The EPRA Cost Ratio (including direct vacancy costs) includes all administrative and operating expenses in the IFRS statements including the share of joint ventures' overheads and operating expenses (net of any service fees). The EPRA Cost Ratio (excluding direct vacancy costs) is calculated as above, but with an adjustment to exclude vacancy costs. Both EPRA Cost Ratios are calculated as a percentage of Gross Rental Income less ground rent costs, including a share of joint venture Gross Rental Income less ground rent costs.

MEUR	2023	2022
Include:		
Administrative expenses[1]	31.1	28.7
Property operating expenses and other expenses from leasing operations less service charge costs	68.0	70.3
Net service charge costs/fees	14.4	14.1
Management fees less actual/estimated profit element	-0.2	0.0
Other operating income/recharges intended to cover costs less any related profit	-7.5	-8.3
Share of joint venture expenses	2.3	2.6
Exclude:		
Ground rent costs	-6.1	-6.9
Service charge costs recovered through rents but not separately invoiced	-57.3	-59.9
Share of joint venture investment property depreciation, ground rent costs and service charge costs recovered through rents but not separately invoiced	-2.6	-2.8
EPRA Costs (including direct vacancy costs) (A)	**42.3**	**37.8**
Direct vacancy costs	-4.7	-5.2
EPRA Costs (excluding direct vacancy costs) (B)	**37.5**	**32.5**
Gross rental income less ground rent costs	209.2	215.4
Add: share of joint ventures (Gross rental income less ground rent costs less service fees in GRI)	9.3	9.4
Gross Rental Income (C)	**218.5**	**224.8**
EPRA Cost Ratio (including direct vacancy costs) (A/C, %)	**19.3**	**16.8**
EPRA Cost Ratio (excluding direct vacancy costs) (B/C, %)	**17.2**	**14.5**

[1] Administrative expenses are net of costs capitalised of EUR 4.6 million in 2023 and EUR 4.7 million in 2022. Citycon's policy is to capitalise, for example, expenses related to property development projects and major software development projects.

EPRA Cost Ratio increased to 19.3% (16.8%)
EPRA Cost Ratio (including direct vacancy costs) increased to 19.3% (16.8%) and EPRA Cost Ratio (excluding direct vacancy costs) increased to 17.2% (14.5%) from previous year.

4. EPRA net initial yield (NIY), % and EPRA 'topped-up' NIY, %

EPRA initial yields present property portfolio's ability to generate rent.

EPRA NIY, % is calculated by dividing the net rental income for the completed property portfolio, based on the valid lease portfolio on the balance sheet date, by the gross market value of the completed property portfolio. EPRA initial yields calculation does not include Kista Galleria.

In EPRA 'topped-up' NIY, the net rental income is 'topped-up' to reflect rent after the expiry of lease incentives such as rent free periods and rental discounts.

MEUR	31 December 2023	31 December 2022
Fair value of investment properties determined by the external appraiser	3,779.3	3,962.6
Less (re)development properties, unused building rights and properties which valuation is based on the value of the building right	-83.5	-169.2
Completed property portfolio	**3,695.7**	**3,793.4**
Plus the estimated purchasers' transaction costs	62.1	70.8
Gross value of completed property portfolio (A)	**3,757.8**	**3,864.2**
Annualised gross rents for completed property portfolio	272.1	270.4
Property portfolio's operating expenses	-73.4	-66.4
Annualised net rents (B)	**198.7**	**203.9**
Plus the notional rent expiration of rent free periods or other lease incentives	0.8	1.1
Topped-up annualised net rents (C)	**199.5**	**205.0**
EPRA Net Initial Yield (NIY), % (B/A)	**5.3**	**5.3**
EPRA 'topped-up' NIY, % (C/A)	**5.3**	**5.3**

EPRA NIY and EPRA 'TOPPED-UP' stable
EPRA initial yields were stable during the year mainly due to negative fair value development and changes in net rental income.

5. EPRA vacancy rate, %

The EPRA vacancy rate presents how much out of the full potential rental income is not received because of vacancy.

The EPRA vacancy rate is calculated by dividing the estimated rental value of vacant premises by the estimated rental value of the whole property portfolio if all premises were fully leased. The EPRA vacancy rate is calculated using the same principles as the economic occupancy rate, which Citycon also discloses.

MEUR	31 December 2023	31 December 2022
Annualised potential rental value of vacant premises	13.6	14.3
÷ Annualised potential rental value for the whole property portfolio	264.7	259.0
EPRA vacancy rate, %	**5.1**	**5.5**

EPRA vacancy rate decreased from last years' level
The EPRA vacancy rate at the end of 2023 for the entire property portfolio was 5.1%. Vacancy decreased in all operating countries reflecting the fast recovery of the portfolio.

6. Property related capex

	2023			2022		
	Group (excl. Joint ventures)	Joint ventures (proportionate share)	Total	Group (excl. Joint ventures)	Joint ventures (proportionate share)	Total
Acquisitions	-		-	6.3		6.3
(Re)development	50.0	2.4	52.4	124.7	3.7	128.4
Investment properties						
No incremental lettable space	15.3		15.3	16.7		16.7
Tenant incentives	27.0		27.0	20.1		20.1
Capitalised interest	0.5		0.5	4.3		4.3
Total capital expenditure[1]	**92.8**	**2.4**	**95.2**	**172.0**	**3.7**	**175.7**
Conversion from accrual to cash basis	1.5	0.3	1.9	3.4	0.2	3.6
Total capital expenditure on cash basis[1]	**94.4**	**2.7**	**97.1**	**175.4**	**3.9**	**179.3**

[1] Includes only property related capex.

Capex disclosed in the table are categorised according to the new EPRA recommendations issued in October 2019. The comparison period figures have also been presented accordingly. Investments include both income-producing and maintenance capex.

7. EPRA LTV

31 December 2023 MEUR	Citycon group as reported MEUR	Share of Joint Ventures MEUR	Share of Material Associates MEUR	Non-controlling Interests MEUR	Combined MEUR
Include					
Borrowings from Financial Institutions	336.5	108.0	-	-	444.5
Commercial paper	46.5	-	-	-	46.5
Hybrids	607.3	-	-	-	607.3
Bond loans	1,442.6	-	-	-	1,442.6
Foreign currency derivatives	-10.9	-	-	-	-10.9
Net payables	28.9	7.2	-	-	36.1
Exclude					
Cash and cash equivalents	25.2	3.7	-	-	29.0
Net Debt (a)	**2,425.8**	**111.5**	**-**	**-**	**2,537.2**
Owner-occupied property	2.4	-	-	-	2.4
Investment properties at fair value	3,817.7	172.9	-	-	3,990.5
Properties held for sale	-	-	-	-	0.0
Intangibles	10.7	-	-	-	10.7
Financial assets	116.0	-	-	-	116.0
Total Property Value (b)	**3,946.7**	**172.9**	**-**	**-**	**4,119.6**
LTV (a/b)	**61.5%**	**64.5%**			**61.6%**

31 December 2022 MEUR	Citycon group as reported MEUR	Share of Joint Ventures MEUR	Share of Material Associates MEUR	Non-controlling Interests MEUR	Combined MEUR
Include					
Borrowings from Financial Institutions	-	109.2	-	-	109.2
Commercial paper	49.2	-	-	-	49.2
Hybrids	691.5	-	-	-	691.5
Bond loans	1,715.7	-	-	-	1,715.7
Foreign currency derivatives	-19.0	-	-	-	-19.0
Net payables	9.3	4.3	-	-	13.7
Exclude			-	-	
Cash and cash equivalents	69.2	3.3	-	-	72.5
Net Debt (a)	**2,377.6**	**110.3**	**-**	**-**	**2,487.8**
Owner-occupied property	1.6	-	-	-	1.6
Investment properties at fair value	3,994.8	210.7	-	-	4,205.5
Properties held for sale	-	-	-	-	0.0
Intangibles	11.0	-	-	-	11.0
Financial assets	115.7	-	-	-	115.7
Total Property Value (b)	**4,123.2**	**210.7**	**-**	**-**	**4,333.8**
LTV (a/b)	**57.7%**	**52.3%**			**57.4%**

Most significant difference between EPRA LTV and IFRS LTV is the classification of hybrid bonds. In EPRA LTV hybrid bonds are presented as 100% debt whereas in IFRS LTV hybrid bonds are presented as 100% equity. Credit agencies classify hybrid bonds as 50% debt and 50% equity.

In addition, EPRA LTV includes company's share of joint venture's selected assets and liabilities where as IFRS LTV excludes them.

8. EPRA earnings for five years

MEUR	2023	2022	2021	2020	2019
Earnings in IFRS Consolidated Income Statement	**-115.0**	**5.1**	**121.0**	**-28.0**	**8.9**
+/- Net fair value losses/gains on investment property	200.3	56.5	-48.6	146.9	121.9
-/+ Net gains/losses on disposal of investment property	2.3	4.3	6.5	-0.7	-1.5
-/+ Indirect other operating expenses	0.3	26.7	0.4	-	0.0
-/+ Fair value gains/losses of financial instruments and early close-out costs of debt and financial instruments	-0.1	1.0	8.2	5.8	5.3
+/- Indirect losses/gains of joint ventures and associated companies	32.0	21.0	2.3	27.2	19.5
-/+ Change in deferred taxes arising from the items above	-10.2	8.0	34.6	-14.7	-8.5
+/- Non-controlling interest arising from the items above	-	0.0	-	-	-
EPRA Earnings (basic)	**109.6**	**122.6**	**124.4**	**136.6**	**145.6**
-/+ Hybrid bond coupons and amortized fees	-28.9	-30.5	-24.3	-16.2	-1.7
Adjusted EPRA Earnings (basic)	**80.6**	**92.1**	**100.0**	**120.3**	**143.9**
Issue-adjusted average number of shares, million	168,285	168,011	177,033	177,998	177,997
EPRA Earnings per share (basic), EUR	**0.651**	**0.730**	**0.703**	**0.767**	**0.818**
Adjusted EPRA Earnings per share (basic), EUR	**0.479**	**0.548**	**0.565**	**0.676**	**0.809**

EPRA Earnings can also be calculated from the consolidated income statement from top to bottom. The EPRA Earnings calculation is presented in the below table with this different method, which also presents the Direct Operating profit.

MEUR	2023	2022	2021	2020	2019
Net rental income	**195.7**	**203.6**	**202.3**	**205.4**	**217.4**
Direct administrative expenses	-31.1	-28.7	-26.1	-25.9	-26.8
Direct other operating income and expenses	0.3	0.2	0.0	0.9	2.8
Direct operating profit	**164.8**	**175.2**	**176.1**	**180.4**	**193.5**
Direct net financial income and expenses	-47.7	-47.0	-46.8	-46.0	-48.9
Direct share of profit/loss of joint ventures and associated companies	-4.7	-3.6	-4.0	-0.8	2.8
Direct current taxes	-2.9	-2.1	-3.3	-1.8	-2.0
Change in direct deferred taxes	0.1	0.2	2.4	4.8	0.1
Direct non-controlling interest	-	0.0	0.0	-0.1	0.0
EPRA Earnings	**109.6**	**122.6**	**124.4**	**136.6**	**145.6**
Hybrid bond coupons and amortized fees	-28.9	-30.5	-24.3	-16.2	-1.7
Adjusted EPRA Earnings	**80.6**	**92.1**	**100.0**	**120.3**	**143.9**
Issue-adjusted average number of shares, million	168,285	168,011	177,033	177,998	177,997
EPRA Earnings per share (basic), EUR	**0.651**	**0.730**	**0.703**	**0.767**	**0.818**
Adjusted EPRA Earnings per share (basic), EUR	**0.479**	**0.548**	**0.565**	**0.676**	**0.809**

Operational key figures

Shopping Centres[1]

	Location	GLA, sq.m.	Retail GLA, sq.m.	Economic occupancy rate, % 31 December 2023	Year of acquisition	Year built/latest year of renovation
Finland						
Shopping centres, Helsinki area						
Heikintori	Espoo	9,200	7,000	-	1998–2021	1968
Isomyyri	Vantaa	11,700	8,400	-	1999	1987
Iso Omena	Espoo	102,100	84,800	96.9	2007, 2014	2001/2016, 2017
Lippulaiva	Espoo	56,800	37,900	92.4	2022–2023	2022–2023
Myyrmanni	Vantaa	43,600	33,900	97.1	1999, 2006	1994/2016
Shopping centres, other areas in Finland						
IsoKarhu	Pori	15,000	12,700	71.2	1999	1972/2014
IsoKristiina	Lappeenranta	16,950	12,700	96.5	1999, 2005	1987, 1993/2015
Koskikeskus	Tampere	35,300	30,200	96.1	1999, 2003	1988/2012
Trio	Lahti	46,200	27,500	88.3	1999, 2007	1977, 1992/2010
Shopping centres, total	**-**	**336,850**	**255,100**	**95.0**	**-**	**-**
Other properties, total	**-**	**2,240**	**800**	**-**	**-**	**-**
Finland, total	**-**	**339,090**	**255,900**	**95.0**	**-**	**-**
Norway						
Shopping centres, Oslo area						
Kolbotn Torg	Kolbotn	18,800	16,500	99.7	2015	2008
Liertoppen Kjøpesenter	Lierskogen	27,000	24,800	97.6	2015	1987/1990
Linderud Senter	Oslo	21,200	16,400	98.6	2015	1967/2009
Stovner Senter	Oslo	42,600	31,700	91.3	2020	1975/2016
Trekanten	Asker	24,000	16,900	98.0	2015	1997/2008

	Location	GLA, sq.m.	Retail GLA, sq.m.	Economic occupancy rate, % 31 December 2023	Year of acquisition	Year built/latest year of renovation
Shopping centres, other areas in Norway						
Herkules	Skien	50,100	44,300	98.2	2015	1969/2013
Kilden Kjøpesenter	Stavanger	23,400	19,400	96.6	2015	1989/2015
Kongssenteret	Kongsvinger	18,000	14,900	90.6	2015	2001/2016
Kremmertorget	Elverum	20,300	17,100	85.6	2015	1979/2012
Oasen Kjøpesenter	Fyllingsdalen	50,100	26,700	96.4	2015	1971/2014
Solsiden[2]	Trondheim	14,500	13,700	99.5	2015	2000
Stopp Tune	Sarpsborg	13,400	12,600	99.5	2015	1993
Storbyen	Sarpsborg	25,500	23,500	80.7	2015	1999/2015
Torvbyen	Fredrikstad	8,200	7,000	-	2020	1988/2012
Norway, total	**-**	**357,100**	**285,500**	**95.2**	**-**	**-**
Sweden						
Shopping centres, Stockholm area						
Jakobsbergs Centrum	Järfalla	42,500	26,000	85.5	2006	1959/1993
Kista Galleria, 50%	Stockholm	46,250	29,100	88.1	2013	1977,2002/ 2014
Liljeholmstorget Galleria	Stockholm	41,200	27,100	97.0	2006	1973/2009
Åkersberga Centrum	Åkersberga	27,600	22,600	88.3	2005, 2015	1985/2011
Shopping centres, Gothenburg area						
Stenungstorg Centrum	Stenungsund	35,800	22,200	89.2	2006	1967/2016
Mölndals Galleria	Mölndal	26,300	24,200	94.3	2014/2018	2018
Shopping centres, total	**-**	**219,650**	**151,200**	**91.4**	**-**	**-**
Other properties, total	**-**	**-**	**-**	**-**	**-**	**-**
Sweden, total	**-**	**219,650**	**151,200**	**91.4**	**-**	**-**
Denmark						
Albertslund Centrum	Copenhagen	19,600	14,100	96.0	2012	1965/2015
Strædet	Køge	19,100	17,300	98.8	2017, 2018	2017, 2018
Shopping centres, Estonia						
Kristiine Keskus	Tallinn	45,300	43,900	99.8	2011	1999/2019
Rocca al Mare	Tallinn	57,900	56,700	94.9	2005	1998/2009
Denmark & Estonia, total	**-**	**141,900**	**132,000**	**97.2**	**-**	**-**
Total	**-**	**1,057,740**	**824,600**	**94.6**	**-**	**-**

[1] Including Kista Galleria 50%.
[2] Rented property.

Fair value

	No. of properties	Fair value, EUR million		Fair value change, EUR million	Average yield requirement, %		Average market rent, EUR/sq.m./month
	31 December 2023	31 December 2023	31 December 2022	2023	31 December 2023	31 December 2022	31 December 2023
Shopping centres, Finland	9	1,683.9	1,706.5	-69.1	-	-	-
Other properties, Finland	1	4.4	3.8	0.6	-	-	-
Finland, total	**10**	**1,688.3**	**1,710.2**	**-68.4**	**5.5**	**5.1**	**28.1**
Shopping centres, Norway	13	1,077.1	1,198.1	-64.5	-	-	-
Rented shopping centres, Norway[1]	1	-	-	-	-	-	-
Norway, total	**14**	**1,077.1**	**1,198.1**	**-64.5**	**6.2**	**5.7**	**20.6**
Shopping centres, Sweden	5	610.8	630.8	-35.3	-	-	-
Other properties, Sweden	1	6.7	6.2	-	-	-	-
Sweden, total	**6**	**617.5**	**637.0**	**-35.3**	**5.8**	**5.5**	**25.1**
Shopping centres, Denmark & Estonia	4	434.8	449.5	-25.5	-	-	-
Other properties, Denmark & Estonia	-	-	-	-	-	-	-
Denmark & Estonia, total	**4**	**434.8**	**449.5**	**-25.5**	**7.2**	**6.8**	**22.7**
Shopping centres, total	32	3,806.6	3,984.8	-194.3	-	-	-
Other properties, total	2	11.1	10.0	0.6	-	-	-
Investment properties, total	**34**	**3,817.7**	**3,994.8**	**-193.7**	**6.0**	**5.5**	**24.2**
Right-of-use assets classified as investment properties (IFRS 16)	-	40.5	45.3	-6.6	-	-	-
Investment properties in the statement of financial position, total	**34**	**3,858.2**	**4,040.1**	**-200.3**	**6.0**	**5.5**	**24.2**
Kista Galleria, 50%	1	173.2	210.7	-40.8	-	-	-
Investment properties in the statement of financial position and Kista Galleria (50%), total	**35**	**4,031.4**	**4,250.8**	**-241.1**	**5.9**	**5.5**	**24.3**

[1] Value of rented properties is recognised within IFRS 16 investment properties based on IFRS rules.

Like-for-like portfolio

	No. of properties	Fair value, EUR million		Fair value change, EUR million	Average yield requirement, %		Average market rent, EUR/sq.m./month
	31 December 2023	31 December 2023	31 December 2022	2023	31 December 2023	31 December 2022	31 December 2023
Shopping centres, Finland	4	1,073.9	1,064.6	-0.8	-	-	-
Other properties, Finland	-	-	-	-	-	-	-
Finland, total	**4**	**1,073.9**	**1,064.6**	**-0.8**	**5.6**	**5.1**	**29.3**
Shopping centres, Norway	11	925.8	1,012.4	-34.2	-	-	-
Rented shopping centres, Norway[1]	1	-	-	-	-	-	-
Norway, total	**12**	**925.8**	**1,012.4**	**-34.2**	**6.3**	**5.8**	**20.1**
Shopping centres, Sweden	3	461.4	473.9	-18.4	-	-	-
Other properties, Sweden	-	-	-	-	-	-	-
Sweden, total	**3**	**461.4**	**473.9**	**-18.4**	**5.5**	**5.2**	**31.0**
Shopping centres, Denmark & Estonia	4	434.8	449.5	-25.5	-	-	-
Other properties, Denmark & Estonia	-	-	-	-	-	-	-
Denmark & Estonia, total	**4**	**434.8**	**449.5**	**-25.5**	**7.2**	**6.8**	**22.7**
Shopping centres, total	23	2,461.1	2,551.0	-53.4	-	-	-
Other properties, total	-	-	-	-	-	-	-
Like-for-like properties, total	**23**	**2,895.9**	**3,000.5**	**-78.9**	**6.1**	**5.6**	**24.4**
Right-of-use assets classified as like-for-like properties (IFRS 16)	-	37.3	41.3	-5.5	-	-	-
Like-for-like properties in the statement of financial position, total	**23**	**2,933.2**	**3,041.8**	**-84.4**	**6.1**	**5.6**	**24.4**

[1] Value of rented properties is recognised within IFRS 16 investment properties based on IFRS rules.

Citycon's five largest properties[1]

	Average rent, EUR/sq.m./month	Gross rental income, EUR million	Net rental income, EUR million	Fair value, EUR million	Fair value change, EUR million
	31 December 2023	2023	2023	31 December 2023	2023
Iso Omena	37.8	37.1	36.2	805.6	17.6
Lippulaiva	28.2	13.7	12.5	369.2	-63.4
Liljeholmstorget Galleria	35.2	15.1	13.7	311.4	-14.0
Myyrmanni	26.8	9.3	9.0	212.0	0.6
Oasen Senter	23.7	11.1	10.2	190.5	-6.2
Five largest properties, total	**31.6**	**86.4**	**81.5**	**1,888.8**	**-65.5**

[1] Excluding Kista Galleria.

Rental income by business units

	Gross rental income, EUR million		Net rental income, EUR million	
	2023	2022	2023	2022
Finland	81.6	74.2	76.4	68.6
Norway	67.7	83.0	62.5	78.9
Sweden	33.8	35.8	27.8	30.4
Denmark & Estonia	32.2	29.3	29.3	26.0
Other	-	-	-0.4	-0.3
Investment properties, total	**215.3**	**222.3**	**195.7**	**203.6**
Kista Galleria, 50%	9.3	9.4	6.6	6.8
Investment properties and Kista Galleria (50%), total	**224.6**	**231.7**	**202.2**	**210.5**

Average rent

	Average remaining length of lease agreements, years	Average remaining length of lease agreements, years	Average rent, EUR/sq.m./month	Average rent, EUR/sq.m./month
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Finland	4.5	4.4	27.9	26.3
Norway	2.9	2.7	20.9	21.9
Sweden	2.7	2.7	23.9	23.1
Denmark & Estonia	3.4	3.2	23.1	23.0
Total	**3.6**	**3.4**	**24.0**	**23.7**

Leasing activity, investment properties

	Number of lease agreements	Leased area, sq.m.	Average rent, EUR/ sq.m./month
31 December 2022	**3,191**	**902,042**	**23.7**
Leases started	1,200	236,923	24.0
Leases ended	1,018	237,608	23.5
Acquisitions	-	-	-
Other changes	-2	1,438	-
31 December 2023	**3,371**	**902,795**	**24.0**

Rental Income by Category, %

	Finland	Norway	Sweden	Denmark & Estonia	Total
Groceries	27.1	12.1	16.2	18.1	19.4
Fashion and Accessories	15.0	21.8	19.5	25.1	19.3
Home and Sporting Goods	10.7	25.5	13.3	24.4	17.7
Services and Offices	16.3	15.9	18.4	8.3	15.4
Cafes and Restaurants	11.8	8.5	10.2	9.0	10.1
Cosmetics and Pharmacies	6.5	10.2	11.5	8.5	8.7
Wellness	3.2	4.8	8.6	2.8	4.5
Specialty Stores	3.2	1.1	1.1	2.1	2.0
Residentials and Hotels	4.5	0.0	1.3	-	1.9
Leisure	1.7	0.1	0.0	1.6	0.9
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Top ten tenants

	Proportion of rental income based on valid rent roll at 31 December 2023, %
S Group	6.3%
Kesko Group	5.2%
Varner Group	2.7%
NorgesGruppen	2.2%
ICA Group	1.8%
Coop	1.6%
Clas Ohlson	1.5%
Stockmann Group	1.5%
H&M	1.4%
Tryg Forsikring	1.3%
Total	**25.5%**

(Re)development projects in progress

On 31 December 2023

	Location	Area before/after, sq.m.	Expected gross investment, MEUR	Actual gross investment by 31 December 2023, MEUR	Completion
Herkules, residentials (50%)	Skien, Norway	-/7,600	28.0	10.5	2024
Barkarby, residentials	Stockholm, Sweden	-/12,950	69.5[1]	6.6[1]	2024

[1] The transaction has been structured as a forward commitment, whereby Citycon made a deposit of EUR 6.6 million in April 2022 and will fund the remaining purchase price, pro-rata, at the completion of two construction phases in Q1/2024 and Q2/2024. The closing of the transaction will be after the completion of each phase with no additional obligations from Citycon before construction of each phase is complete.

Completed (re)development projects on Q1–Q4/2023

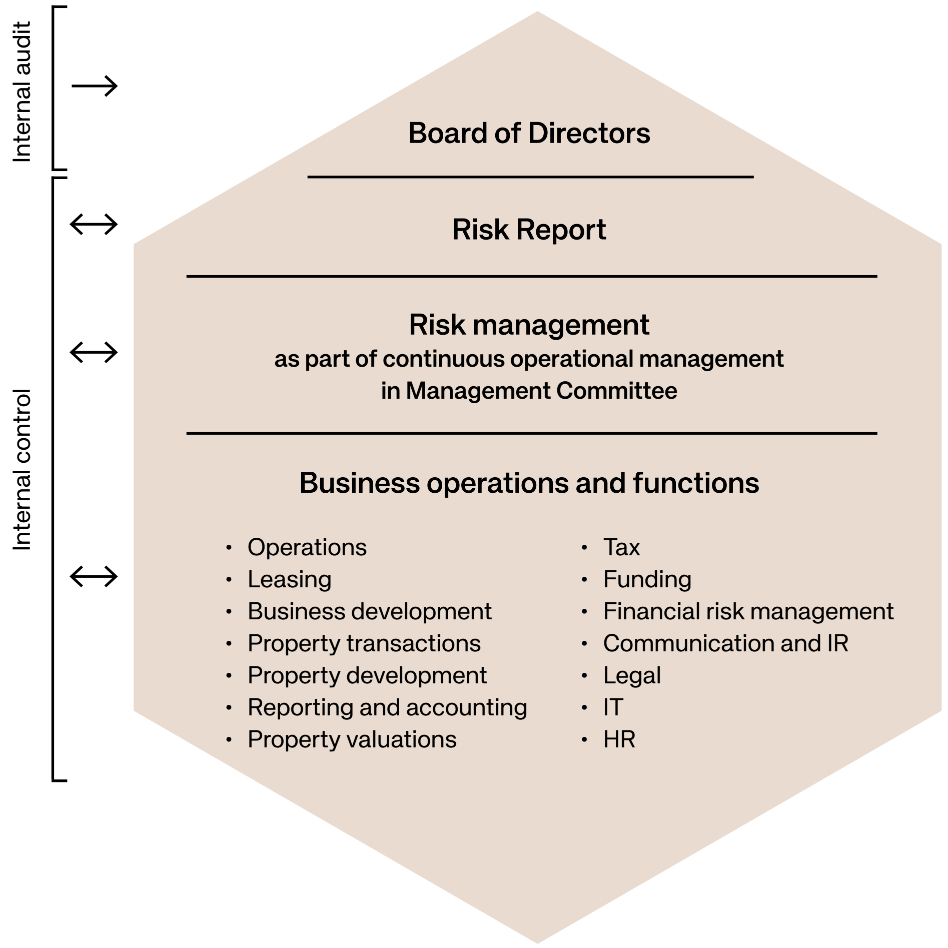
	Location	Area before/after, sq.m.	Actual gross investment by 31 December 2023, MEUR	Completion
Lippulaiva residentials	Helsinki metropolitan area, Finland	-/12,800	61.3	Q1/2023

Potential (re)development projects (non committed)

		Area before/after, sq.m.	
Liljeholmstorget Galleria	Stockholm, Sweden	40,500/90,000	Extension possibility of the shopping centre to meet the strong demand for more retail, office/healthcare and services including culture and library, entertainment and food, all directly connected to the metro station and bus terminal. Plans also include creating building rights for residentials.
Stenungstorg	Steungssund, Sweden	30,400/30,900	The plan is to tranform the current shopping centre area into a modern city center and to create a urban hub with a mix of residential areas, hotel, retail and services.
Trekanten	Oslo, Norway	23,800/45,000	Extension possibility of the shopping centre with the main objective to increase the offering of shops and services as well as create more visible and inviting entrances and improved circulation. Plans also include adding residential, offices, healthcare and sports facilities on top of the centre.
Oasen Kjøpesenter (phase II)	Bergen, Norway	56,800/68,800	A residential development project which includes opportunity to build several residential towers in connection with the existing shopping centre.
Isomyyri	Vantaa, Finland	11,650/27,800	Aim to develop a retail centre on an urban city block. The project includes new residential buildings and demolishing the present building. Retail, commercial premises and services are planned to be located on the street level of the new residentials. Includes also potential for offices.

Risk and risk management

The objective of Citycon's risk management is to ensure that the business targets are achieved by identifying, assessing and monitoring key risks which may threaten these targets, and to the extent possible, avoid, transfer or mitigate these risks.



Risk management principles

Citycon is exposed to various risks through the normal course of its activities. No business can be conducted without accepting a certain risk level, and expected gains are to be assessed against the involved risks. Successful risk management implemented in the business processes decreases the likelihood of risk realization and mitigates the negative effects of realised risk. Many of the risks and threats have not only potential negative effects, but could also develop in a favourable manner, or if effective proactive measures are taken, be turned into opportunities for Citycon.

The Board of Directors determines Citycon's strategic direction and is jointly with the Management Committee responsible for the long term and overall management of strategic risks. The operational risks, financial risks and hazard risks are managed in the various functions as a part of operational management. Each function has a dedicated person who is the owner of the risks in that area and also responsible for the reporting of the risks, the mitigation plans and the follow-up on their implementation.

Risk reporting

The risk management and reporting process involves identifying, assessing, quantifying, mitigating and monitoring risks in all main business operations and processes. The process also includes evaluation of existing, and the planning of new, risk mitigation plans for the identified risks in order to continuously improve risk management processes.

The risk reporting process gathers data on risks and the respective mitigation plans into one group-wide risk register. A Risk steering committee is responsible for the risk reporting process and evaluates which risks to present to Citycon's Board of Directors to facilitate discussion and inform about the major risks in the company. This is done during the budgeting process so that the risks are linked to the annual targets. In order to evaluate the importance of each risk and to improve the comparativeness, an estimate of the loss associated with each risk is determined together with the probability of risk realization. The realised risks during the previous year are also estimated and reported.

Insurances

To transfer certain operational and hazard risks, Citycon maintains a comprehensive insurance coverage to cover damages, claims and liabilities potentially arising from the Group's business. The properties are insured under the property damage policy to their full reconstruction value, including business interruption insurance and third-party liability insurance. Citycon also have other customary insurance policies.

	Risk and impact	Risk management measures
Leasing	• The economic development in Citycon's operating countries impacts consumer confidence which could affect demand for retail premises. This may lead to lower rental levels or increased vacancy. It could also increase the risks for credit losses or decrease turnover based rental income. • Continued high inflation environment and increased energy costs could affect negatively to consumer purchase power and increase the risk of tenant bankruptcies and weaken tenant's capability to pay rent which could increase Citycon's vacancy and weaken results. • The growing online retailing that affects customer behavior, or increased local competition may affect demand for retail premises and put pressure on rental levels or increase vacancy, especially in less urban locations.	• Citycon's strategy to focus on grocery anchored, urban shopping centres connected to public transportation with necessity-driven retail has proven its stability in various market conditions with steady cash flows, occupancy and low credit losses also during a downturn. This strategy also decreases the negative effects of the increasing online retailing. • The fact that most of the company's assets are in AAA/AA+ rated countries decreases the risk of a major downturn affecting the retail sector. • Citycon is continuously following and analysing tenants to identify risk tenants, and requires a rent collateral. • Tenant diversification has improved considerably through focused leasing efforts and through pan-Nordic strategy and the share of risk tenants has actively been decreased.
Property Development & transactions	• Increased costs in development projects due to rising construction costs or delays due to unforeseeable challenges. • Reduced demand for new retail space could result in a low occupancy rate or lower than planned rent levels in new premises. • Planned divestments of non-core properties could be delayed due to relatively low liquidity for secondary assets	• Maintaining relatively low level of development exposure and keeping no landbank. • Construction costs are managed through competitive tendering, careful project monitoring of costs and by entering into contracts with price caps when appropriate. • Leasing risks are minimised by having strict pre-leasing requirements prior to project start, by signing agreements with key anchor tenants at an early stage and by carrying out developments in proven retail locations with strong and growing demographics.
Operations	• A major accident, system failure, or terrorist incident could threaten the safety of shoppers and retailers, leading to loss of consumer confidence and thereby loss of income and extra costs. • Risk of increased operating cost for e.g. maintenance, energy or security. In some lease agreements the rent paid by the lessee is not affected by changed operating expenses, and a rise in operating expenses higher than inflation would decrease the profitability. Also, when the higher costs can be passed to tenants, rising operating expenses may reduce tenants' rental payment capacity. • Governmental restrictions due to new pandemic could threaten footfall and tenants' ability to conduct business.	• Risk of accidents and incidents mitigated by adequate security plans and incident procedures supported by crisis case exercises for personnel. • Comprehensive insurance coverage. • Citycon tries to minimize the impact of rising operating expenses by lease contracts with specified rent components when possible and charging tenants based on actual operating costs. • Efficient centralized procurement, frame contracts with service providers and suppliers, cost monitoring and cost benchmarking between shopping centres. • To mitigate the risk of energy price hikes, electricity prices are fixed according to a hedging policy, and energy efficiency actions have been implemented.
Property values	• The value of the properties can decrease for a number of reasons: a weaker economic environment impacting consumer purchase power, changes in -competition and consumer behaviour towards internet shopping, reduced availability and higher cost of financing and the relative attractiveness of other asset classes. The changes may lead to higher yield requirements, decreased market rents and increased vacancy rates.	• While many of the factors affecting property values cannot be influenced, Citycon seeks to impact the fair market value through active shopping centre management and optimising the profitability of its centres. • Citycon's strategy to focus on urban mixed-use centres with necessity-driven retail and services in strong and growing locations results in relatively stable property valuations throughout the economic cycle. • Citycon's presence in five highly rated countries gives country risk diversification and decreases the volatility of the total property values.
Environment	• Environmental concerns, customer expectations or legislation might restrict or impact Citycon's business, land use and construction. • Risks associated with e.g. climate change might affect Citycon's business environment. For example, extreme weather conditions and regulation implemented to mitigate and adapt to climate change can increase energy, maintenance and construction costs.	• Environmental impact assessments are conducted in connection with major projects. • Ensuring the environmental compliance of our buildings through energy investments, internal management practices, green energy purchase and production as well as external standards and certifications. • A sustainability strategy with clear short-term and long-term goals.
People	• An expert organisation of Citycon's nature relies heavily on its personnel for success, and therefore it is crucial to attract and retain the right people, develop competencies and ensure clear roles and targets.	• Citycon sees good leadership as essential to reduce personnel related risks and places great emphasis on target-setting and performance management, competence development, career advancement, and commitment of key employees.
Financing	• Both bank and bond financing have been available for Citycon, but willingness to lend at competitive terms could decline due to credit rating downgrades, turmoil in financial markets, tightening regulation or other reasons, which could affect the availability or cost of debt financing • If interest rates continue to be at high level, it will inevitably increase Citycon's financial expenses over time.	• Citycon has a conservative but active financing policy, with a focus on long-term financing, a solid balance sheet and keeping 70–90% of debt tied to fixed interest rates to reduce the effects of increased interest rates. • Investment grade credit rating by Standard & Poor's (BBB-) supports the availability and cost of financing. Several long-term bond issues have reduced the refinancing risk and dependency on bank financing.

Shares and shareholders

Listing	
Market place	Nasdaq Helsinki
Listed since	1988
Trading currency	euro
Segment	Large Cap
Sector	Financials
Sub-industry	Real Estate Operating Companies
Trading code	CTY1S
ISIN code	FI4000369947

Shares and share capital
Citycon Oyj's shares are listed on Nasdaq Helsinki. Citycon has one series of shares and each share entitles its holder to one vote at the General Meeting and to an equal dividend. The shares have no nominal value.

At year-end 2023, Citycon's total number of shares was 171,994,204. The market capitalisation of Citycon at the end of 2023 was EUR 0.9 billion based on the stock price of EUR 5.20.

In 2023, approximately 61.6 million Citycon shares were traded on the Helsinki Stock Exchange. The daily average trading volume was 245,521 shares, representing a daily average turnover of approximately EUR 1.5 million.

Shareholders
The number of registered shareholders at year-end 2023 was 27,738 (28,817). Shares owned by nominee-registered parties equaled 70.2% at year-end 2023 (69.2%). Citycon is one of the companies on the Helsinki Stock Exchange with the most international ownership base.

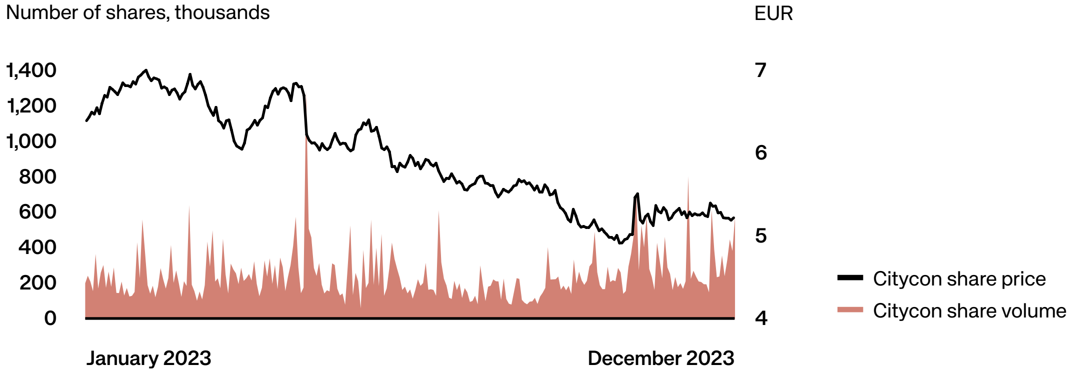
Largest shareholders
Citycon's largest shareholders according to Euroclear Finland are listed in the table below.

In total, G City Ltd. and its wholly-owned subsidiary Gazit Europe Netherlands own 50.9% of the total shares and votes in the company (87,559,016 shares as of 31 December 2023). Their shareholdings are mostly nominee-registered. The above-mentioned shareholdings include their direct ownership mentioned on the table above.

Dividend payout
Cityon's financial target is to pay out a minimum of 50% of the profit for the period after taxes, excluding fair value changes on investment properties.

The Board of Directors proposes to the AGM that the Board of Directors be authorized to decide in its discretion on the distribution of assets from the invested unrestricted equity fund in the manner set forth below.

Share price and volume



Share price and trading

		2023	2022	2021	2020	2019
Number of shares traded[1]	1,000 x	61,626	84,382	94,293	68,046	28,320
Stock turnover	%	35.8	50.2	56.0	38.2	15.9
Share price, high[1]	EUR	7.01	7.57	8.18	9.99	10.08
Share price, low[1]	EUR	4.89	5.96	6.67	5.22	8.10
Share price, average[1]	EUR	5.93	6.81	7.37	7.19	9.18
Share price, closing[1]	EUR	5.20	6.26	7.00	7.93	9.37
Market capitalisation, period-end	MEUR	894.37	1,050.90	1,179.50	1,411.53	1,666.96
Number of shares, period-end	1,000 x	171,994	168,009	168,499	177,999	177,999

[1] Comparative figures adjusted to reflect the reverse split on March 18, 2019.

Based on this authorization, the maximum total amount of equity repayment distributed from the invested unrestricted equity fund shall not exceed EUR 0.30 per share. Based on the current total number of issued shares in the company (171,994,204), the authorization would equal to a maximum of EUR 51,598,261.2 in equity repayment.

The authorization is valid until the opening of the next Annual General Meeting.

Unless the Board of Directors decides otherwise for a justified reason, the authorization will be used to distribute equity repayment four times during the period of validity of the authorization. The Board of Directors will make separate resolutions on each distribution of the equity repayment so that the preliminary record and payment dates will be as set out below. Citycon shall make separate announcements of each such Board resolution.

Preliminary payment date	Preliminary record date
28 March 2024	21 March 2024
28 June 2024	20 June 2024
30 September 2024	23 September 2024
31 December 2024	20 December 2024

The equity repayment based on the resolution of the Board of Directors will be paid to a shareholder registered in the company's shareholders' register maintained by Euroclear Finland Ltd on the record date of the equity repayment.

Major shareholders 31 December 2023

	Shares	%
Ilmarinen Mutual Pension Insurance Company	12,694,139	7.38
Elo Mutual Pension Insurance Company	1,240,000	0.72
The State Pension Fund	1,200,000	0.70
OP-Henkivakuutus Ltd.	929,245	0.54
Zeroman Oy	711,666	0.41
Nordea Life Assurance Finland Ltd.	637,517	0.37
Pakkanen Mikko Pertti Juhani	500,000	0.29
G City Ltd[1]	382,174	0.22
Mandatum Life Insurance Company Ltd.	347,718	0.20
Rantalainen-Yhtiöt Oy	320,000	0.19
10 largets shareholders, total	**18,962,459**	**11.03**
Nominee-registered shares	120,771,789	70.22
Others	32,259,956	18.76
Total	**171,994,204**	**100**

[1] Includes non-nominee-registered ownership. In total, G City Ltd. and its wholly-owned subsidiary Gazit Europe Netherlands own 50.9% of the total shares and votes in the company (87,559,016 shares as of 31 December 2023).

Shareholders by ownergroup 31 December 2023

	Number of shareholders	%	Number of shares	%
Financial and insurance corporations	26	0.09	117,015,607	68.04
Corporations	1,117	4.03	6,109,315	3.55
Households	26,350	95	23,948,535	13.92
General government	5	0.02	15,205,647	8.84
Foreign	72	0.26	7,550,669	4.39
Non-profit institutions	157	0.57	2,164,431	1.26
Total	**27,738**	**100**	**171,994,204**	**100**

Shareholdings by number of shares 31 December 2023

Number of shares	Number of shareholders	%	Number of shares	%
1–100	8,975	32.36	402,733	0.23
101–1,000	13,683	49.33	5,409,312	3.14
1,001–10,000	4,594	16.56	12,983,942	7.55
10,001–100,000	451	1.63	10,925,786	6.35
100,001–1,000,000	28	0.1	8,764,861	5.1
1,000,001 +	7	0.03	133,507,570	77.62
Total	**27,738**	**100**	**171,994,204**	**100**

Major shareholders 31 December 2023

In total, G City Ltd. (former Gazit-Globe Ltd.) and its wholly-owned subsidiary Gazit Europe Netherlands own 50.9% of the total shares and votes in the company (87,559,016 shares as of 31 December 2023). Their shareholdings are mostly nominee-registered. The above-mentioned shareholdings include their direct ownership mentioned on the list below. More information on ownership of G City Ltd and Gazit Europe Netherlands BV is available on company's website citycon.com/investors/major-shareholders

Key figures and financial development for five years

	Formula	2023	2022	2021	2020	2019
Income statement data						
Gross rental income		215.3	222.3	222.2	224.3	232.1
Net rental income						
Finland		76.4	68.6	66.5	66.2	72.2
Norway		62.5	78.9	77.8	74.1	75.4
Sweden		27.8	30.4	32.0	39.0	41.3
Denmark & Estonia		29.3	26.0	26.0	26.0	28.3
Other		-0.4	-0.3	0.0	0.1	0.3
Net rental income total		195.7	203.6	202.3	205.4	217.4
Other operating income and expense		0.0	-26.5	-0.4	0.9	2.8
Operating profit/loss		-38.0	87.7	217.8	34.1	73.1
Profit/loss before taxes		-122.3	15.1	156.5	-45.7	2.2
Profit/loss attributable to parent company shareholders		-115.0	5.3	121.0	-28.0	8.9
Statement of financial position data						
Investment properties		3,858.2	4,040.1	4,189.2	4,152.2	4,160.2
Current assets		82.3	135.9	145.0	77.8	74.2
Total equity		1,987.5	2,310.3	2,489.5	2,166.0	2,325.2
Equity attributable to parent company shareholders		1,380.1	1,618.8	1,800.1	1,818.6	1,978.4
Non-controlling interest		0.0	0.0	0.3	0.2	0.1
Interest-bearing liabilities		1,864.4	1,807.7	1,878.5	2,121.2	1,874.4
Total liabilities		2,220.9	2,150.5	2,313.5	2,514.0	2,257.1
Total liabilities and shareholders' equity		4,208.4	4,460.7	4,803.0	4,680.0	4,582.3
Number of properties[1]		34	34	37	41	39

[1] Kista Galleria 50% not included.
[2] LTV 2021 changed due to correction related to presentation of IFRS 16 assets. Previously reported LTV for 2021 was 40.7.
[3] The Board of Directors proposes that based on the balance sheet to be adopted for the financial period ended on 31 December 2023, no dividend is distributed by a resolution of the Annual General Meeting.
Nonetheless, the Board of Directors proposes that the Board of Directors be authorized to decide in its discretion on the distribution assets from the invested unrestricted equity fund in the manner set forth below. Based on this authorization, the maximum total amount of equity repayment distributed from the invested unrestricted equity fund shall not exceed EUR 0.30 per share.
[4] Issue-adjusted number of shares excluding Treasury shares held by the company.

Formulas are presented on section Formulas for key figures and ratios.
The numbers include the sale of four investments properties during 2022.

	Formula	2023	2022	2021	2020	2019
Key performance ratios						
Equity ratio, %	1	47.4	51.8	52.0	46.4	50.9
Loan to value (LTV), %[2]	2	46.3	41.4	40.3	46.9	42.4
Return on equity, % (ROE)	3	-7.5	0.3	6.6	0.0	0.4
Return on investment, % (ROI)	4	-1.9	1.5	4.8	2.8	2.3
Quick ratio	5	0.2	0.7	2.6	0.7	0.3
Gross capital expenditure, MEUR		95.9	177.0	224.1	344.4	106.0
% of gross rental income		44.5	79.6	100.9	153.5	45.7
Per-share figures and ratios						
Earnings per share, EUR	6	-0.70	-0.15	0.55	-0.25	0.04
Earnings per share, diluted, EUR	7	-0.70	-0.15	0.54	-0.25	0.04
Net cash from operating activities per share, EUR	8	0.75	0.59	0.72	0.71	0.76
Equity per share, EUR	9	11.56	13.75	14.80	12.17	13.06
P/E (price/earnings) ratio	10	-	-	-	-	187
Return from invested unrestricted equity fund per share, EUR[3]		0.50	0.50	0.45	0.49	0.60
Dividend per share, EUR[3]		-	-	0.05	0.05	0.05
Dividend and return from invested unrestricted equity fund per share total, EUR[3]		0.50	0.50	0.50	0.54	0.65
Dividend and return of equity per earnings, %	11	-	-	91.6	-	1,603.1
Effective dividend and return of equity yield, %	12	9.6	8.0	7.1	6.8	6.9
Issue-adjusted average number of shares (1,000)[4]		168,285	168,011	177,033	177,998	177,997
Issue-adjusted number of shares at the end of financial year (1,000)[4]		171,994	168,009	168,202	177,999	177,999
Operative key ratios						
Occupancy rate (economic), %[1]	13	94.9	94.5	93.4	93.9	95.5
Citycon's GLA, sq.m.[1]		1,011,490	1,013,390	1,059,090	1,136,390	1,074,590
Personnel (at the end of the period)		234	251	251	246	234

Formulas for key figures and ratios

1) Equity ratio, %	Total Equity / Balance sheet total - advances received	X 100
2) Loan to value (LTV), %	Interest bearing liabilities – lease liabilities (IFRS 16) – cash and cash equivalents / Fair value of investment properties + properties held for sale + investments in joint ventures - right-of-use assets classified as investment properties (IFRS 16)	X 100
3) Return on equity (ROE), %	Profit/loss for the period / Total Equity attributable to parent company shareholders (weighted average)	X 100
4) Return on investment (ROI), %	Profit/loss before taxes + interest and other financial expenses / Balance sheet total (average) - non-interest-bearing liabilities (average)	X 100
5) Quick ratio	Current assets / Short-term liabilities	
6) Earnings per share (EPS), EUR[1]	Profit/loss for the period / Average number of shares for the period	X 100
7) Earnings per share, diluted, EUR[1]	Profit/loss for the period / Diluted average number of shares for the period	X 100
8) Net cash from operating activities per share, EUR	Net cash from operating activities / Average number of shares for the period	X 100
9) Equity per share, EUR	Total equity / Number of shares on the balance sheet date	
10) P/E ratio (price/earnings)	Closing price at year-end / EPS	
11) Dividend and return of equity per earnings, %	Dividend and return of equity per share / EPS	X 100
12) Effective dividend and return of equity yield, %	Dividend and return of equity per share / Closing price at year-end	X 100
13) Occupancy rate (economic), %	Gross rental income as per leases / Estimated market rent of vacant premises + gross rental income as per leases	X 100

[1] Transaction costs and coupons on hybrid bond are deducted from the profit/loss for the period attributable to parent company shareholders, despite the recognition date (coupons are recorded based on the commitment to the payment). In addition, gains and expenses on hybrid bond repayments are included in the calculation.

Financial statements

Citycon Oyj's consolidated financial statements

Consolidated income statement, IFRS

MEUR	Note	2023	2022
Gross rental income	1.2.	215.3	222.3
Service charge income	1.3.	74.7	79.2
Property operating expenses	1.4.	-92.8	-94.7
Other expenses from leasing operations		-1.6	-3.1
Net rental income	1.1.	**195.7**	**203.6**
Administrative expenses	1.5.	-31.1	-28.7
Other operating income and expenses	1.3, 1.7.	0.0	-26.5
Net fair value gains/losses on investment property	2.1.	-200.3	-56.5
Net gains/losses on sale of investment property	2.1., 2.2.	-2.3	-4.3
Operating profit		**-38.0**	**87.7**
Financial income		87.7	99.6
Financial expenses		-135.3	-147.7
Net financial income and expenses	3.2.	-47.7	-48.0
Share of profit of associated companies and joint ventures	2.4.	-36.7	-24.6
Profit before taxes		**-122.3**	**15.1**
Current taxes	4.1.	-2.9	-2.1
Change in deferred taxes	4.2.	10.3	-7.9
Income taxes		7.4	-10.0
Profit for the period		**-115.0**	**5.1**
Profit attributable to			
Parent company shareholders		-115.0	5.3
Non-controlling interest		0.0	-0.3
Earnings per share attributable to parent company shareholders:[1]			
Earnings per share (basic), EUR	1.8.	-0.70	-0.15
Earnings per share (diluted), EUR	1.8.	-0.70	-0.15

[1] The key figure includes hybrid bond coupons (both paid and accrued not yet recognized) and amortized fees and gains and expenses on hybrid bond repayments.

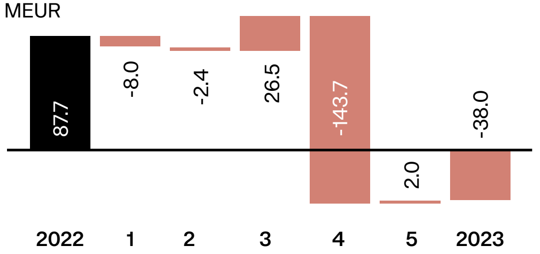
Consolidated statement of other comprehensive income, IFRS

MEUR	Note	2023	2022
Profit for the period		**-115.0**	**5.1**
Other comprehensive expenses/income			
Items that may be reclassified to profit or loss in subsequent periods			
Net gains/losses on cash flow hedges	3.2.	-3.4	0.5
Share of other comprehensive income of associated companies and joint ventures		0.0	0.0
Exchange gains/losses on translating foreign operations		-51.7	-73.5
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**-55.0**	**-73.0**
Other comprehensive expenses for the period, net of tax		**-55.0**	**-73.0**
Total comprehensive profit/loss for the period		**-170.0**	**-67.9**
Total comprehensive profit/loss attributable to			
Parent company shareholders		-170.0	-67.6
Non-controlling interest		0.0	-0.3

Operational performance remained solid in 2023
Overall financial performance was impacted by weaker Norwegian and Swedish Krona compared to previous year and disposals made in 2022. Operating profit and profit for the period decreased due to negative investment property fair value development. The net fair value loss from investment properties was EUR 200.3 million and share of loss of associated companies and joint ventures EUR 36.7 million due to valuation result in Kista.

Change in operating profit

MEUR

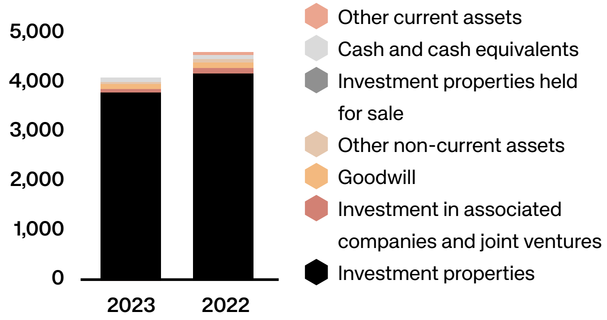


1 Change in net rental income
2 Change in administrative expenses
3 Change in other operating income and expenses
4 Change in fair value gains/losses
5 Change in gains/losses on sale

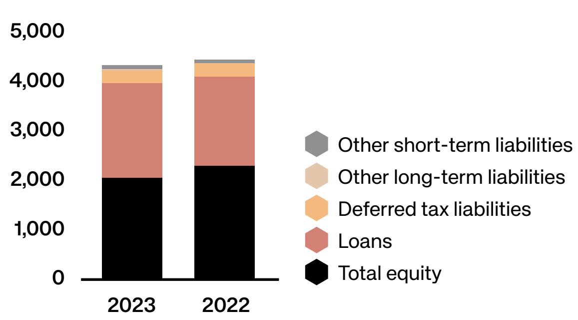
Consolidated statement of financial position, IFRS

MEUR	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Investment properties	2.1.	3,858.2	4,040.1
Goodwill	5.1.	111.4	115.4
Investments in associated companies and joint ventures	2.4.	72.4	103.5
Intangible assets	4.3.	10.7	11.0
Property, plant and equipment		2.4	1.6
Deferred tax assets	4.2.	16.5	16.4
Derivative financial instruments and other non-current assets	3.6.	54.7	36.8
Total non-current assets		**4,126.1**	**4,324.9**
Investment properties held for sale	2.2.	**0.0**	**0.0**
Current assets			
Derivative financial instruments	3.6.	0.1	2.8
Current tax receivables	4.1.	0.6	4.4
Trade and other receivables	3.3., 4.4.	56.3	59.4
Cash and cash equivalents	3.8.	25.2	69.2
Total current assets		**82.3**	**135.9**
Total assets		**4,208.4**	**4,460.7**

Assets
MEUR



Equity and liabilities
MEUR



MEUR	Note	31 December 2023	31 December 2022
EQUITY AND LIABILITIES			
Equity	3.1.		
Share capital		259.6	259.6
Share premium fund		131.1	131.1
Fair value reserve		-1.4	1.9
Invested unrestricted equity fund		596.8	660.2
Translation reserve		-240.0	-188.3
Retained earnings		634.1	754.3
Total equity attributable to parent company shareholders		**1,380.1**	**1,618.8**
Hybrid bond	3.1.	607.3	691.5
Non-controlling interest		0.0	0.0
Total equity		**1,987.5**	**2,310.3**
Long-term liabilities			
Loans	3.3., 3.4.	1,502.8	1,676.1
Derivative financial instruments	3.3., 3.6.	22.6	0.1
Deferred tax liabilities	4.2.	247.8	266.3
Other liabilities	3.3.	0.2	0.3
Total long-term liabilities		**1,773.4**	**1,942.8**
Short-term liabilities			
Loans	3.3., 3.4.	361.6	131.6
Derivative financial instruments	3.3., 3.6.	5.3	0.4
Current tax liabilities	4.1.	2.4	2.8
Trade and other payables	3.3., 4.5.	78.3	72.8
Total short-term liabilities		**447.5**	**207.6**
Total liabilities		**2,220.9**	**2,150.5**
Total liabilities and equity		**4,208.4**	**4,460.7**

Investment property values decreased
Fair value of investment properties decreased due to fair value losses of EUR 200.3 million and due to changes in exchange rates EUR 76.2 million, investments increased the value of investment properties by EUR 92.8 million. Shareholders equity was negatively impacted especially by weakening of Norwegian Krona during the year.

Consolidated cash flow statement, IFRS

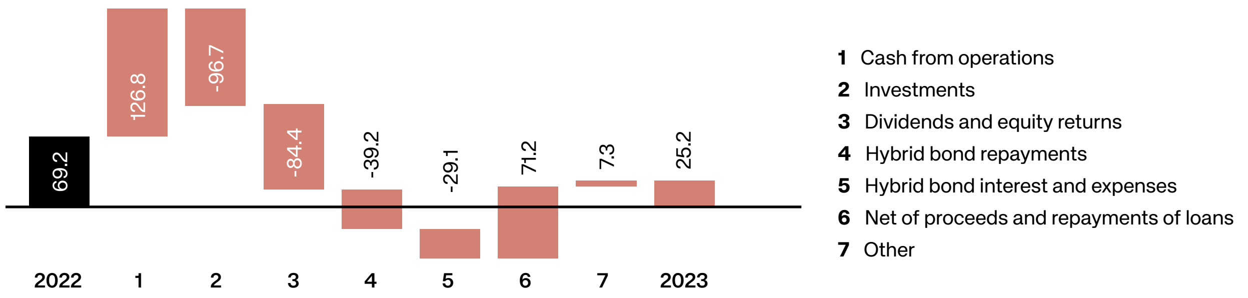
MEUR	Note	2023	2022
Cash flow from operating activities			
Profit before taxes		**-122.3**	**15.1**
Adjustments		290.3	166.5
Cash flow before change in working capital		**168.0**	**181.5**
Change in trade and other receivables	4.4.	0.1	7.8
Change in trade and other payables	4.5.	5.7	-30.5
Change in working capital		5.8	-22.7
Cash generated from operations		**173.8**	**158.8**
Interest expenses and other financial expenses paid		-51.0	-53.9
Interest income and other financial income received		1.7	0.2
Taxes paid		2.4	-5.4
Net cash from operating activities		**126.8**	**99.7**
Cash flow from investing activities			
Acquisition of subsidiaries, less cash acquired	2.1.	-	-6.5
Capital expenditure on investment properties	2.1.	-94.4	-169.3
Capital expenditure on investments in joint ventures, intangible assets and PP&E	2.4., 4.3.	-2.3	-4.6
Sale of investment properties	2.1., 2.2.	-0.4	270.9
Purchase of current financial investments		-	-64.8
Repayment of current financial investments		-	84.2
Net cash used in investing activities		**-97.1**	**109.8**
Cash flow from financing activities			
Proceeds from short-term loans	3.4.	357.3	356.5
Repayments of short-term loans	3.4.	-433.8	-318.7
Proceeds from long-term loans	3.4.	405.3	-
Repayments of long-term loans	3.4.	-257.5	-102.5
Hybrid bond repayments	3.1.	-39.2	-
Hybrid bond interest and expenses	3.1.	-29.1	-28.4
Repurchase of treasury shares and costs	3.1.	-	-1.6
Dividends and return from the invested unrestricted equity fund	3.1.	-84.4	-84.0
Realised exchange rate gains and losses		9.4	6.8
Net cash from/used in financing activities		**-72.0**	**-172.0**
Net change in cash and cash equivalents		**-42.3**	**37.5**
Cash and cash equivalents at period-start	3.8.	69.2	34.7
Effects of exchange rate changes		-1.6	-3.1
Cash and cash equivalents at period-end	3.8.	**25.2**	**69.2**

MEUR	Note	2023	2022
Adjustments:			
Depreciation and amortisation	1.5., 4.3.	3.0	2.4
Net fair value gains/losses on investment property	2.1.	200.3	56.5
Gains/losses on disposal of investment property	2.2.	2.3	4.3
Financial income	3.2.	-87.7	-99.6
Financial expenses	3.2.	135.3	147.7
Share of profit of associated companies and joint ventures	2.4.	36.7	24.6
Share-based payments	1.6.	1.7	3.2
Other adjustments		-1.3	27.4
Total		**290.3**	**166.5**

MEUR	Note	2023	2022
Net cash from operating activities		126.8	99.7
Average number of shares (1,000)		168,285	168,011
Net cash from operating activities per share		**0.75**	**0.59**

Net cash from operating activities increased to EUR 126.8 million from previous year's EUR 99.7 million
During 2023 Citycon invested EUR 96.7 million mainly in investment properties. Investments and debt repayments were mainly financed by cash generated from operations. Net cash from operations per share increased to EUR 0.75 mainly due to change in trade and other payables. Citycon repurchased bonds for EUR 183.8 million of cash and hybrid bonds for EUR 39.2 million of cash during 2023. In addition two mortage loans were issued with proceeds of EUR 334.3 million.

Cash needs and cash proceeds
MEUR

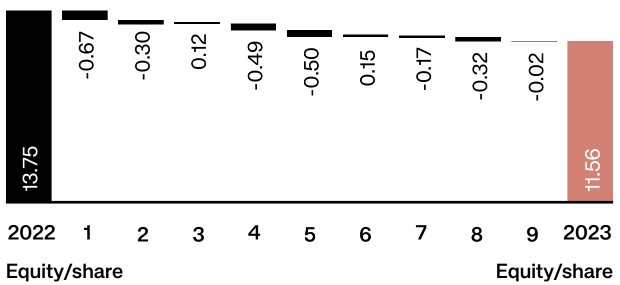


Consolidated statement of changes in shareholders' equity, IFRS

MEUR	Share capital	Share premium fund	Fair value reserve	Invested unrestricted equity fund	Translation reserve	Retained earnings	Total	Hybrid bond	Non-controlling interest	Total equity
	Equity attributable to parent company shareholders									
Balance at 1 January 2022	**259.6**	**131.1**	**1.4**	**744.2**	**-114.8**	**778.6**	**1,800.1**	**689.1**	**0.3**	**2,489.5**
Profit for the period 2022						**5.3**	**5.3**		**-0.3**	**5.1**
Net gains on cash flow hedges (Note 3.2.)			0.5				0.5			0.5
Share of other comprehensive income of joint ventures							0.0			0.0
Exchange gains/losses on translating foreign operations					-73.5		-73.5		0.0	-73.5
Total other comprehensive expenses/income for the period, net of tax			**0.5**		**-73.5**		**-73.0**		**0.0**	**-73.0**
Total comprehensive loss/profit for the period			**0.5**		**-73.5**	**5.3**	**-67.6**		**-0.3**	**-67.9**
Hybrid bond interest and expenses (Note 3.1.)						-30.6	-30.6	2.4		-28.2
Repurchase of treasury shares and costs (Note 3.1.)						-1.6	-1.6			-1.6
Dividends and return from the invested unrestricted equity fund (Note 3.1.)				-84.0			-84.0			-84.0
Share-based payments (Note 1.6.)						2.4	2.4			2.4
Other changes						0.1	0.1			0.1
Balance at 31 December 2022	**259.6**	**131.1**	**1.9**	**660.2**	**-188.3**	**754.3**	**1,618.8**	**691.5**	**0.0**	**2,310.3**
Profit for the period 2023						**-115.0**	**-115.0**			**-115.0**
Net gains on cash flow hedges (Note 3.2.)			-3.4				-3.4			-3.4
Exchange gains/losses on translating foreign operations					-51.7		-51.7			-51.7
Total other comprehensive income/expenses for the period, net of tax			**-3.4**		**-51.7**		**-55.0**			**-55.0**
Total comprehensive profit/loss for the period			**-3.4**		**-51.7**	**-115.0**	**-170.0**			**-170.0**
Hybrid bond repayments (Note 3.1.)							0.0	-85.9		-85.9
Gains on hybrid bond repayments (Note 3.1.)						25.8	25.8			25.8
Hybrid bond interest and expenses (Note 3.1.)						-30.7	-30.7	1.8		-28.9
Share issue (Note 3.1.)				20.9			20.9			20.9
Dividends paid and equity return (Note 3.1.)				-84.4			-84.4			-84.4
Share-based payments (Note 1.6.)						-0.3	-0.3			-0.3
Other changes						0.0	0.0			0.0
Balance at 31 December 2023	**259.6**	**131.1**	**-1.4**	**596.8**	**-240.0**	**634.1**	**1,380.1**	**607.3**	**0.0**	**1,987.5**

Development of equity per share

MEUR



1 Profit for the period
2 Translation differences
3 Share issue
4 Dividends and equity return
5 Hybrid bond repayments
6 Gains on hybrid bond repayments
7 Hybrid bond interest and expenses
8 Effect of share issue on share amount
9 Other changes

Profit for the period and equity return decreased equity

Profit for the period was EUR -115.0 million. During 2023, Citycon paid an equity return of EUR 0.50 per share from the invested unrestricted equity fund. Distributed equity return in total was EUR 84.4 million. Translation losses were EUR -51.7 million. During 2023, Citycon also completed two directed share issues in exchange for repurchasing of its hybrid bonds.

Notes to the consolidated financial statements

This table presents the Notes to the Financial Statements of Citycon Group and the accounting principles related to the Notes.
In addition, the table presents the IFRS standards in which the accounting principles are based on.

Accounting Principle	Note	Number	IFRS
Segment information	Segment information	1.1.	IFRS8
Revenue recognition, other income and trade and other receivables	Gross rental income, Revenue from contracts with customers, Other operating income and expenses, Trade and other receivables	1.2., 1.3., 1.7., 4.4.	IFRS16, IFRS15, IFRS9
Employee benefits and share-based payments	Employee benefits and personnel expenses	1.6.	IAS19, IFRS2
Earnings per share	Earnings per share	1.8.	IAS33
Investment property	Investment properties and related liabilities, Right-of-use assets	2.1., 2.3	IAS40, IFRS13, IFRS16
Assets held for sale	Investment properties held for sale	2.2.	IAS40, IFRS5
Investments in associates and joint ventures	Investments in joint ventures, Investments in associates	2.4.	IAS28, IFRS11, IFRS12
Financial Instruments: Disclosures, Presentation, Recognition and Measurement	Equity, Net financial income and expenses, Classification of financial instruments, Loans, Financial risk management, Derivative financial instruments, Cash and cash equivalents, Trade and other receivables, Trade and other payables	3.1, 3.2., 3.3., 3.4., 3.5., 3.6., 3.8., 4.4., 4.5.	IAS32, IFRS7, IFRS9, IFRS16
Provisions, Contingent Liabilities, Contingent Assets	Commitments and contingent liabilities	2.1., 3.7.	IAS37
Consolidated Financial Statements, Business Combination	Business Combinations, Goodwill, Acquisition of non-controlling interests	5.1., 5.2.	IFRS10, IFRS3
Related Party Disclosures	Related party transactions and changes in group structure	5.3.	IAS24
Impairment of Assets	Goodwill, Intangible assets, Trade and other receivables	4.3., 4.4., 5.1.	IAS36, IFRS9
Income taxes	Income taxes, Deferred tax assets and liabilities	4.1., 4.2	IAS12
Intangible assets	Intangible assets	4.3.	IAS38
Events after the Reporting Period	Post balance sheet date events	5.5.	IAS10
Contingent liabilities	Capital Commitments, VAT refund liabilities, Securities and Pledges	2.1., 3.7.	-

Basic company data

As a real estate investment company specialising in retail properties, Citycon operates in Finland, Norway, Sweden, Estonia and Denmark. Citycon is a Finnish public limited liability company established under Finnish law and domiciled in Helsinki, the address of its registered office being Piispansilta 9 A 1, 02230 Espoo. The official name of the company is Citycon Oyj.

The Board of Directors has approved the financial statements of the company on 15th February 2024. In accordance with the Finnish Limited Liability Companies Act, Annual General Meeting has the right to not approve the financial statements approved by the Board of Directors and return the financial statements back to the Board of Directors for a correction.

A copy of Citycon's consolidated financial statements is available on the corporate website at www.citycon.com and from the Group's headquarters at the address Piispansilta 9 A FI-02230 Espoo, Finland.

Basis of preparation

Citycon has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and applied the International Accounting Standards (IAS) and IFRS as well as Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) interpretations effective as of 31 December 2023. International financial reporting standards refer to the approved applicable standards and their interpretations under Finnish accounting legislation and the following rules on European Union Regulation No. 1606/2002. Notes to the consolidated financial statements are also in compliance with Finnish accounting legislation and community legislation.

Financial assets and liabilities are classified either as financial assets or liabilities at amortised cost or financial assets or liabilities at fair value through profit or loss. Financial assets held at amortised cost include rent and trade receivables, interest receivables and cash and cash equivalents. Financial liabilities at amortised cost include loans, trade payables and interest payables. Financial assets and liabilities at fair value through profit or loss include foreign exchange derivative contracts, cross currency swaps and interest rate options. In addition, investment properties are measured at fair value following their initial recognition. In other respects, the consolidated financial statements are prepared at historical cost.

XBRL tags in the ESEF financial statement are unaudited.

The financial statements are shown in millions of euros and rounded in hundred thousands of euros.

Key estimates and assumptions and accounting policies requiring judgment

Preparing the financial statements under IFRS requires that the company's management make certain accounting estimates and assumptions, which have an effect on the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses, as well as notes to the accounts. These estimates and associated assumptions are based on historical experience and various other factors deemed reasonable under the circumstances, the results of which form the basis of management judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Although these estimates are based on the best knowledge and current information available, the actual results may differ from the estimates due to uncertainty related to these assumptions and estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised for the period in which the estimate is revised if the revision affects only that period, or in the current and future periods if the revision affects both current and future periods.

Key estimates and assumptions and accounting policies requiring judgment regarding business activities are presented together with the relevant note.

1. Operating performance

1.1. Segment information

The geographical segments of Citycon are Finland, Norway, Sweden and Denmark & Estonia. The segment Other mainly includes administrative expenses arising from the Group's functions. Citycon changed its operating segments and segment reporting starting from 1.1.2023. Previously the segments were Finland & Estonia, Norway and Sweden & Denmark. Comparison period numbers have been updated according to the new segments.

The Board of Directors follows IFRS segment result and in addition Kista Galleria's financial performance separately, and therefore, segment information includes both IFRS segment results and Kista Galleria result. The Board of Directors follow Kista Galleria's result and financial position based on a 50% share.

Citycon's Board of directors assess the business units' performance on the basis of Net Rental Income and Direct Operating Profit. Fair value changes are also reported to Citycon's Board of directors by business unit.

Segment assets and liabilities consist of operating items which the segment uses in its operations or which can be allocated to the segment on a reasonable basis. Unallocated items include tax and financial items, as well as corporate items. No internal sales take place between segments.

Capital expenditure includes additions to the investment properties, associated companies, joint ventures, property, plant and equipment and intangible assets in the statement of financial position.

None of the tenants' proportion of Citycon's gross rental income exceeded 10% during financial years 2023 and 2022, and the management does not manage operations according to customer segments.

1 January–31 December 2023

MEUR	Finland	Norway	Sweden	Denmark & Estonia[1]	Other	Total IFRS segments	Kista Galleria (50%)
Gross rental income	81.6	67.7	33.8	32.2	0.0	215.3	9.3
Service charge income	28.6	25.1	10.2	10.8	0.0	74.7	3.3
Property operating expenses	-33.1	-29.9	-16.3	-13.1	-0.4	-92.8	-6.0
Other expenses from leasing operations	-0.6	-0.5	0.1	-0.6	0.0	-1.6	0.0
Net rental income	**76.4**	**62.5**	**27.8**	**29.3**	**-0.4**	**195.7**	**6.6**
Direct administrative expenses	-2.2	-4.1	-4.3	-0.5	-20.0	-31.1	0.0
Direct other operating income and expenses	-0.3	0.4	0.0	0.1	0.1	0.3	0.0
Direct operating profit	**74.0**	**58.8**	**23.5**	**28.9**	**-20.3**	**164.8**	**6.5**
Indirect other operating income and expenses	0.0	-0.1	0.0	-0.2	-	-0.3	0.0
Net fair value losses/gains on investment property	-69.4	-68.8	-36.6	-25.5	-	-200.3	-40.8
Gains/losses on disposal of investment property	-0.3	-1.6	-0.3	-0.1	-	-2.3	-
Operating profit/loss	**4.3**	**-11.7**	**-13.4**	**3.1**	**-20.3**	**-38.0**	**-34.3**
Allocated assets							
Investment properties	1,693.1	1,103.9	626.5	434.8	-	3,858.2	173.2
Investment properties held for sale	0.0	0.0	0.0	0.0	-	0.0	-
Other allocated assets	13.8	75.7	14.0	15.3	177.6	296.4	9.6
Unallocated assets							
Deferred tax assets					16.5	16.5	4.2
Derivative financial instruments					37.3	37.3	
Assets	**1,706.9**	**1,179.5**	**640.4**	**450.1**	**231.4**	**4,208.4**	**187.0**
Allocated liabilities							
Trade and other payables	13.7	16.4	14.8	9.3	24.0	78.3	9.9
Unallocated liabilities							
Interest-bearing liabilities					1,864.4	1,864.4	219.7
Deferred tax liabilities					247.8	247.8	-
Derivative financial instruments					27.9	27.9	-
Other unallocated liabilities					2.5	2.5	-
Liabilities	**13.7**	**16.4**	**14.8**	**9.3**	**2,166.6**	**2,220.9**	**229.5**
Capital expenditure	**46.6**	**21.2**	**15.1**	**11.0**	**2.0**	**95.9**	**2.4**
Number of shopping centres	**9**	**14**	**5**	**4**	**-**	**32**	**1**
Number of other properties	**1**	**-**	**1**	**-**	**-**	**2**	**-**

[1] Direct Operating Profit for Estonia is EUR 22.8 million, Gross rental income and Service charge income in total are EUR 34.3 million, Property operating expenses and Administrative expenses in total are EUR 11.4 million and Assets are EUR 336.4 million.

1 January–31 December 2022

MEUR	Finland	Norway	Sweden	Denmark & Estonia[1]	Other	Total IFRS segments	Kista Galleria (50%)
Gross rental income	74.2	83.0	35.8	29.3	0.0	222.3	9.4
Service charge income	24.3	31.3	12.7	10.9	0.0	79.2	3.8
Property operating expenses	-29.3	-34.9	-16.7	-13.4	-0.4	-94.7	-5.9
Other expenses from leasing operations	-0.6	-0.5	-1.3	-0.8	0.1	-3.1	-0.5
Net rental income	**68.6**	**78.9**	**30.4**	**26.0**	**-0.3**	**203.6**	**6.8**
Direct administrative expenses	-2.1	-3.5	-4.1	-0.1	-18.8	-28.7	-0.1
Direct other operating income and expenses	-0.3	0.6	0.1	0.0	-0.1	0.2	-0.1
Direct operating profit	**66.3**	**76.0**	**26.4**	**25.9**	**-19.3**	**175.2**	**6.6**
Indirect other operating income and expenses	-	-26.3	-0.4	-	-	-26.7	-
Net fair value losses/gains on investment property	-16.3	-30.9	-6.3	-3.0	-	-56.5	-25.5
Gains/losses on disposal of investment property	3.3	-8.2	0.6	0.0	-	-4.3	-
Operating profit/loss	**53.2**	**10.6**	**20.2**	**22.9**	**-19.3**	**87.7**	**-18.8**
Allocated assets							
Investment properties	1,715.1	1,228.4	647.1	449.5	-	4,040.1	210.7
Investment properties held for sale	0.0	0.0	0.0	0.0	-	0.0	-
Other allocated assets	8.1	91.9	13.1	16.1	253.7	382.8	13.2
Unallocated assets							
Deferred tax assets					16.4	16.4	
Derivative financial instruments					21.4	21.4	
Assets	**1,723.2**	**1,320.3**	**660.1**	**465.6**	**291.5**	**4,460.7**	**223.9**
Allocated liabilities							
Trade and other payables	7.0	20.8	12.0	9.0	24.0	72.8	8.4
Unallocated liabilities							
Interest-bearing liabilities					1,807.7	1,807.7	224.9
Deferred tax liabilities					266.3	266.3	-
Derivative financial instruments					0.6	0.6	-
Other unallocated liabilities					3.1	3.1	7.4
Liabilities	**7.0**	**20.8**	**12.0**	**9.0**	**2,101.7**	**2,150.5**	**240.8**
Capital expenditure	**111.6**	**32.1**	**19.8**	**9.7**	**3.9**	**177.0**	**3.9**
Number of shopping centres	**9**	**14**	**5**	**4**	**-**	**32**	**1**
Number of other properties	**1**	**-**	**1**	**-**	**-**	**2**	**-**

[1] Direct Operating Profit for Estonia was EUR 20.4 million, Gross rental income and Service charge income in total were EUR 32.2 million, Property operating expenses and Administrative expenses in total were EUR 11.4 million and Assets EUR 346.7 million.

1.2. Gross rental income

Breakdown of gross rental income

MEUR	2023	2022
Straight-lining of lease incentives	0.1	0.7
Temporary and contractual rental discounts	-4.1	-5.0
Gross rental income (excl. items above)	219.3	226.6
Total	**215.3**	**222.3**

General description of Citycon's lease agreements
In the majority, i.e. in 90% (90) of Citycon's lease agreements the rent is divided into base rent and maintenance rent. Base rent is typically tied to a yearly rent revision which is based on an index, such as cost-of-living index, or percentual minimum increase. Maintenance rent, charged separately from the lessee, are used for covering operating expenses incurred by the property owner due to property maintenance.

Part of Citycon's lease agreements also contain a turnover-linked component in addition to base rent. In addition, Citycon also has some lease agreements which are fully tied to tenant's turnover. At the end of 2023 approximately 62% (63) of lease agreements in Citycon's lease portfolio had turnover based components.

Because the majority of the lease portfolio is tied to indexation, a predetermined minimum rent increase and/or the tenant's turnover, Citycon's leases are mainly leases with contingent rent payments in accordance with IFRS 16.

In accordance with the below table, Citycon had 3,371 (3,191) lease agreements on 31 December 2023. The increase in the number of lease agreements was mainly due to new residentials in Lippulaiva.

Number of leases	31 December 2023	31 December 2022
Finland	1,327	1,105
Norway	1,050	1,081
Sweden	631	644
Denmark & Estonia	363	361
Total	**3,371**	**3,191**

In accordance with the table presented below, the average remaining length of Citycon's lease portfolio was 3.6 (3.4) years on 31 December 2023. The duration of a new lease depends on the type of premises to be leased and the tenant. With larger anchor tenants, Citycon typically concludes long-term leases of 10–15 or even 20 years while leases for smaller retail premises are mainly agreed for a term of 3 to 5 years.

Average remaining length of lease portfolio, years	31 December 2023	31 December 2022
Finland	4.5	4.4
Norway	2.9	2.7
Sweden	2.7	2.7
Denmark & Estonia	3.4	3.2
Average	**3.6**	**3.4**

Citycon mainly seeks to sign fixed-term leases with the exception of apartment, storage and individual parking space leases. At the year end 2023, fixed-term leases represented around 90% (91), initially fixed-term leases 6% (5) and leases in effect until further notice 4% (4) of Citycon's lease portfolio.

The table below presents the future minimum lease payments by first possible termination dates based on the valid rent roll at the end of the year 2023 and 2022.

Future minimum lease payments receivable under non-cancellable leases[1]

EUR million	31 December 2023	31 December 2022
Not later than 1 year	63.8	70.9
1–5 years	143.2	145.0
Over 5 years	53.4	40.3
Total	**260.4**	**256.1**

[1] Non-cancellable leases include fixed-term and initially fixed-term leases until the end of their terms. Leases in effect until further notice are assumed as non-cancellable leases for the equivalent of their notice period.

The Investment properties leases, in which Citycon is a lessor, are classified under operating leases, since Citycon retains a significant share of risks and rewards of ownership. Rental income from operating leases is spread evenly over the lease term.

Lease incentives, such as rent-free periods or rental discounts, that have been agreed at the start of the lease agreement are recognised on a straight-line basis over the lease term. The accounting treatment for lease incentives given during the lease agreement are recognized differently depending whether the lease incentive is based on the original lease agreement or not. If the discounts given during the lease term are not based on the original lease agreement but, the leaseholder has requested a rental discount due to the market situation or the property's (re)development project, the discounts will be, according to IFRS 16, considered to form a new lease agreement, which means that the discounts are to be recognized on a straight-line basis during the remaining lease term. However, if the discounts given during the lease term are based on original lease agreement, then the discount costs should be recognised in the consolidated income statement within the gross rental income during the period for which the rent reductions have been granted.

On behalf of the lessee, Citycon may perform alteration work on the premises rented by the lessee and charge the lessee for the resulting costs, in the form of a rent increase. Citycon recognises the alteration-related rent increase as rental income over the lease term. The rent increase and expenses arising from the alteration work are taken into account when measuring the fair value of the investment property.

1.3. Revenue from contracts with customers

Contacts with customers
In the business operations of Citycon Group, the guidance provided in the IFRS 15 Revenue from Contracts with Customers standard applies to the following sales revenues: Service charges, utility charges, other service income as well as management fees.

Breakdown of revenues 1 January–31 December 2023

MEUR	Finland	Norway	Sweden	Denmark & Estonia	Other	Total
Service charges[1]	23.4	20.0	8.8	5.1	0.0	57.3
Utility charges[1]	3.8	1.3	0.5	4.4	0.0	9.9
Other service income[1]	1.3	3.8	1.0	1.3	0.0	7.5
Total	**28.6**	**25.1**	**10.2**	**10.8**	**0.0**	**74.7**
Management fees[2]	0.2	0.1	0.1	0.0	0.0	0.4
Total	**0.2**	**0.1**	**0.1**	**0.0**	**0.0**	**0.4**
Revenue from contracts with customers	**28.8**	**25.2**	**10.3**	**10.8**	**0.0**	**75.1**

[1] Is included in the line item Service charge income in the Consolidated income statement.
[2] Is included in the line item Other operating income and expenses in the Consolidated income statement.

Breakdown of revenues 1 January–31 December 2022

MEUR	Finland	Norway	Sweden	Denmark & Estonia	Other	Total
Service charges[1]	20.3	23.9	10.6	5.1	0.0	59.9
Utility charges[1]	2.8	2.6	1.0	4.6	0.0	11.0
Other service income[1]	1.2	4.8	1.1	1.1	0.0	8.3
Total	**24.3**	**31.3**	**12.7**	**10.9**	**0.0**	**79.2**
Management fees[2]	0.2	0.0	0.4	0.0	0.0	0.6
Total	**0.2**	**0.0**	**0.4**	**0.0**	**0.0**	**0.6**
Revenue from contracts with customers	**24.6**	**31.3**	**13.0**	**10.9**	**0.0**	**79.8**

[1] Is included in the line item Service charge income in the Consolidated income statement.
[2] Is included in the line item Other operating income and expenses in the Consolidated income statement.

Service charges
The sales revenues linked to service charges consist of the repair, maintenance and administration services for the business premises and common areas of Citycon's shopping centre properties that Citycon provides for its customers on the basis of the contracts made with the customers (lease agreement).

Utility charges
The sales revenues linked to utility charges comprise fees charged from customers to cover, e.g. the costs arising from the energy consumption, heating and waste management of the business premises of the shopping centre properties in accordance with the customer contract (lease agreement).

Other service income
The sales revenues linked to other service income consist mainly of fees charged from customers to cover the costs arising from the planning and implementation of the marketing of Citycon Group's shopping centres.

Managements fees
Sales revenues related to management fees consists of the administrative services provided by Citycon Group to shopping centres owned by joint ventures or third parties.

Citycon Group's lease agreements and management contracts typically include a clear description of the obligations of the service provider and the customer purchasing the service as well as a break down of the price of the service provided. As a result, the service obligations as well as the basis for the transaction prices of each performance obligation in accordance with the IFRS 15 standard connected to Citycon Group's customer contracts have been clearly defined.

The transaction prices of all sales revenue groups primarily consist of variable considerations based on, e.g. the amount of services used by the customer or the changing prices of goods. Hence, Citycon estimates the amount of sales revenues recorded from the contracts on the basis of the expected value of sales revenues from the reporting period.

With regard to all customer contracts, the sales revenues are recorded over time, as the customer simultaneously receives and uses the financial benefit resulting from the maintenance and service operations related to the business premises owned by Citycon Group or the management service provided for shopping centres owned by joint ventures or third parties when Citycon provides the customer with the service.

The service charges are presented in Citycon's reporting as gross because in its view, Citycon acts as the principal in accordance with the definition in the IFRS 15 standard when providing services. For example, Citycon selects the maintenance and cleaning service providers for its properties, makes a contract with the providers and carries the credit risk pertaining to the provision of the service. This being the case, the customer may not choose the service provider or influence the service provider's pricing.

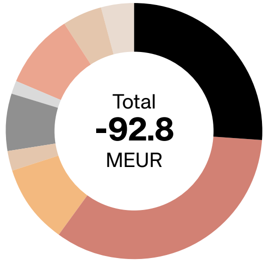
The services provided by Citycon Group do not include a significant financial component because the payments based on customer contracts typically become due before the start of the lease period or immediately upon its beginning. Citycon Group will not become subject to costs of obtaining a contract in accordance with the IFRS 15 standard. When it comes to the leases for business premises included in Citycon's core business, the accounting treatment of costs resulting from obtaining the contract and the expenses treated in accordance with the instructions in the IAS 40 standard, such as alteration works or commissions of the leased property, is described in detail in Note 1.2.

Contract balances

MEUR	2023	2022
Contract assets	3.0	1.2
Contract liabilities	2.2	0.7

Contract balances
The contract assets on customer contracts are open sales receivables related to service charges, and the contract iabilities based on the contract are advance payments received for service charges. The contract assets based on customer contracts are expected to be received within three (3) months and the contract liabilities based on the contract are expected to be recognised as income within the next twelve (12) months.

Operating expenses 2023
MEUR



Heating and electricity **-24.2**
Maintenance expenses **-31.3**
Property personnel expenses **-9.5**
Administrative and management fees **-2.1**
Marketing expenses **-6.8**
Property insurances **-1.5**
Property taxes **-8.7**
Repair expenses **-4.6**
Other property operating expenses **-4.0**

1.4. Property operating expenses

MEUR	2023	2022
Heating and electricity	-24.2	-25.7
Maintenance expenses	-31.3	-29.7
Property personnel expenses	-9.5	-9.6
Administrative and management fees	-2.1	-2.8
Marketing expenses	-6.8	-7.8
Property insurances	-1.5	-1.4
Property taxes	-8.7	-9.8
Repair expenses	-4.6	-3.8
Other property operating expenses	-4.0	-4.1
Total	**-92.8**	**-94.7**

Property operating expenses
Property operating expenses are recognized on an accrual basis for the period for which those are subject to. Property operating expenses are costs caused by e.g. property maintenance, energy consumption and marketing.

1.5. Administrative expenses

MEUR	2023	2022
Personnel expenses	-16.0	-15.2
Expenses related to management and organizational changes[1]	-0.7	-0.3
Consultancy and advisory fees as well as external services	-5.7	-5.8
Office and other administrative expenses	-5.6	-4.9
Depreciation and amortisation	-3.0	-2.4
Total	**-31.1**	**-28.7**

[1] Expenses related to management and organizational changes EUR 0.7 million in 2023 relate to organizational changes. EUR 0.3 million in 2022 include mainly expenses related to the change of CFO.

Depreciation and amortisation

Depreciation and amortisation are booked from intangible and tangible assets.

Audit fees

The following audit fees and services from the audit firm Ernst & Young are included in the line consulting and advisory fees within the administrative expenses and in the line administrative and management fees within the property operating expenses.

MEUR	2023 Group	2023 Parent company
Audit fees	**-1.0**	**-0.4**
Ernst & Young Oy	-0.6	-0.4
Other EY offices	-0.4	-
Other advisory services	**-0.2**	**-0.2**
Ernst & Young Oy	-0.2	-0.2
Other EY offices	-	-
Total	**-1.2**	**-0.6**

MEUR	2022 Group	2022 Parent company
Audit fees	**-0.9**	**-0.3**
Ernst & Young Oy	-0.5	-0.3
Other EY offices	-0.4	-
Other advisory services	**-0.1**	**-0.1**
Ernst & Young Oy	-0.1	-0.1
Other EY offices	-	-
Total	**-1.0**	**-0.4**

1.6. Employee benefits and personnel expenses

MEUR	Note	2023	2022
Wages and salaries of management			
CEO	A	-1.3	-1.2
Management committee	B	-1.6	-1.4
Board	C	-0.6	-0.6
Other wages and salaries		-15.5	-15.8
Pension charges: defined contribution plans		-2.4	-2.3
Social charges		-4.1	-3.5
Expense of share based payments	D	-1.7	-3.2
Total		**-27.3**	**-27.9**

Personnel expenses of EUR 16.0 million (15.2) are included in administrative expenses, EUR 10.7 million (11.9) in property operating expenses and EUR 0.6 million (0.8) in other operating income and expenses.

Pensions

The Group's employee pension cover is based on statutory pension insurance. Pension schemes are classified into two categories: defined contribution plans and defined benefit plans. At Citycon, all pension covers are classified as contribution plans, which are recognised in the consolidated income statement for the period during which such contributions are made.

Group full-time equivalent (FTE) by Business Units as at 31 December	2023	2022
Finland	43	45
Norway	75	82
Sweden	39	45
Denmark & Estonia	14	14
Group functions	64	66
Total	**234**	**251**

A) CEO wages and salaries

EUR	2023	2022
Base salary including benefits	741,180	688,457
Short-term incentives	600,000	513,000
Long-term incentives and other one-time payments	1,511,851	734,398
Total	**2,853,031**	**1,935,855**

F. Scott Ball (B.Sc., born 1961) started as CEO of Citycon on 1 January 2019. According to his service agreement, the CEO's gross base salary in 2023 amounted to EUR 741,180. In addition to his fixed annual base salary, the CEO received short-term and long-term incentives. The total remuneration paid to the CEO in 2023 was EUR 2,853,031.

Citycon's Board will evaluate the achievement of the CEO's performance targets and decide on the CEO's performance bonus amount payable for each financial year during the first quarter of the following calendar year.

The CEO was included in the CEO Stock Option Plan 2022–2025 and in the CEO Restricted Share Plan 2021–2025. CEO Restricted Share Plan includes three vesting periods ending on 15 January 2023, 2024 and 2025. The rewards under the plan are paid in three equal instalments after each vesting period including taxes and any employment related expenses payable. All shares allocated under the CEO Restricted Share Plan are eligible for dividend equivalent at the beginning of vesting periods. The value of the dividend equivalent per reward share shall equal to the distributed dividends or other distributed assets per share.

B) Personnel expenses for the Corporate Management Committee (excl. CEO)

MEUR	2023	2022
Wages and salaries	-1.6	-1.4
Pensions: defined contribution plans	-0.2	-0.2
Social charges	-0.4	-0.3
Total	**-2.2**	**-1.9**

C) Remuneration of the members of the Board of Directors

EUR	2023	2022
Chaim Katzman	165,000	165,000
Yehuda (Judah) L. Angster	65,600	60,800
Arnold de Haan (until 22 March 2022)	-	3,600
Zvi Gordon	64,701	58,400
Alexandre (Sandy) Koifman	86,185	83,400
David Lukes	66,600	64,200
Per-Anders Ovin	61,400	58,400
Ofer Stark (until 31 January 2022)	-	600
F. Scott Ball[2]	-	-
Ljudmila Popova	61,400	58,600
Adi Jemini (since 18 July 2023)	35,545	-
Total[1]	**606,431**	**553,000**

[1] Transactions with The Board Members are presented in Note 5.3.B Related party transactions.
[2] As set out in the Remuneration Policy, Mr F. Scott Ball, CEO of Citycon, is not entitled to separate fee for the Board membership.

During 2023, the travel expenses of the Board members amounted to EUR 0.0 million (0.2).

Board members do not participate in the company's share-based incentive schemes (excluding CEO F. Scott Ball).

D) Long-term share-based incentive plans

Citycon has eight valid long-term share-based incentive plans. Six of these are directed to the members of the Corporate Management Committee;

- CEO Restricted Share Plan 2021–2025 (decided on 27 October 2021),
- CEO Option Plan 2022–2025 (decided on 12 January 2022),
- CFO Restricted Share Plan 2021–2024 (decided on 20 September 2021),
- Performance Share Plan 2023–2025 (decided on 16.2.2023),
- Performance Share Plan 2020–2022 (decided on 17 March 2020) and
- Matching Share Plan 2022–2024 (decided on 22 March 2022)

and two to key employees of the group;

- Restricted Share Plan 2023–2025 (decided on 16.2.2023) and
- Restricted Share Plan 2020–2022 (decided on 11 December 2019).

The aim of the share-based incentive plans is to combine the objectives of the shareholders and the key employees to increase the value of the company in the long-term, to retain the key employees in the service of the company, and to offer them competitive reward plans based on earning and accumulating the company's shares.

In 2023, expenses from long-term share-based incentive plans recognised in consolidated financial statements amounted to EUR 1.7 million (3.2).

CEO Restricted Share Plan 2021–2025

The CEO Restricted Share Plan 2021–2025 is directed to the CEO F. Scott Ball.

The plan includes three vesting periods starting on 27 October 2021 and ending on 15 January 2023, 2024 and 2025. The rewards to be paid correspond to the value of a total of 570,000 shares.

The rewards are paid in three equal instalments of 190,000 shares after the end of each vesting period. The rewards may be paid partly in shares or partly or fully in cash to cover taxes and tax related costs, in which case the CEO may be obliged to acquire shares with the net reward. All unvested shares under the plan are eligible for dividend equivalent at the beginning of the vesting periods. 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 CEO Option Plan 2022–2025 is directed to the CEO F. Scott Ball.

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. 527,778 of the stock options 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.

The CFO Restricted Share Plan 2021–2024
The CFO Restricted Share Plan 2021–2024 is directed to the CFO Bret D. McLeod.

The plan includes three vesting periods starting on 20 September 2021 and ending on 1 August 2022, 2023 and 2024. The rewards to be paid correspond to the value of a total of 45,000 shares.

The rewards are paid in three equal instalments of maximum of 15,000 shares after the end of each vesting period based on the CFO performance. The rewards may be paid partly in shares or partly or fully in cash to cover taxes and tax related costs, in which case the CFO may be obliged to acquire shares with the net reward. The payment of the rewards requires that the CFO has not terminated his director contract.

The rewards paid in 2023 to the CFO corresponded to the total value of 15,000 shares, including a cash proportion to cover taxes and tax-related costs.

Performance Share Plan 2023–2025
The Performance Share Plan 2020–2022 is directed to the members of the Corporate Management Committee, excluding the CEO.

The plan includes three performance periods, each three years, spanning from March 2023, 2024 and 2025 until the end of February 2026, 2027 and 2028, respectively. The rewards payable are based on the participants achieving the strategic individual criteria set for each performance period and a valid employment or service contract. The rewards to be paid correspond to a maximum total value of 180,000 shares including any cash proportion for taxes and tax-related costs.

The rewards allocated in 2023 correspond to the total value of 60,000 shares, including any cash proportion to cover taxes and tax-related costs.

Performance Share Plan 2020–2022
The Performance Share Plan 2020–2022 is directed to the members of the Corporate Management Committee, excluding the CEO.

The plan includes three performance periods, each three years, 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 and a valid employment or service contract. The rewards to be paid correspond to a maximum total value of 150,000 shares including any cash proportion for taxes and tax-related costs.

The rewards paid under the plan in 2023 corresponded to the total value of 20,000 shares, including a cash proportion to cover taxes and tax-related costs.

Matching Share Plan 2022–2024
The Matching Share Plan 2022–2024 is directed to the members of the Corporate Management Committee (excluding the CEO).

The plan includes three matching periods, financial years 2022–2023, 2023–2024, 2024–2025. The prerequisite for participation in this plan and for reward payment is that a key employee invests in the company's shares a pre-determined percentage of the bonus earned from the company's performance bonus scheme during the calendar year preceding a matching period. If a key employee's Share Ownership Prerequisite is fulfilled and his or her employment or service is in force with a Citycon group company upon reward payment, he or she will receive free matching shares for shares subject to the share ownership prerequisite.

The rewards to be paid on the basis of this plan from the matching period 2023–2024 correspond to an approximate maximum total value of 36,425 shares, including a cash proportion to cover taxes and tax-related costs. The rewards from the matching period 2023–2024 will be paid in 2025.

Restricted Share Plan 2023–2025
The Restricted Share Plan 2023–2025 is directed to selected key employees, excluding the CEO and other members of the Corporate Management Committee.

The rewards from the plan may be allocated in 2023–2025. The reward will be based on a valid employment or service contract of a key employee upon the reward payment, and it may be paid partly in the company's shares and partly in cash, to be used for taxes and tax-related costs, after the end of a vesting period of 24 to 36 months.

The rewards to be paid on the basis of the plan in total correspond to a maximum total value of 60,000 shares, including any cash proportion for taxes and tax-related costs.

The rewards allocated in 2023 correspond to the total value of 30,000 shares, including any cash proportion to cover taxes and tax-related costs.

Restricted Share Plan 2020–2022
The Restricted Share Plan 2020–2022 is directed to selected key employees, excluding the CEO and other members of the Corporate Management Committee.

The rewards from the plan may be allocated in 2020–2022. The reward will be based on a valid employment or service contract of a key employee upon the reward payment, and it may be paid partly in the company's shares and partly in cash, to be used for taxes and tax-related costs, after the end of a vesting period of 24 to 36 months.

The rewards to be paid on the basis of the plan in total correspond to a maximum total value of 60,000 shares, including any cash proportion for taxes and tax-related costs.

The rewards paid under the plan in 2023 corresponded to the total value of 14,000 shares, including a cash proportion to cover taxes and tax-related costs.

Further information
Further information on the long-term share-based incentive plans is available on the company's website at citycon.com/remuneration.

Management fees
Cityon manages some of the shopping centres owned by joint ventures and third parties and recognizes management fees over the contract period.

1.7. Other operating income and expenses

MEUR	2023	2022
Management fees	0.4	0.6
Management fee related expenses	-0.2	-0.3
Other operating income and expenses[1]	-0.2	-26.8
Total	**0.0**	**-26.5**

[1] The comparison period includes a reduction in goodwill of EUR 26.3 million resulting from asset sales in Norway.

1.8. Earnings per share

Earnings per share (basic) is calculated by dividing the net profit/loss attributable to parent company shareholders by the share issue adjusted weighted average number of shares.

Earnings per share, basic

	2023	2022
Profit/loss attributable to parent company shareholders (MEUR)	-115.0	5.3
Hybrid bond coupons and amortized fees	-28.9	-30.5
Gains and expenses on hybrid bond repayments	25.8	-
Weighted average number of ordinary shares (1,000)	168,285	168,011
Earnings per share (basic) (EUR)[1]	**-0.70**	**-0.15**

Earnings per share, diluted

	2023	2022
Profit/loss attributable to parent company shareholders (MEUR)	-115.0	5.3
Hybrid bond coupons and amortized fees	-28.9	-30.5
Gains and expenses on hybrid bond repayments	25.8	-
Adjustment for share-based incentive plans (1,000)	1,864	2,490
Weighted average number of ordinary shares, diluted (1,000)	170,149	170,500
Earnings per share (diluted)[1]	**-0.70**	**-0.15**

[1] The key figure includes hybrid bond coupons (both paid and accrued not yet recognized) and amortized fees and gains and expenses on hybrid bond repayments.

Weighted average number of ordinary shares used in the calculation of Earnings per share (diluted)

	Days	Number of shares
Weighted average (daily) number of shares	365	170,148,751

Diluted Earnings per share is calculated by adjusting the weighted average number of shares to assume the conversion of all dilutive potential shares. The number of shares is increased by dilutive shares arising from stock options and long-term share-based incentive plans.

The share-based incentive scheme has a dilutive effect during the earning period when the performance conditions for the bonus have been fulfilled, and the shares have not yet been granted.

2. Property portfolio and assets

2.1. Investment properties and related liabilities

Investment properties in the financial statement
Investment property refers to land or a building, or part of a building, held to earn rental income or capital appreciation, or both. Under IAS 40, investment property is measured at fair value, with gains and losses resulting from fair value changes for investment properties are netted and stated as a separate item in the consolidated income statement.

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 at the end of the quarter following the acquisition.

The fair valuation of the company's properties is conducted annually by an independent external appraiser according to the International Valuation Standards (IVS) while on the first, second and third quarter of the year Citycon conducts the fair value measurement internally except for new acquired properties which are valuated externally. When measuring the values internally, Citycon has based the valuations on market indications received from the external appraiser.

(Re)development projects are classified as investment properties and determined at fair value after an investment decision has been made and the external appraiser considers that sufficient information is available for a reliable valuation. In the fair value valuation on 31 December 2023 1 property (1) was classified as (re)development project. Capital expenditure on potential development projects relates to planning and zoning costs. Potential development projects are projects whose realization is uncertain. Therefore they have been left out of the valuation conducted by the external appraiser.

The fair value of Citycon's investment properties in the consolidated statement of financial position consists of the property portfolio's total value determined by the external appraiser, less transfers into investment properties held for sale, added by capital expenditure on potential development projects that are not taken into account by the external appraiser, as well as the value of new properties acquired during the reporting quarter if not possible measure at fair value, in regard to timing and reliable information available.

The fair value of Citycon's properties was measured by CBRE (Norway, Denmark, Estonia) and JLL (Finland, Sweden) for the financial statements for 2023 and 2022. The resulting fixed fees based on the 2023 valuations totaled EUR 0.2 million (0.3). The reconciliation between the fair value determined by the external appraiser and the fair value of investment properties in Citycon's balance sheet, is presented below:

MEUR	31 December 2023	31 December 2022
Fair value of investment properties determined by the external appraiser per 31 December	3,779.3	3,956.4
Capital expenditure on potential development projects[1]	38.4	38.4
Right-of-use assets classified as investment properties (IFRS 16)	40.5	45.3
Transfer into investment properties held for sale	-	-
Acquisition cost of properties acquired during the last quarter of the year	-	-
Fair value of investment properties per 31 December	**3,858.2**	**4,040.1**

[1] Includes a deposit made by Citycon for the purchase of a residential property in Barkarbystaden.

Fair value definition and hierarchy
In accordance with IFRS 13, 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.

Citycon uses valuation techniques that 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. Input data used in valuation method to determine the fair value is categorized into three fair value hierarchy levels in accordance with IFRS 13. Investment property measured at fair value is categorised to the same fair value hierarchy level as the lowest level input, which is significant to the fair value measurement as a whole.

Yield requirement is an important input parameter in the valuation measurement and it is derived from comparable market transactions. Citycon has decided to categorise all property fair valuations as level 3, because properties and especially shopping centres are usually heterogeneous and transactions are infrequent. Transfers between levels in the hierarchy did not occur during the year.

Fair value measurement of investment properties, fair value measurement hierarchy

MEUR	31 December 2023	31 December 2022
Quoted prices (Level 1)	-	-
Observable inputs (Level 2)	-	-
Unobservable inputs (Level 3)	3,779.3	3,956.4
Total	**3,779.3**	**3,956.4**

Fair value of investment properties
Measuring the fair value of investment properties is a key accounting policy that is based on assessments and assumptions about future uncertainties. Yield requirement, market rents, vacancy rate and operating expenses form the key variables used in an investment property's fair value measurement. The evaluation of these variables involves Citycon management's judgment and assumptions. Also, the evaluation of the fair value of (re)development projects requires management's judgment and assumptions regarding investments, rental levels and the timetable of the project.

Fair value measurement
The fair value measurement of Citycon's 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.

The valuation principle of the Torvbyen asset has been changed in 2023. The valuation is now based on the value of the potential building rights, whereas it was previously based on the cash flow analysis described above.

Inputs

31 December 2023	Finland	Norway	Sweden	Denmark & Estonia	Average
Yield requirement (%)	5.5	6.2	5.8	7.2	6.0
Market rents (EUR/sq.m./month)	28.1	20.6	25.1	22.7	24.2
Operating expenses (EUR/sq.m./month)	7.4	5.3	8.1	4.3	6.4
Vacancy during the cash flow period (%)	4.1	3.6	4.4	5.0	4.1
Market rent growth assumption (%)	2.7	2.2	2.2	2.1	-
Operating expense growth assumption (%)	2.0	2.1	2.1	2.1	-

31 December 2022	Finland	Norway	Sweden	Denmark & Estonia	Average
Yield requirement (%)	5.1	5.7	5.5	6.8	5.5
Market rents (EUR/sq.m./month)[1]	26.7	20.5	23.1	21.6	23.1
Operating expenses (EUR/sq.m./month)[1]	6.5	5.0	6.5	4.4	5.7
Vacancy during the cash flow period (%)	4.2	3.6	4.2	4.4	4.1
Market rent growth assumption (%)	2.3	2.0	2.3	2.3	-
Operating expense growth assumption (%)	2.2	2.0	2.3	2.3	-

[1] During 2023, the method for calculating comparison figures was changed.

Sensitivity analysis

	Fair value (EUR million)				
Change %	**-10%**	**-5%**	**±0%**	**+5%**	**+10%**
Market rents	3,286.6	3,532.9	3,779.3	4,025.7	4,272.0
Operating expenses	3,915.9	3,847.6	3,779.3	3,711.0	3,642.7
Change, basis points	**-50**	**-25**	**±0**	**+25**	**+50**
Vacancy	3,803.9	3,791.6	3,779.3	3,767.0	3,754.7
Yield requirement	4,158.3	3,959.5	3,779.3	3,615.1	3,464.8

Inputs

The segments' inputs used by the external appraisers in the cash flow analysis per 31 December 2023 and 31 December 2022 are presented in the following tables.

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 defined by the external appraiser 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 13%. Correspondingly, a 50 bps decrease in the yield requirement results in an approximately 10% 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.

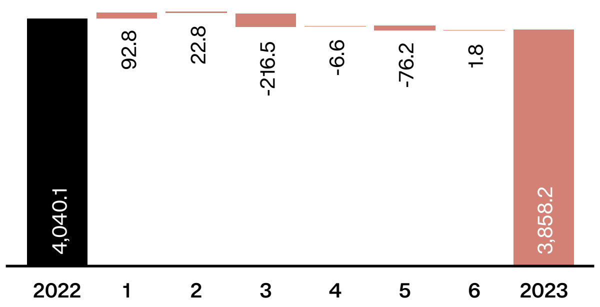
Investment property changes and classification

31 December 2023 EUR million	Investment properties under construction	Operative investment properties	Investment properties total
Balance at 1 January 2023	**435.4**	**3,604.7**	**4,040.1**
Acquisitions	-	-	-
Investments	0.5	91.8	92.3
Disposals	-	-	-
Capitalised interest	-	0.5	0.5
Fair value gains on investment property	-	22.8	22.8
Fair value losses on investment property	-	-216.5	-216.5
Valuation gains and losses from Right-of-Use-Assets	-	-6.6	-6.6
Exchange differences	0.0	-76.2	-76.2
Transfer between investment properties under construction and operative investment properties	-429.2	429.2	0.0
Changes in right-of-use assets classified as investment properties (IFRS 16)	-	1.8	1.8
Balance at 31 December 2023	**6.7**	**3,851.5**	**3,858.2**

31 December 2022 EUR million	Investment properties under construction	Operative investment properties	Investment properties total
Balance at 1 January 2022	**382.3**	**3,807.0**	**4,189.2**
Acquisitions	6.2	0.0	6.3
Investments	83.8	77.6	161.4
Disposals	-21.7	-0.4	-22.1
Capitalised interest	4.3	0.1	4.3
Fair value gains on investment property	-	53.1	53.1
Fair value losses on investment property	-19.5	-83.4	-102.9
Valuation gains and losses from Right-of-Use-Assets	-	-6.8	-6.8
Exchange differences	-	-122.3	-122.3
Transfer between operative investment properties, joint ventures and transfer into investment properties held for sale	-	-126.5	-126.5
Changes in right-of-use assets classified as investment properties (IFRS 16)	-	6.4	6.4
Balance at 31 December 2022	**435.4**	**3,604.7**	**4,040.1**

Investment properties 2023

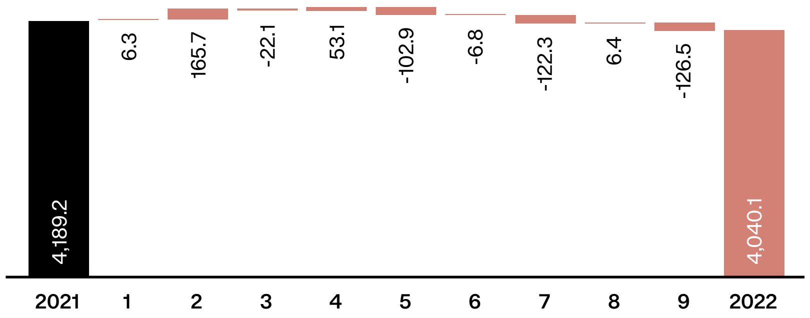
MEUR



1 Investments and capitalised interest
2 Fair value gains
3 Fair value losses
4 Valuation gains and losses from Right-of-Use-Assets
5 Exchange differences
6 Changes in Right-of-Use-Assets classified as investment properties (IFRS 16)

Investment properties 2022

MEUR



1 Acquisitions
2 Investments and capitalised interest
3 Disposals
4 Fair value gains
5 Fair value losses
6 Valuation gains and losses from Right-of-Use-Assets
7 Exchange differences
8 Changes in Right-of-Use-Assets classified as investment properties (IFRS 16)
9 Transfers between items

Citycon divides its investment properties into two categories: Investment Properties Under Construction (IPUC) and Operative Investment Properties. On reporting date, the first mentioned category included Barkarby residentials in Sweden, and on comparable period 31 December 2022 Barkarby residentials and Lippulaiva in Finland.

IPUC-category includes the fair value of the whole property even though only part of the property may be under construction.

Contractual obligations to purchase, construct or develop investment properties are presented below.

Contingent liabilities related to investment properties

EUR million	2023	2022
Capital commitments	72.4	76.9
VAT refund liabilities	84.8	103.8

Capital commitments
Capital commitments relate mainly to on-going (re) development projects.

VAT refund liability
There are value-added tax refund liabilities arising from capitalised renovations and new investments in Citycon's investment properties. The VAT refund liabilities will realise if the investment property is transferred for non-VAT-liability use within 10 years.

2.2. Investment properties held for sale

Classifying properties into investment properties or investment properties held for sales requires management's judgement. In addition, judgement is used when determing whether the sale of an investment property is to be classified as a real estate sale or sale of a business.

MEUR	2023	2022
Acquisition cost January 1	**0.0**	**150.9**
Disposals	-	-269.9
Investments	-	0.0
Exchange differences	-	-7.5
Transfers from investment properties	-	126.5
Accumulated acquisition cost December 31	**0.0**	**0.0**

On 31 December 2023 Citycon had no property classified as held for sale properties. Four properties classified as investment properties held for sale in Norway segment were sold during comparable period 2022.

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

An investment property is reclassified in the financial statement in cases where the investment property is divested.

For Citycon, the characteristics of a sale of a business include, for example, the sale of a major line of business or geographical area of operations that also involves the transfer of staff and/or management essential to the business.

In the case of the sale of a business, IFRS 5, Assets Held for Sale based accounting treatment is applied. Businesses, i.e. disposal groups such as segments or property portfolios, are classified as non-current assets held for sale when their book values are to be recovered (principally through a sale transaction) and a sale is considered highly probable.

Investment property disposals are usually structured so that Citycon sells the shares of the subsidiary, that owns the property. Hence, disposal is booked according to IFRS 10 Consolidated Financial Statements standard as a sale of subsidiary.

If the sale of an operative investment property is deemed highly probable, such a property is transferred to 'Investment properties held for sale' in the financial statement.

A sale is deemed highly probable when
- the management is committed to a plan to sell the property and an active programme to locate a buyer and complete the plan has been initiated
- the property is actively marketed for sale at a price that is reasonable in relation to it's current fair value,
- the sale is being expected to qualify for recognition as a completed sale within one year.

Investment properties held for sale are still recognized at fair value in accordance with IAS 40.

2.3. Right-of-use assets

The IFRS 16 Leases standard replaced the IAS 17 standard at the beginning of the 2019 financial period. First and foremost, the standard provided reporting entities with instructions on the accounting treatment of leases in the lessee's financial statements, changed the definition of leasing and set the principles regarding the recognition of leases in the balance sheet both as a right-of-use asset and a lease liability. The application of the standard did not result in any changes to the accounting treatment of leases where Citycon Group acts as the lessor. Nonetheless, with regard to the majority of the Group's leases where Citycon acts as the lessee, Citycon has recognized assets and liabilities to the Group's balance sheet pertaining to these leases starting from Q1 2019.

Citycon Group has recognized right-of-use assets from the leases subject to the scope of the standard as part of the 'Investment properties' and 'Tangible assets' balance sheet items. The right-of-use assets recognized as part of investment properties consist of leases subject to Citycon Group's core business, such as the leases of shopping centres, shopping centre land areas and shopping centre machinery. The right-of-use assets recognized as tangible assets, on the other hand, have primarily been recognized for leases included in administrative expenses, such as office leases, IT assets and leased cars. The lease liability of Citycon Group has been valued by discounting the lease payment liabilities of the leases subject to the scope of the IFRS 16 standard to their present value using as the discounting factor the view of the company's management on the incremental borrowing rate at the starting time of the lease.

Assessing the propability of exercising extension options included in lease agreements requires judgement. At the commencement date, Citycon assesses whether it is reasonably certain that the entity will exercise an extension option included in the lease agreement. Citycon considers all relevant facts and circumstances that create an economic incentive for the entity to exercise, or not to exercise, the option.

The majority of the leased right-of-use assets of Citycon Group are fixedly linked to Citycon's investment properties. As a result, Citycon has disclosed its lease expenses primarily as part of the fair value changes of its investment properties (comparable to straight-line depreciations) and as interest expenses determined by the interest rate factor of the lease liability. The impacts on profit pertaining to the right-of-use assets classified as 'Tangible assets' are disclosed in the profit and loss account as interest expenses and as depreciations included in the line item 'Administrative expenses'.

Citycon applies the recognition exemptions permitted by the standard and, hence, does not apply the standard to short-term leases with a duration of less than a year or leases of a low value, such as leases applicable to specific office equipment.

During the finacial year 2021 the contract values of managed and rented centers were transferred to Right-of-use assets according to IFRS 16.

The impact from the standard to Citycon's reporting in 2023 is as follows:

Consolidated income statement

MEUR	2023	2022
Property operating expenses	6.9	7.4
Net rental income	6.9	7.4
Administrative expenses	0.0	0.0
Net fair value losses on investment property	-6.6	-6.8
Other operating income and expenses	0.0	0.0
Operating profit	0.4	0.7
Net financial income and expenses	-1.2	-1.5
Loss before taxes	-0.8	-0.8
Deferred taxes	0.1	0.2
Loss/profit for the period	-0.7	-0.6

Consolidated statement of financial position

MEUR	Investment properties	Tangible assets	Total Right-of-use assets	Lease liabilities
1 January 2023	45.3	1.2	46.5	42.8
31 December 2023	40.5	1.8	42.3	38.8
1 January 2022	45.7	2.1	47.7	43.2
31 December 2022	45.3	1.2	46.5	42.8

Consolidated cash flow statement

MEUR	2023	2022
Net cash flows from operating activities	5.7	5.9
Net cash flows from financing activities	-5.7	-5.9

The effect of IFRS 16 to calculation of key figures

When calculating loan to value (LTV), both the right-of-use assets classified as part of investment properties, as well as lease liabilities pertaining to these right-of-use assets, have not been taken into account. Thus, IFRS 16 has no impact on LTV calculations as compared to earlier periods. The LTV formula is presented in section Formulas for key figures and ratios.

Depreciations of right-of-use assets by asset class

MEUR	2023	2022
Valuation gains/losses	-6.6	-6.8
Depreciation of right-of use assets	-0.7	-0.8

Impact of recognition exemptions permitted by the standard

MEUR	2023	2022
Short-term leases	0.0	0.0
Low-value assets	0.1	0.1
Variable rents	0.0	0.0

Maturity profile of liabilities related to right-of-use assets

MEUR	2023	2022
Less than 1 month	0.6	0.5
1 to 12 months	6.2	6.0
1–5 years	23.3	22.0
over 5 years	8.8	14.4
Total	38.8	42.8

2.4. Investments in joint ventures and associates

Following table represents the Citycon Group's interest in the assets and liabilities, revenues and expenses of the joint ventures. The financial information presented in the table is based on the financial statements of the joint venture entities prepared in accordance with IFRS.

A) Investments in joint ventures

	2023			2022		
MEUR	Kista Galleria Group	Norwegian joint ventures	Joint ventures total	Kista Galleria Group	Norwegian joint ventures	Joint ventures total
Investment property	346.4	0.0	346.4	421.4	0.0	421.4
Deferred tax assets	8.5	-	8.5	-	-	-
Other non-current assets	6.5	2.2	8.6	11.7	15.8	27.5
Cash and cash equivalents	7.4	6.5	13.9	6.6	0.9	7.5
Other current assets	5.3	0.0	5.3	8.2	0.0	8.2
Long-term loans	259.9	0.0	259.9	449.9	7.0	456.9
Deferred tax liabilities	-	0.0	0.0	14.8	0.0	14.8
Short-term loans	179.4	-	179.4	-	-	-
Other short-term liabilities	19.7	1.5	21.2	16.9	4.5	21.4
Equity	**-84.9**	**7.1**	**-77.8**	**-33.7**	**5.2**	**-28.5**
Portion of the Group's ownership, %	50%	50%		50%	50%	
Share of joint venture's equity	-42.5	3.6	-38.9	-16.9	2.6	-14.3
Share of loans of joint ventures	111.3	-	111.3	117.8	-	117.8
Investments in joint ventures	**68.9**	**3.6**	**72.4**	**100.9**	**2.6**	**103.5**
Gross rental income	18.6	-	18.6	18.8	-	18.8
Net rental income	13.1	-	13.1	13.7	-	13.7
Administrative expenses	-0.1	0.0	-0.1	-0.1	0.0	-0.1
Other operating income/expenses	-0.1	2.5	2.5	-0.3	-0.1	-0.3
Net fair value losses/gains on investment property	-81.6	0.0	-81.6	-50.9	0.0	-50.9
Operating profit	-68.7	2.5	-66.2	-37.6	-0.1	-37.7
Financial income	0.1	0.3	0.4	10.2	0.0	10.2
Financial expenses	-25.8	0.0	-25.8	-20.8	0.0	-20.8
Taxes	20.5	-0.6	19.9	6.0	0.0	6.0
Loss / Profit for the period	**-73.9**	**2.2**	**-71.6**	**-42.3**	**-0.1**	**-42.3**
Other items in Share of loss/profit of joint ventures[1]	-0.8	-	-0.8	-	-3.4	-3.4
Share of loss/profit of joint ventures	**-37.8**	**1.1**	**-36.7**	**-21.1**	**-3.5**	**-24.6**
Other comprehensive income for the period, net of tax	0.0	0.0	0.0	0.0	0.0	0.0
Exchange losses/gains on translating foreign operations	2.2	0.0	2.2	3.4	0.0	3.4
Share of other comprehensive income of associated companies and joint ventures	**1.1**	**0.0**	**1.1**	**1.7**	**0.0**	**1.7**
Total comprehensive loss/profit for the period	**-72.5**	**2.2**	**-70.2**	**-38.8**	**-3.5**	**-42.4**

[1] Other items in Share of loss/profit of joint ventures in 2023 comprise of cumulative adjustment related to Investments in joint ventures and in 2022 mainly of write-down of shares in joint ventures related to divested centres Buskerud, Magasinet Drammen and Down Town.

Investments in Associates and Joint Ventures

Citycon recognises its investment in joint ventures and associate companies using the equity method in the consolidated financial statements.

Joint ventures owned by Citycon are treated according to the IFRS 11 Joint Arrangements. In joint ventures, venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The most significant business and financing decisions regarding the joint ventures are made jointly among the owners.

An associated company is an entity over which the Group has significant influence. Significant influence is created usually when the Group owns over 20% of the voting rights of the company or when the Group has otherwise significant power over company, but not the control.

The Group presents the aggregate share of profit or loss from the associated companies and joint ventures on the face of its statement of comprehensive income in line "Share of profit of associated companies and joint ventures" and "Share of other comprehensive income of associated companies and joint ventures".

Kista Galleria shopping centre

Citycon owns a 50% interest in Kista Galleria shopping centre in Sweden, the other 50% is owned by a Canadian partner (CPPIB). Each partner has equal number of members in the board of directors taking decisions related to the Kista Galleria. Material operating and capital decisions in the board are made unanimously. Consequently the entity is considered to be jointly controlled and consolidated under the equity method. The Group has granted a shareholder loan to the Kista Galleria joint venture. Pursuant to the agreement between the Kista Galleria joint venture partners, the Kista Galleria joint venture shall not distribute any dividends until shareholder loans have been repaid and the Group shall take no action or make no decision with respect to the shareholder loan without the prior consent of the other partner. All payments made by the Kista Galleria joint venture in respect of the shareholder loan shall be made pro rata to each of the joint venture partners.

Joint ventures in Norway

Citycon owns 50% of the shares of joint ventures Klosterfoss Utvikling AS and Sandtranda Bolig AS. Companies are residential real estate development companies. The 50% ownership of Magasinet Drammen AS was divested along with Magasinet centre in February 2022 and Dr Juells Park AS, of which Citycon had 50% ownership, was liquidated in December 2022. Companies were not included in the group balance sheet on 31.12.2022.

B) Investments in associated companies

MEUR	2023	2022
Investment properties	0.0	0.0
Current assets	0.5	0.5
Non-current assets	0.0	-
Short-term liabilities	0.5	0.4
Long-term liabilities	0.0	0.0
Total shareholders' equity	**0.1**	**0.1**
Portion of the Group's ownership, %	38%	38%
Share of associated companies' equity	0.0	0.0
Share of loans of associated companies	0.0	0.0
Investments in associated companies	**0.0**	**0.0**
Gross rental income	1.8	2.2
Net rental income	0.1	0.2
Administrative expenses	0.0	-0.2
Net financial income and expenses	0.0	0.0
Taxes	0.0	0.0
Profit for the period	**0.0**	**-0.1**
Share of loss/profit of associated companies	**0.0**	**0.0**
Share of other comprehensive income of associated companies and joint ventures	**0.0**	**0.0**
Total comprehensive loss/profit for the period	**0.0**	**-0.1**

Associated companies in Norway

On the reporting date 31.12.2023 and the comparison period 31.12.2022 Citycon has only one associated company, Torvbyen Drift AS in Norway, from which the group owns 38%.

The table presents summarised financial information of the Citycon's investments in associated company.

3. Financing

3.1. Equity

A) Description of funds and reserves included in the equity

Share capital
The company has single series of shares, each share entitling to one vote at General Meeting of shareholders. The shares have no nominal value and the share capital has no maximum value.

Share premium fund
Since the 2006 entry into force of the current Finnish Limited Liability Companies Act, no new items are recognised in the share premium fund. The share premium fund accumulated before 2007 due to option schemes and share issues.

Invested unrestricted equity fund
The invested unrestricted equity fund is credited, for instance, with that part of the subscription price of the shares that, according to the Memorandum of Association or the share issue decision, is not to be credited to the share capital. Incremental transaction costs (net of taxes) directly attributable to the issue of new shares or options are deducted from the proceeds.

Fair value reserve
The fair value reserve contains fair value changes of derivative instruments used to hedge cash flows.

Translation reserve
The translation reserve contains translation differences arising from the currency translation of foreign subsidiaries' financial statements.

Hybrid bond
Citycon has two hybrid bonds, issued in November 2019 and in June 2021. A total EUR 87.1 million hybrid debt has been repurchased during the year and 31.12.2023 the hybrid nominals stand at EUR 291.9 million and EUR 321.0 million. The hybrid bond is treated as a part of shareholder's equity in the IFRS financial statements. The hybrid bonds are unsecured, subordinated to all debt and senior only to ordinary share capital. A holder of hybrid bond notes has no shareholder rights. The hybrid bonds have fixed coupons until the first reset dates 22 February 2025 and 10 September 2026, and thereafter coupons are reset every five years with applicable 5 year swap rate plus margin. Citycon has the right to postpone interest payment if it does not distribute dividend or any other equity to its shareholders. The bonds have no set maturity date, but the company has the right to redeem them after five years from the issue date and thereafter on every yearly interest payment date. Fees related to the hybrids are amortised in retained earnings and interest is recorded in retained earnings upon payment or when the commitment to payment arises. Earnings per share includes the interests. The hybrid loans have an offbalance sheet accrued interest of EUR 14.8 million as of 31 December 2023 (EUR 17.3 million as of 31 December 2022).

Treasury Shares
Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

During the reporting period, the company held a total of 24,500 of the company's own shares, which were conveyed to implement payments of rewards earned under the company's share plans as described in the section Board authorisations. At the end of the period, the company or its subsidiaries held no shares in the company.

B) Board proposal for dividend and return from the invested unrestricted equity fund

The Board of Directors proposes that based on the balance sheet to be adopted for the financial period ended on 31 December 2023, no dividend is distributed by a resolution of the Annual General Meeting. Nonetheless, the Board of Directors proposes that the Board of Directors be authorized to decide in its discretion on the distribution assets from the invested unrestricted equity fund in the manner set forth below.

Based on this authorization, the maximum total amount of equity repayment distributed from the invested unrestricted equity fund shall not exceed EUR 0.30 per share. Based on the current total number of issued shares in the company, the authorization would equal to a maximum of EUR 51,598,261.2 in equity repayment.

Unless the Board of Directors decides otherwise for a justified reason, the authorization will be used to distribute equity repayment four times during the period of validity of the authorization. The authorization is valid until the opening of the next Annual General Meeting.

3.2. Net financial income and expenses

A) Recognised in the consolidated income statement

MEUR	2023	2022
Interest income on loans	6.2	6.6
Interest income on derivatives and other items	1.7	0.4
Foreign exchange gains	74.1	83.0
Fair value gain from derivatives	-	-
Other financial income	5.6	9.7
Financial income, total	**87.7**	**99.6**
Interest expenses on loans	-51.8	-45.8
Interest expenses on derivatives and other items	4.5	-2.7
Foreign exchange losses	-74.3	-82.9
Fair value loss from derivatives	-3.4	-9.2
Development interest capitalised	0.5	4.3
Other financial expenses	-9.6	-9.9
Interest expenses on IFRS 16 lease liabilities	-1.2	-1.5
Financial expenses, total	**-135.3**	**-147.7**
Net financial income and expenses	**-47.7**	**-48.0**
Of which attributable to financial instrument categories:		
Interest-bearing loans and receivables	-34.3	-28.0
Lease liabilities (IFRS 16)	-1.2	-1.5
Derivative financial instruments	-18.0	-17.1
Other liabilities and receivables	5.9	-1.5
Net financial income and expenses	**-47.7**	**-48.0**

Net financial expenses decreased slightly compared to last year mainly following increased interest income on cash at bank and income from hedging derivatives. Furthermore indirect one-off gains of EUR 2.9 million from bond repurchases executed at a discount was offset by EUR 2.8 million indirect loss (Q1–Q4/2022: EUR 9.2 million loss) from hedging derivatives not under hedge accounting and other indirect items.

In 2023, foreign exchange gains of EUR 19.3 million (Q1–Q4/2022: EUR 15.5 million gains) and foreign exchange losses of EUR 0.0 million (Q1–Q4/2022: EUR 0.0 million) were recognised in the consolidated income statement from debt instruments.

Citycon's weighted average interest rate was 2.61% (2.43%) and the weighted average interest excluding derivatives was 3.13% (2.57%) as at 31 December 2023. Interest on development expenditure is capitalised at a rate of 2.99% (2.88%) as at 31 December 2023.

Citycon's interest expenses in the consolidated income statement contain interest expenses from interest-bearing debt as well as all interest expenses arising from derivative financial instruments used for hedging purposes. Additional information on Citycon's derivative financial instruments, their fair values and hedge accounting treatment can be found in Note 3.6. Derivative Financial Instruments.

Fair value gains and losses of derivatives relate to cross-currency swaps and interest rate options not under hedge accounting. Other financial expenses mainly consist of amortisations and write-downs of arrangement fees, costs related to bond repurchases, paid commitment fees and other bank fees.

B) Recognised in the other consolidated comprehensive income

MEUR	2023	2022
Gains/losses arising during the period from cash flow hedges	-3.4	0.5
Added (Less): interest income (expenses) recognised in the consolidated income statement on cash flow hedges	2.0	0.9
Net gains/losses on cash flow hedges	**-1.4**	**1.4**

Interest income
Interest income is recognised according to the time that has elapsed, using the effective interest method.

Dividend income
Dividend income is recognised when the right to receive a dividend is established.

Borrowing costs
Borrowing costs are usually expensed as incurred. However, borrowing costs, such as interest expenses and arrangement fees, directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to be ready for its intended use or sale. Capitalisation commences when the refurbishment of a property, or the construction of a new building or extension, begins and ceases once the building is ready for lease. Capitalisable borrowing costs include costs of funds borrowed for a construction project or costs attributable to a construction project multiplied by the capitalisation rate. The capitalisation rate is the weighted average cost of Citycon's borrowings for the financial year. Borrowing costs arising from the purchase cost of land are also capitalised on the development project, but only when activities necessary to preparing the asset for development are in progress on the purchased land.

Loan-related transaction expenses clearly associated with a specific loan are included in the loan's cost on an accrual basis and recognised as financial expenses, using the effective interest method.

Expenses related to hybrid bonds are recognised in retained earnings, see note 3.1.

3.3. Classification of financial instruments

A) Classification of financial instruments and their carrying amounts and fair values

MEUR	Note	Carrying amount 2023	Fair value 2023	Carrying amount 2022	Fair value 2022
Financial assets					
I Financial assets amortised at cost					
Financial assets within Rent, trade and other receivables	4.4.	20.8	20.8	13.5	13.5
Cash and cash equivalents	3.8.	25.2	25.2	69.2	69.2
II Financial assets at fair value through profit and loss					
Derivative financial instruments	3.6.	37.3	37.3	19.5	19.5
III Derivative contracts under hedge accounting					
Derivative financial instruments	3.6.	-	-	1.9	1.9
Financial liabilities					
I Financial liabilities amortised at cost					
I.I Loans					
Loans from financial institutions	3.4.	336.5	341.9	-	-
Commercial paper	3.4.	46.5	47.0	49.2	49.5
Bonds[1]	3.4.	1,442.6	1,289.6	1,715.7	1,469.2
Lease liabilities (IFRS 16)	2.3.	38.8	38.8	42.8	42.8
I.II Other liabilities					
Financial liabilities within Trade and other payables	4.5.	39.3	39.3	36.9	36.9
II Financial liabilities at fair value through profit and loss					
Derivative financial instruments	3.6.	26.4	26.4	0.6	0.6
III Derivative contracts under hedge accounting					
Derivative financial instruments	3.6.	1.4	1.4	-	-

[1] Starting 1.1.2023 the company no longer defines the fair value of debt as the nominal outstanding, instead market value of debt is used as definition of fair value of debt. Corresponding periods have been updated retrospectively.

Financial assets and liabilities

Recognition and measurement
Financial assets are classified into the following categories for measurement purposes according to IFRS 9

1. financial assets at amortised cost or
2. financial assets at fair value through profit or loss.

The classification of a financial asset is determined based on the entity's business model for managing the asset and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

Assets classified at amortised cost include financial assets which the company has created by providing money, goods or services directly to the debtor. Initially recognised at fair value these assets under current and non-current assets are carried at amortised cost. Their balance sheet value is impaired by the amount of any credit loss. In the company's consolidated statements of financial position as at 31 December 2023 and 31 December 2022, financial assets held at amortised cost include rent and trade receivables, interest receivables and cash and cash equivalents, which are reported in the balance sheet within the following items "Trade and other receivables" and "Cash and cash equivalents".

Citycon concludes derivative contracts for hedging purposes only. Derivative contracts not fulfilling the criteria set for hedge accounting, or for which Citycon has decided not to apply hedge accounting, are classified as financial assets or liabilities at fair value through profit or loss.

Financial liabilities are classified as
1. financial liabilities at fair value through profit or loss or
2. financial liabilities at amortised costs

Financial liabilities are initially recognised at fair value. Afterwards, financial liabilities excluding derivative debt are recognised at amortised cost using the effective interest method. In the company's consolidated statement of financial position, on 31 December 2023 and 31 December 2022, financial liabilities at amortised cost include loans, trade payables and interest payables which are reported in the balance sheet under the items "Loans" and "Trade payables and other payables". On 31 December 2022 Citycon had foreign exchange derivative contracts and cross currency swaps classified as financial assets and liabilities at fair value through profit or loss. On 31 December 2023 these assets and liabilities included also interest rate options in addition to the above. Financial assets and liabilities are recognised in the statement of financial position on the basis of the settlement date.

B) The principles for determining the fair values of financial instruments

Citycon applies IFRS valuation principles when determing the fair values of financial instruments. The following presents the principles for determining the fair values of all financial assets and liabilities.

Cash and cash equivalents, investments, trade and other receivables, trade payables and other payables

Due to their short maturity, the fair value of cash and cash equivalents, trade payables and receivables and other short-term receivables and payables is regarded as corresponding to their carrying amount.

Derivative financial instruments

Derivative financial instruments are initially measured at fair value in the statement of financial position and subsequently re-measured at their fair value on each balance-sheet date. The fair value of interest rate swaps is calculated using the present value of estimated future cash flows. The fair value of Citycon's interest rate derivatives is determined based on customary valuation techniques used by market participants in the OTC derivative market. An interest rate curve is determined based on observable market rates. The curve is used to determine future interest payments, which are then discounted to present value.

The fair value of a currency forward agreement is based on the difference between the exchange rate of the agreement and the prevailing exchange rate fixing on each balance-sheet date as well as the currency basis spreads between the respective currencies. The fair value of derivative financial instruments is the estimated amount that Citycon would receive or pay to settle the related agreements. The fair value of foreign exchange derivative contracts is based on quoted market prices.

The fair value of cross-currency swaps consists of the fair value due to the interest rate change and the fair value due to the currency rate. The interest rate fair value is determined by the counterparty banks in the same way as in interest rate swaps mentioned above and the reported values are based on the valuations of the counterparty banks. The currency fair value is determined in a similar way as in currency forward agreements.

The fair value of both interest rate and foreign exchange derivative financial instruments corresponds to level 2 of the fair value hierarchy according to IFRS13.72–90. For financial instruments that are recognised at fair value on a recurring basis, Citycon determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the period there was no transfers between the levels of the fair value hierarchy.

Loans from financial institutions

Citycon's loans from financial institutions are floating and fixed rate loans which have a fair value equal to the nominal amount of the loan. The difference between the fair value and carrying amount is the unamortised capitalised arrangement fees of the loans. The fair value of loans from financial institutions corresponds to level 2 according to IFRS13.72–90.

Bonds

All bonds are loans which have fair values equal to the secondary market price of the bonds. The fair value of the bonds corresponds to level 1 according to IFRS13.72–90

As of 31 December 2023 the secondary market price was EUR 153.0 million lower (Q1–Q4/2022: EUR 246.5 million lower) than the carrying value of the bonds.

3.4. Loans

All Citycon loans were interest-bearing liabilities on 31 December 2023 and 31 December 2022. These interest-bearing loans are explained here in detail.

Breakdown of interest-bearing liabilities

	Maturity	Effective interest rate (%)	Carrying amount 2023	Carrying amount 2022
Long-term interest-bearing liabilities				
Bonds				
Eurobond 1/2014	10/2024	2.64	-	313.2
NOK Bond 2/2015	9/2025	3.90	115.5	123.3
Eurobond 1/2016	9/2026	1.26	348.8	349.0
NOK Bond 1/2017	9/2025	2.77	88.7	94.8
Eurobond 1/2018	1/2027	2.50	241.0	241.8
Eurobond 1/2020 (1/2014 bond tap)	10/2024	4.50	-	172.7
Eurobond 1/2021	3/2028	1.79	340.5	345.0
Syndicated term loans				
EUR 250 million secured term loan facility	4/2026	3M Euribor + 2.30[1]	247.3	-
SEK 1,020 million secured term loan facility	11/2030	5.57	89.2	-
Syndicated revolving credit facilities				
EUR 400 million secured revolving credit facility	4/2026	Reference rate + 2.15[1]	-	-
Lease liabilities (IFRS 16)	-	-	31.8	36.4
Total long-term interest-bearing liabilities			**1,502.8**	**1,676.1**
Short-term interest-bearing liabilities				
Eurobond 1/2014	10/2024	2.64	197.2	-
Eurobond 1/2020 (1/2014 bond tap)	10/2024	4.50	110.9	-
NOK Bond 2/2020	11/2023	3M Nibor +2.80	-	75.9
Commercial paper	1–2/2024	Reference rate + 0.5–0.7	46.5	49.2
Lease liabilities (IFRS 16)	-	-	7.0	6.5
Total short-term interest-bearing liabilities			**361.6**	**131.6**

[1] Margin is linked to the group's credit rating and sustainability targets.

The carrying amounts of syndicated loans and bonds are stated at amortised cost, using the effective yield method. The fair values of liabilities are shown in Note 3.3. Classification of Financial Instruments.

Maturity of long-term interest-bearing debt (excl. IFRS16 liabilities)

MEUR	2023	2022
1–2 years	204.2	485.9
2–3 years	596.1	218.1
3–4 years	241.0	349.0
4–5 years	340.5	241.8
over 5 years	89.2	345.0
Total	**1471.0**	**1639.7**

Long-term interest-bearing liabilities by currency

MEUR	2023	2022
EUR	878.2	1,122.9
NOK	204.2	218.1
SEK	388.7	298.8
Total	**1,471.0**	**1,639.7**

Short-term interest-bearing liabilities by currency

MEUR	2023	2022
EUR	354.6	49.2
NOK	-	75.9
SEK	-	-
Total	**354.6**	**125.2**

Currency split is including cross-currency swaps. Maturity of liabilities related to IFRS 16 right-of-use assets is presented in note 2.3.

3.5. Financial risk management

A) Financial risk management

The objective of financial risk management is to ensure that Citycon will reach its targets in financing and cost of finance and to identify and mitigate key risks which may threaten its ability to meet these targets before they realise.

The Board of Directors has approved a Treasury Policy which defines the objectives, responsibilities and risk management targets, responsibilities and indicators. The execution and controlling of financial risk management is performed by the Group Treasurer, under the supervision of the CFO. Group Treasurer reports compliance with the objectives, in conjunction with the interim and annual report, to the CFO, who reports to the Board's Audit and Governance Committee.

Financial risks have been identified as business critical risks for Citycon. Financial risk arises for Citycon in the form of financial instruments, which are mainly used to raise financing for operations. The Group uses interest rate and foreign exchange derivatives to manage interest rate and currency risks arising from operations and financing sources.

Citycon's identified, key financial risks include interest rate risk, liquidity risk, credit risk and foreign currency risk. These risks are summarised below.

Interest rate risk
One of Citycon's key financial risks is the interest rate risk of its interest bearing liabilities, whereby changes in money market interest rates lead to fluctuations in future interest cash flows on floating rate borrowings. Interest rate risk management aims to reduce or eliminate the adverse effect of interest rate fluctuations on the company's profit and cash flow. The company aims at a loan portfolio with the right balance of fixed and variable rate debt.

The majority of Citycon's debt portfolio consist of fixed rate debt. Citycon has mainly raised funding from the bond markets but during 2023 the company has entered into mortgage debt financing. Part of the mortgage debt is floating rate which has been partially converted to fixed rate using interest rate swaps. Under the company's interest rate risk management policy, the target debt portfolio is one in which a minimum of 70% and a maximum of 90% of interest bearing liabilities are based on fixed interest rates over time. At year-end the ratio of fixed rate debt was 73.8%.

The interest sensitivity of Citycon's loan portfolio at the end of 2023 is described by the fact that a one-percentage point rise in money market interest rates would increase its interest expenses by EUR 1.0 million on a yearly basis, while a fall of one-percentage point in such rates would decrease them by EUR 1.7 million.

Interest rate sensitivity
The following table shows interest expenses' sensitivity to a 100 basis point change in short term interest rates, assuming that all other variables remain constant. The impact is shown as a change in interest expenses resulting from changes in the interest rate related to floating rate debt.

Effect on interest expenses of an increase of 100 basis points

MEUR	2023	2022
Euro	1.0	0.5
Norwegian crown	-	-
Swedish crown	-	-
Total	**1.0**	**0.5**

The following table shows the consolidated shareholders' equity's sensitivity to a 100 basis point change in short term interest rates, assuming that all other variables remain constant. The impact is shown as a change in shareholders' equity resulting from changes in interest rates, which relate to interest rate derivatives under hedge accounting treatment.

Effect on shareholders equity of an increase of 100 basis points

MEUR	2023	2022
Euro	0.3	-
Norwegian crown	-	0.1
Swedish crown	-	-
Total	**0.3**	**0.1**

Liquidity risk
As a real estate company with a large balance sheet, Citycon needs both equity capital and debt financing. The Group uses cash-flow forecasts to continuously assess and monitor financing required for its business. Here, the goal is to arrange financing on a long term basis and avoid any large concentration of due dates for the loan agreements in the near term. Citycon aims to guarantee the availability and flexibility of financing, through sufficient committed unused credit limits and by using several banks and financing sources as sources of finance.

Citycon's financing policy states that all maturing debt, committed capital expenditures and committed acquisitions for the coming rolling 12 months period, not covered by Operating cash flow in approved budget or forecast or by committed disposals of assets must be covered by available liquidity consisting of cash and long-term committed credit limit facilities. On 31 December 2023, unused committed credit limits amounted to EUR 400.0 million, in addition Citycon had unused cash pool limits of EUR 15.0 million and unrestricted cash and cash equivalents of EUR 19.3 million.

In 2023 Citycon refinanced and expanded its credit facility to EUR 650 million, consisting of a EUR 400 million revolver and EUR 250 million secured term loan. Term loan was utilised to repurchase the bond maturing in October 2024 and the company has completed EUR 183.7 million notional amount of bond repurchases for EUR 178.5 million of cash of bond maturing in 2024. After the repurchases the oustanding refinancing need in October 2024 stands at EUR 310.3 million.

The next table summarises the maturity profile of the Group's financial liabilities, based on contractual payments. The table includes both principal and interest flows of loans and payments arising from derivative financial instruments. Future interest payments of floating rate loans have been determined based on the interest rate applicable on the balance sheet date, and are not discounted. Future interest payments for derivative financial instruments are based on discounted net present values and future interest rates are obtained through interpolation based on the yield curve prevailing on the balance sheet date.

Maturity profile of financial liabilities including interest flows

MEUR	Less than 1 month	1 to 12 months	1–5 years	Over 5 years	Total
31 December 2023					
Commercial paper	23.0	24.0	-	-	47.0
Bonds	5.8	340.8	1,190.8	-	1,537.3
Loans from financial institutions	0.0	21.2	294.1	102.3	417.5
Derivative financial instruments	0.4	4.7	1.4	-	6.6
Financial liabilities within Trade and other payables	26.7	12.6	-	-	39.3
31 December 2022					
Commercial paper	19.0	30.5	-	-	49.5
Bonds	5.8	110.7	1,392.7	355.7	1,864.9
Loans from financial institutions	-	-	-	-	-
Derivative financial instruments	0.1	2.7	1.0	-	3.8
Financial liabilities within Trade and other payables	22.6	14.3	-	-	36.9

Citycon's rent revision procedures, long leases and high occupancy ratio generate a stable long-term cash flow profile. Citycon expects to meet its short-term liabilities shown in the table above from this stable cash flow and undrawn committed credit facilities. In the long term, loan refinancings, new bond issues, or disposals of investment properties will be done. The table below shows the maturity profile of the undrawn committed credit facilities.

MEUR	Less than 1 month	1 to 12 months	1–5 years	Over 5 years	Total
31 December 2023					
Undrawn committed credit facilities	-	-	400.0	-	400.0
31 December 2022					
Undrawn committed credit facilities	-	-	500.0	-	500.0

The above mentioned credit facilities are freely available to Citycon based on the group's financing needs.

Changes in liabilities from financing activities

MEUR	1 January 2023	Cash flow	Foreign exchange movement	Change in fair values	Amortized fees	Other changes	31 December 2023
Long term interest bearing liabilities	1,639.7	147.8	-12.0	-4.9	8.6	-308.1	1,471.0
Short-term interest bearing liabilities	125.2	-70.9	-7.9	-	0.1	308.1	354.6
Derivatives	0.6	-	26.2	1.1	-	-	27.9
Total in liabilities from financing activities.	**1,765.5**	**76.8**	**6.2**	**-3.8**	**8.7**	**0**	**1,853.5**

MEUR	1 January 2022	Cash flow	Foreign exchange movement	Change in fair values	Amortized fees	Other changes	31 December 2022
Long term interest bearing liabilities	1,835.3	-102.5	-15.5	-9.8	8.2	-75.9	1,639.7
Short-term interest bearing liabilities	-	49.2	-	-	-	75.9	125.2
Derivatives	16.7	-	-15.4	-0.7	-	-	0.6
Total in liabilities from financing activities.	**1,851.9**	**-53.3**	**-30.9**	**-10.5**	**8.2**	**0.0**	**1,765.5**

Credit risk

Citycon controls its receivables within the framework of the given credit limits and has not so far identified any major credit risk associated with them. Credit risk management caters for customer risk management, which is aimed at minimising the adverse effect of unexpected changes in the customers' financial standing on Citycon's business and financial results. Customer risk management is primarily based on the knowledge of the customers' business and active monitoring of customer data. Citycon's lease agreements include lease deposit provisions used to contribute to managing customers' risks. The maximum exposure from trade receivables is the carrying amount as disclosed in Note 4.4. Trade and other receivables.

Credit risk arising from cash and cash equivalents and certain derivative agreements relate to the default of a counterparty with a maximum exposure equal to the carrying amount of these instruments. Citycon invests its liquidity in a manner which minimizes the risk and does not, for example, invest in equity markets. Citycon's cash and cash equivalents are primarily placed on bank accounts and in short term deposits, in which the counterparties are commercial banks participating in Citycon's credit agreements. Citycon's financing policy also sets forth approved financial instruments in which the company can invest, and includes counterparty limits for those investments.

Exchange rate risk

Citycon's presence in countries outside the eurozone exposes the company to exchange rate risk. Exchange rate risk stems from transaction risks resulting from the conversion of foreign currency denominated transactions into local currency, as well as from translation risks in the balance sheet and profit and loss statement associated with investments in foreign subsidiaries. The company uses foreign exchange derivatives to manage the transaction risk on committed transactions. The company manages its exchange rate risk in the balance sheet by aiming to finance its foreign investments mainly in the local currency. Currently, the company's exchange rate risk relates to fluctuations in the Euro/Swedish crown and the Euro/Norwegian crown exchange rates.

Foreign exchange sensitivity
The following table shows the sensitivity in the net financial expenses of the consolidated income statement to a 5% change in foreign exchange rates, assuming that all other variables remain constant. This impact is mainly attributable to the change in the fair value of financial instruments and the change in interest expenses paid in other currencies as the principals are fully hedged.

Effect of a five percent strengthening in foreign exchange rates on net financial expenses

MEUR	2023	2022
Swedish crown	0.2	0.2
Norwegian crown	-0.4	-0.6
Total	**-0.2**	**-0.4**

B) Capital management and financial covenants

Capital management
The objective of the company's capital management is to support the strategy, maximise shareholder value, comply with loan agreement provisions and ensure the company's ability to pay dividend. Citycon's capital structure is managed in an active manner and capital structure requirements are taken into account when considering various financing alternatives. The company can adjust the capital structure by deciding on the issuance of new shares, raising debt financing, raising hybrid financing, divesting investment properties or making adjustments to the dividend.

Citycon monitors its capital structure based on equity ratio and loan-to-value (LTV). The company's long term LTV target is 40–45%.

Equity ratio

MEUR	2023	2022
Total shareholders' equity (A)	1,987.5	2,310.3
Total assets	4,208.4	4,460.7
Less advances received	11.7	3.5
./. (Total assets - advances received) (B)	4,196.7	4,457.2
Equity ratio, % (A/B)	**47.4%**	**51.8%**

LTV (Loan to value) -%

MEUR	2023	2022
Interest-bearing debt total (Note 3.4.)	1,864.4	1,807.7
Less lease liabilities (IFRS 16, Note 2.3)	38.8	42.8
Less cash and cash equivalents (Note 3.8.)	25.2	69.2
Interest-bearing net debt (A)	1,800.3	1,695.7
Fair value of investment properties including properties held for sale and investments in joint ventures (Notes 2.1 and 2.2)	3,930.6	4,143.6
Less right-of-use assets classified as investment properties (IFRS 16, Note 2.3)	-40.5	-45.3
Fair value of investment properties (B)	3,890.1	4,098.3
LTV, % (A/B)	**46.3%**	**41.4%**

LTV increased in 2023 mainly as a result of decreased property values and slightly higher net debt. Loan to value is calculated excluding both hybrid debt and IFRS16 lease liabilities.

Financial covenants
Under a commitment given in the terms of the revolving credit facilities, the Group undertakes to maintain its net debt to total assets ratio under 0.60 and its interest coverage ratio at a minimum of 1.8. The net debt to total assets ratio is calculated by dividing the Group's consolidated net debt with total assets excluding advances received. The interest coverage ratio is calculated by dividing the EBITDA adjusted by extraordinary gains/losses, provisions and non-cash items, by net financial expenses.

In addition, the loan-to-value in loan drawn under the secured RCF shall not exceed 55 per cent.

Accordingly, net debt to total asset ratio on 31 December 2023 stood at 0.44 (Q1–Q4/2022: 0.39) and interest coverage ratio stood at 3.7 (Q1–Q4/2022: 4.0).

Under a commitment given in the terms of the Trust Deeds regarding all issued bonds Citycon undertakes to maintain the group's solvency ratio at under 0.65 and its secured solvency ratio at under of 0.25. The solvency ratio is calculated by dividing the Group's consolidated net debt with total assets excluding intangible assets. The secured solvency ratio is calculated by dividing the Group's consolidated secured debt with total assets excluding intangible assets.

Accordingly, the solvency ratio on 31 December 2023 stood at 0.45 (Q1–Q4/2022: 0.40) and the secured solvency ratio at 0.08 (Q1–Q4/2022: 0.00).

In addition, the financing agreement of subsidiary level mortgage loan in Liljeholmstorget Galleria includes financial covenants related to the interest coverage ratio which should not be equal to or less than 1.75, and loan-to-value which should not be equal to or exceed 50 per cent. The interest coverage ratio is calculated by dividing projected net rental income by projected finance costs. As of 31.12.2023 loan-to-value stood at 36 per cent and interest coverage ratio stood at 2.64.

3.6. Derivative financial instruments

Derivative contracts and hedge accounting
Derivative financial instruments are used in accordance with Citycon's Treasury Policy to hedge the interest rate risk of interest bearing liabilities and foreign currency risk. Derivatives are initially measured at fair value (if available) and re-measured at fair value on each statement of financial position date.

Citycon uses 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. Hedged instruments consist of long term floating rate debt, which is expected to be refinanced upon maturity on similar terms. Starting 1 January 2018 Citycon applies hedge accounting according to IFRS 9 to its interest rate swaps. Before 1 January 2018 Citycon applied hedge accounting according to IAS 39 to its interest rate swaps. Hedge accounting for Citycon's interest rate swaps did not change in practice when implementing IFRS 9, even though IFRS 9 sets out different requirements for applying hedge accounting than IAS 39. Subsequently, the fair value change of the effective part of the derivative hedge is recognised in the fair value reserve in equity and correspondingly under other consolidated comprehensive income. Any significant fair value change resulting from an ineffective part of the derivative hedge is recognised in the statement of consolidated comprehensive income under financial income and expenses. The amount in the fair value reserve is recognised in the statement of consolidated comprehensive income during the period when the cash flow from the hedged item is realised and affects earnings. If the criteria for hedge accounting are not met, changes in fair value are recognised in full through profit or loss. At the moment Citycon has two interest rate swaps under hedge accounting with a nominal of EUR 125 million.

Interest payments based on interest rate swaps are included in interest expenses. Fair value changes that are booked through profit or loss are recognised as financial expenses or income, if hedge accounting is not applied. The fair value of interest rate swaps is shown in current or non-current receivables or current and non-current liabilities in the statement of financial position. As of 31 December 2023 Citycon's interest rate swaps were under hedge accounting.

In addition Citycon has interest rate caps to hedge the floating interest of the term loan. Changes in fair values of these options are reported in the profit and loss statement as hedge accounting is not applied.

The company uses foreign exchange derivatives like forwards and cross-currency swaps to hedge against exchange rate risk relating to financial assets and liabilities denominated in foreign currency. Fair value changes related to foreign exchange derivatives are recognised in the statement of consolidated comprehensive income, since fair value changes related to financial assets and liabilities denominated in foreign currencies are also recognised therein. The interest payments of cross-currency swaps and forward points of currency forwards are included in interest expenses.

As at 31 December 2023 Citycon does not apply hedge accounting to any of its cross-currency swaps.

A) Nominal amounts and fair values of derivative financial instruments

MEUR	Nominal amount 2023	Fair value 2023	Nominal amount 2022	Fair value 2022
Interest rate swaps				
Maturity:				
less than 1 year	-	-	76.1	1.9
1–5 years	125.0	-1.4	-	-
over 5 years	-	-	-	-
Subtotal	**125.0**	**-1.4**	**76.1**	**1.9**
Cross-currency swaps				
Maturity:				
less than 1 years	-	-	-	-
1–5 years	278.3	16.0	314.8	18.5
over 5 years	-	-	-	-
Subtotal	**278.3**	**16.0**	**314.8**	**18.5**
Foreign exchange forward agreements				
Maturity:				
less than 1 year	102.1	-5.2	83.2	0.5
Interest rate options				
less than 1 year	-	-	-	-
1–5 years	125.0	0.1	-	-
over 5 years	-	-	-	-
Subtotal	**125.0**	**0.1**	**-**	**-**
Total	**630.4**	**9.5**	**474.0**	**20.9**

The fair value of a derivative financial instrument represents the market value of the instrument at the prices prevailing on the balance sheet date. See also note 3.3. Classification of financial instuments part B) for principles on determining fair values of derivatives.

The fair values include a foreign exchange loss of EUR 26.3 million (Q1–Q4/2022: EUR 16.7 million gain) from foreign exchange rate derivatives and cross-currency swaps, which is recognised in the consolidated income statement.

The average fixed interest rate of the interest rate swaps and cross-currency swaps as at 31 December 2023 was 0.00% (1.07%).

B) Derivatives under hedge accounting

Interest rate swaps MEUR	Assets 2023	Liabilities 2023	Assets 2022	Liabilities 2022
Interest rate swaps, fair value	-	1.4	1.9	-

The Group applies hedge accounting in accordance with IFRS 9 to all of its interest rate swaps valid as at 31 December 2023, according to which the amount of financial instruments' fair value change from effective hedging is recognised under other consolidated comprehensive income. Fair value gains and losses are transferred to the statement of consolidated income when the forecasted cash flows realize and affect the statement of consolidated income. Citycon also has cross-currency swaps to effectively convert EUR debt into SEK debt, for these, hedge accounting is currently not applied as of 31 December 2023.

Hedge accounting is applied to interest derivatives which has a nominal amount of EUR 125.0 million (Q1–Q4/2022: 76.1). The average fixed interest rate in these derivatives is 3.054%.

Hedge effectiveness requirements are assessed and documented in accordance with IFRS 9. There is an economic relationship between the hedged item and the hedging instrument since the critical terms of the interest rate derivatives have been negotiated to match the respective terms of the variable rate loans. Furthermore, credit risk does not dominate the value changes in the hedge according to Citycon's credit risk assessment and the hedge ratio is 1:1, meaning that the nominal of the hedge and the underlying are closely aligned. A possible source of ineffectiveness would be if reference rates are negative, whereas there could be a gap between fair value changes in the hedging instrument, which has no interest flooring, and the hedged item which has 0% interest floor.

The cash flow from all hedged liabilities over time is the basis for determining the gain and loss on the effective portions of derivatives designated as cash flow hedges.

At 31 December 2023 and at 31 December 2022, derivatives under hedge accounting were assessed as highly effective. The fair values of these derivatives were EUR -1.4 million (Q1–Q4/2022: EUR 1.9 million) and the change of these fair values EUR -3.4 million (Q1–Q4/2022: EUR 0.5 million) is recognised under other consolidated comprehensive income.

C) Impact of hedging instruments on the financial statements

Impact of hedging instruments under hedge accounting on the statement of financial position

MEUR	Nominal amount	Carrying amount	Line item in statement of financial position	Change in fair value used for measuring effectiveness for the period
As at 31 December 2023				
Interest rate swaps	125.0	-1.4	Non-current assets and short-term liabilitites, Derivative financial instruments	-3.4
As at 31 December 2022				
Interest rate swaps	76.1	1.9	Current assets, Derivative financial instruments	0.5

Effect of cash flow hedges on the statement of profit or loss and other comprehensive income

MEUR	Total hedging gain/loss recognised in OCI	Ineffectiveness recognised in profit or loss	Line item in statement of profit and loss	Amount recycled from OCI to profit or loss	Line item in statement of profit and loss
Year ended 31 December 2023					
Interest rate swaps	-1.4	-	-	-	-
Year ended 31 December 2022					
Interest rate swaps	1.9	-	-	-	-

3.7. Commitments and contingent liabilities

Pledges and other contingent liabilities

MEUR	2023	2022
Loans, for which mortgages are given in security and shares pledged		
Loans from financial institutions	341.9	-
Pledges for loans		
Mortgages on land and buildings and pledged shares	741.9	250.0
Bank guarantees and parent company guarantees	63.6	64.4

Mortgages on land and buildings
Mortgages relate to the credit facilities where the group has given securities on the loans via mortgages and pledged shares from certain subsidiaries. Citycon owns 50% of Kista Galleria joint venture. Shares in the joint venture have been pledged as security for the loans of the joint venture.

Bank guarantees and parent company guarantees
Guarantees are mainly related to parent company guarantees on behalf of subsidiaries for third parties, or alternatively third party bank guarantees.

Capital commitments related to (re)development projects are presented in note 2.1.

3.8. Cash and cash investments

MEUR	2023	2022
Cash in hand and at bank	19.3	62.7
Restricted cash	6.0	6.5
Total cash	**25.2**	**69.2**

Cash and cash equivalents in the cash flow statement comprise the items presented above. Restricted cash mainly relates to gift cards, tax and rental deposits.

Cash and cash equivalents
Cash and cash equivalents consist of cash and bank deposits withdrawable on call. A maximum maturity of three months from the date of acquisition applies to cash and cash equivalents.

4. Other notes to the accounts

4.1. Income taxes

MEUR	2023	2022
Current taxes	-1.9	-2.1
Taxes for prior periods	-1.0	0.0
Deferred taxes	10.3	-7.9
Income tax	**7.4**	**-10.0**

Citycon did not recognise any current taxes directly in the equity during 2023 and 2022.

Reconciliation between tax charge and Group tax at the Finnish tax rate (20.0%):

MEUR	2023	2022
Profit before taxes	-122.3	15.1
Taxes at Finnish tax rate	24.5	-3.0
Share of result of joint-ventures	-7.3	-4.9
Difference in foreign subsidiaries' tax rate	1.0	3.9
Utilisation of not previously recognized tax losses	6.3	0.0
Not recognized tax losses from financial year	-6.8	-12.2
Not recognized non-deductible interest expenses	-6.6	-1.1
Investment property tax value adjustments	-1.6	0.0
Goodwill write-down related to disposals	0.0	-5.3
Tax impact of deferred tax change booked to gain/loss on sale of investment properties	0.0	5.8
Hybrid bond interests	5.8	6.1
Gain on hybrid bond buybacks	-5.2	0.0
Tax free income deducted by non-deductible expenses	-0.1	-0.3
Taxes from previous years	-1.0	0.0
Other items	-1.4	1.0
Income taxes	**7.4**	**-10.0**

Tax reconciliation from comparison year 2022 has been adjusted and specified retrospectively.

Income taxes include taxes based on the taxable income of Group companies for the financial period, adjustments for previous periods' taxes and changes in deferred taxes. Tax based on taxable income for the period is calculated in accordance with the tax legislation enacted in each country. If the recognition of deferred taxes is attributable to an item recognised in shareholders' equity, such as a change in the fair value of a derivative instrument used for hedging purposes, deferred taxes will also be recognised in shareholders' equity.

Citycon is subject to income taxation in several countries. The complexity of tax legislation, as well as constant changes in it and in the operating environment, require Citycon to use estimates and assumptions when preparing its tax calculations. Tax legislation specifically related to tax deductibility of interest expenses has changed and is changing in the countries Citycon operates in. Citycon monitors and analyses the impact of these changes as part of its normal operations.

Future taxable income is uncertain, and the final amount of taxes may deviate from the originally recorded amount. If final tax deviates from originally recorded amounts, such differences may affect the period's taxable profit, tax receivables or liabilities as well as deferred tax assets or liabilities.

4.2. Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities in 2023:

MEUR	1 January 2023	Recognised in income statement	Recognised in income statement in gain/loss on sale of investment properties	Items recognised in equity	Exchange rate differences	31 December 2023
Deferred tax assets						
Tax losses	15.9	-	-	-	-	15.9
Other items	0.5	0.1	-	-	-	0.6
Deferred tax assets, total	**16.4**	**0.1**	**-**	**-**	**-**	**16.5**
Deferred tax liabilities						
Measurement of investment property at fair value[1]	264.9	-10.7	-	-	-7.9	246.3
Contract values of managed and rented centre	0.7	-0.1	-	-	-	0.5
Temporary difference in financial expenses	0.8	0.5	-	-0.3	-	1.0
Deferred tax liabilities, total	**266.4**	**-10.3**	**0.0**	**-0.3**	**-7.9**	**247.8**

[1] Deferred tax liabilities are net of EUR 12.0 million of deferred tax assets arising from confirmed tax losses.

Changes in deferred tax assets and liabilities in 2022:

MEUR	1 January 2022	Recognised in income statement	Recognised in income statement in gain/loss on sale of investment properties	Items recognised in equity	Exchange rate differences	31 December 2022
Deferred tax assets						
Tax losses	15.9	-	-	-	-	15.9
Other items	0.5	0.1	-	-	-0.1	0.5
Deferred tax assets, total	**16.4**	**0.1**	**-**	**-**	**-0.1**	**16.4**
Deferred tax liabilities						
Measurement of investment property at fair value[1]	295.0	8.0	-27.3	-	-10.8	264.9
Contract values of managed and rented centers	0.8	-0.1	-	-	0.0	0.7
Temporary difference in financial expenses	1.0	-	-	-0.2	-	0.8
Deferred tax liabilities, total	**296.7**	**7.9**	**-27.3**	**-0.2**	**-10.8**	**266.4**

[1] Deferred tax liabilities are net of EUR 15.1 million of deferred tax assets arising from confirmed tax losses.

Deferred tax assets and liabilities are calculated on temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts. A major temporary difference arises between the fair value and taxable value of investment properties. In such a case, taxes are calculated on the difference between the property's fair value and residual tax value of the underlying asset. This rule applies even if the property is disposed by selling the shares of the property company and includes no assessment of likelihood of such tax consequences.

Other main temporary differences relate to among other things unused tax losses and financial instruments. Deferred tax assets are recognised to the extent that it appears probable that future taxable profit will be available, against which the temporary differences can be utilised.

On 31 December 2023, Group companies had confirmed losses of EUR 65.0 million for which deferred tax assets of EUR 13.3 million were not recognised, since these Group companies are unlikely to record a taxable profit, before the expiration of carry forwards of these losses, against which loss carry forwards can be utilised.

When tax receivables are recognised for tax losses that have been confirmed in taxation, the company must evaluate whether it is probable that such tax losses can be used against a taxable profit arising in the future.

4.3. Intangible assets

MEUR	2023	2022
Acquisition cost January 1.	**30.2**	**28.4**
Additions during the period	2.5	4.3
Disposals during the period	0.0	-
Transfers between items	4.5	-1.4
Exchange rate differences	-1.1	-1.1
Accumulated acquisition cost December 31.	**36.2**	**30.2**
Accumulated depreciation and impairment losses, January 1.	**-19.2**	**-20.8**
Amortization during the period	-1.9	-1.5
Transfers between items	-5.5	1.8
Exchange rate differences	1.1	1.2
Accumulated depreciation and impairment losses, Dec 31.	**-25.5**	**-19.2**
Net carrying amount January 1.	**11.0**	**7.6**
Net carrying amount December 31.	**10.7**	**11.0**

Intangible assets consist of computer software and licenses. The contract values of rented centers are presented in Right-of-use assets according to IFRS 16.

Intangible assets
An intangible asset is recognised in the statement of financial position, provided its historical cost can be measured reliably and it is probable that expected economic benefits will flow to the company.

Intangible assets are measured at cost less amortisation and any impairment losses.

The following depreciation periods apply:
- Software is amortised over their useful life on a straight-line basis over three to ten years.

Impairment of intangible assets
On each balance-sheet date, property, plant and equipment and intangible assets are assessed to determine whether there is any indication of impairment. If any indication of an impaired asset exists, the asset's recoverable amount must be estimated. Should the asset's carrying amount exceed its recoverable amount, it is impaired, and the resulting impairment loss is recognised in the consolidated income statement.

4.4. Trade and other receivables

MEUR	2023	2022
Rent and trade receivables	20.5	14.7
Expected credit losses	-5.0	-7.0
Rent and trade receivables (net)	15.4	7.7
Interest receivables	5.4	5.8
Financial assets total	**20.8**	**13.5**
Accrued income and prepaid expenses	12.7	17.4
VAT-receivables	16.1	16.0
Other receivables	6.6	12.6
Total	**56.3**	**59.5**

Ageing structure of rent and trade receivables:

MEUR	2023	Expected credit loss rate	Expected credit loss
Not past due	6.5	0.8%	0.1
Past due, less than 1 month	2.4	12.4%	0.3
Past due, 1–3 months	1.5	40.2%	0.6
Past due, 3–6 months	1.2	46.8%	0.5
Past due, 6–12 months	2.1	39.2%	0.8
Past due, 1–5 years	6.7	40.3%	2.7
Total	**20.5**		**5.0**

Ageing structure of rent and trade receivables:

MEUR	2022	Expected credit loss rate	Expected credit loss
NOT past due	3.1	0.2%	0.0
Past due, less than 1 month	1.6	0.4%	0.0
Past due, 1–3 months	1.3	0.5%	0.0
Past due, 3–6 months	1.6	70.1%	1.1
Past due, 6–12 months	2.7	98.7%	2.6
Past due, 1–5 years	4.4	73.2%	3.2
Total	**14.7**		**7.0**

Movement in expected credit loss

MEUR	2023	2022
At the beginning of the year	-7.0	-6.7
Exchange rate differences	0.0	0.0
Charge for the year	-3.3	-3.2
Utilised	3.5	2.6
Unused amounts reversed	1.7	0.4
Expected credit loss at the end of the year	**-5.0**	**-7.0**

Rent and Trade receivables are non-interest bearing and their payment terms vary between 2–20 days. The rent guarantee is equal to between 2–6 months of rent and other payments.

Financial assets
Financial assets include trade receivables and other receivables not held for trading, which the company has created by providing money, goods or services directly to the debtor. Initially recognised at fair value these assets under current and non-current assets are carried at amortised cost. Their balance sheet value is impaired by the amount of any credit loss.

Impairment of financial assets
A financial asset is impaired if its carrying amount exceeds its estimated recoverable amount. If there is objective evidence that a financial asset measured at amortized cost is impaired, the resulting impairment loss must be recognized in the consolidated income statement. If the amount of impairment loss decreases during a subsequent financial period and this fall can be regarded as relating to an event after the date of impairment recognition, the asset's impairment will be reversed.

Expected credit losses
IFRS 9 Financial Instruments standard includes guidelines pertaining to impairment losses recognised in financial assets. From Citycon Group's point of view, the key effect of the standard is that the credit risk applicable to rent and sales receivables should be taken into account in the valuation of receivables at the time of reporting for the full lifetime of the receivables.

In Citycon's view, the credit risk pertaining to the Group's receivables is for the material part already included in the carrying amount of the Group's rent and sales receivables as a result of the receivable-specific review of the rent and sales receivables carried out by the Group. However, according to IFRS 9 standard, Citycon Group also takes into account in its reporting the expected credit losses in its receivables base for the full lifetime, which does affect especially the valuation of receivables that are still unmatured.

Citycon will estimate the amount of expected credit losses in its receivables base on the basis of the available historic data pertaining to the Group's accrued credit losses and expectations regarding the development of the economic situation. The expectations regarding the development of the economic situation are primarily based on statistics that provide references to the development of Citycon Group's operations and customers' financial situation.

When it comes to the estimation of expected credit losses, Citycon has applied the simplified method allowed by the standard. Due to the nature of the Group's business, the rent and sales receivables of Citycon Group do not include the significant financial component referred to in the IFRS 15 standard.

4.5. Trade and other payables

Trade and other payables

MEUR	2023	2022
Trade payables	22.8	19.2
Interest liabilities	16.5	17.7
Financial liabilities total	**39.3**	**36.9**
Short-term advances received	11.6	3.4
VAT-liabilities	7.1	9.5
Accrued expenses and other short-term payables	20.3	22.9
Non-interest bearing short-term liabilities total	**39.0**	**35.8**
Total	**78.3**	**72.8**

Due dates of future payments of trade and other payables:

MEUR	2023	2022
Due in less than 1 month	46.8	37.2
Due in 1–3 months	14.4	24.0
Due in 3–6 months	1.4	0.9
Due in 6–12 months	10.4	9.2
Due in 1–2 years	5.3	1.3
Total	**78.3**	**72.8**

Financial liabilities
Financial liabilities include trade and interest liabilities, which are initially recognised at fair value. Afterwards, financial liabilities are recognised at amortised cost using the effective interest method.

5. Consolidation

Group accounting policies
The consolidated financial statements include Citycon Oyj and its subsidiaries, holdings in its associated, joint venture and joint operations companies.

Subsidiaries
Subsidiaries refer to companies in which the Group has control. The Group controls an investee if the Group has: power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee), exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including contractual agreements with the other vote holders of the investee. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group, until the date on which said control ceases.

Intra-Group transactions and profit allocation are eliminated in the consolidated financial statements.

Joint operations
Mutual real estate companies in Finland, in which the ownership of Citycon is less than 100%, are treated as joint operations in accordance with IFRS 11 Joint Arrangements. The Group recognizes its assets and liabilities in relation to its joint operations, including its share of any assets held and liabilities incurred jointly. In addition, the Group recognizes its revenue and expenses in relation to its joint operations, including its share of revenue of the joint operation and expenses incurred jointly. The consolidation method described above applies to all joint operations of this kind.

Mutual real estate companies, in which the ownership is less than 50%, are treated as joint operations, as described above.

Foreign currency transactions
Transactions denominated in foreign currencies are measured at the exchange rate quoted on the transaction date. Any exchange rate differences resulting from currency translation are entered under financial expenses and income in the statement of comprehensive income.

Monetary assets and liabilities denominated in foreign currencies on the statement of financial position date are measured at the exchange rate quoted on the statement of financial position date. Non-monetary items denominated in foreign currencies and measured at fair value are translated into euros using the exchange rates quoted on the valuation date, while other non-monetary items are measured at the exchange rate quoted on the transaction date.

Foreign subsidiaries' statement of comprehensive income have been translated into euros using average exchange rates quoted for the financial period and statement of financial positions using the exchange rate quoted on the statement of financial position date. Any resulting exchange rate difference is recognised as a translation difference under other comprehensive income. Translation differences resulting from the elimination of the historical cost of foreign subsidiaries and from items included in shareholders' equity following their acquisition, are recognised under shareholders' equity.

5.1. Business combinations and goodwill

Business acquisitions
If business acquisition is made, IFRS 3 Business Combinations will apply, whereby the acquisition cost is allocated to the acquired assets, liabilities and contingent liabilities at their fair value. Goodwill arises when the given consideration exceeds the fair value of the acquired net assets.

Goodwill
Goodwill arises when the given consideration exceeds the fair value of the acquired net assets. Goodwill has been allocated to cash generating units (CGUs). Goodwill is recognised at cost less any accumulated impairment losses.

Deferred tax liabilities are valued at nominal value (not fair value). On the acquisition of business deferred tax liabilities generate goodwill, if the nominal value of deferred tax liabilities is higher than their fair value at the time of acquisition.

To the extent that the deferred tax liabilities' difference between nominal value and fair value reduces later, for example, through a change in the tax circumstances, such as decrease in tax rate of the Group, the goodwill arising from the initial recognition of the deferred tax provision may become reduced.

If part of the CGU, to which goodwill has been allocated, is disposed, goodwill that has been allocated to that disposed part is booked in other operating expenses. Goodwill is allocated to the disposed part based on the relative values of the disposed operations and the portion of the retained part.

Business acquisitions and asset acquisitions
Citycon purchases investment properties through business acquisitions and asset acquisitions.

Citycon applies IFRS 3 Business Combinations to the accounting treatment of business acquisitions and IAS 40 Investment Property to the asset acquisitions. Citycon exercises judgement in assessing whether the purchase of an investment property portfolio or an investment property is classified as a business combination or an asset acquisition. Acquisitions are treated as business combinations when significant set of activities is acquired in addition to the property. The significance of activities is assessed in accordance with the definition of business (e.g. maintenance, cleaning, security, book-keeping, etc.) of IFRS 3.

A) Business combinations and goodwill

MEUR	2023	2022
Acquisition cost January 1.1.	**115.4**	**145.4**
Change from exchange rate	-4.1	-4.7
Reduction in goodwill resulting from sales of assets in Norway	-	-25.3
Accumulated acquisition cost December 31.12.	**111.4**	**115.4**

Goodwill at the end of 2023 results fully from the acquisition of Norwegian business unit on 14.7.2015. The goodwill is allocated to the Norway business unit as a whole. During financial year 2023 0 (4) shopping centres were sold from the business unit.

Citycon did not acquire any businesses during financial years 2023 and 2022.

B) Impairment testing of goodwill

Impairment testing of Goodwill
Goodwill is tested for impairment at least annually and when circumstances indicate that the carrying value may be impaired. Goodwill is not amortized. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Citycon determines recoverable amounts using value in use cash flows based on cash flows used in investment property fair value evaluation over 10 year period prepared by external appraiser as presented in notes 2.1 and administrative expenses as well as other operating income and expenses according to budget approved by Board of Directors. Cash flows do not include restructuring activities that Citycon is not yet committed to or significant future uncommitted investments that will enhance the assets' performance of the cash generating unit being tested. The recoverable amount is sensitive especially to assumption of discount rate and net rental income.

Impairment testing is performed to the net amount of goodwill, the difference between nominal and fair value of deferred tax liabilities determined at the time of acquisition is reduced from goodwill.

MEUR	2023	2022
Total goodwill	111.4	115.4
Residual balance of deferred tax liability, in excess of the fair value, initially provided on acquisition	-61.5	-65.7
Goodwill tested for impairment	**49.9**	**49.7**

Testing of goodwill for impairment involves the management's judgement and assumptions especially in determing the recoverable amount, which is sensitive for instance to assumption of discount rate and net rental income.

Total carrying value including goodwill to be tested was approximately EUR 1,086.4 million (1,229.5) .The pre-tax discount rate applied to the cash flow projections was 6.18% (5.86%). The recoverable amount of Norway amounted to EUR 1,126.4 million (1,244.2) with an impairment cushion of EUR 40.0 million (14.7) to balance value, hence there is no need for goodwill impairment.

Key assumptions used in value in use calculations
The calculation of value in use is most sensitive to discount rate and assumptions used in net rental income projections. Net rental income is based on external appraiser's 10 year cash flow analysis to determine fair value of investment properties. The assumption related to aforementioned cash flows are presented in Note 2.1. Discount rate represents the current market assessment of the risks specific to Norway, taking into consideration the time value of money and individual risks of Norway.

The discount rate calculation is based on weighted average cost of capital (WACC). Terminal value is capitalized with external appraiser's yield assumption 6.16% (5.67%) which reflects property specific risks and market risks.

Sensitivity to changes in assumptions
The implications of the key assumptions for the recoverable amount are net rental income and yield requirement as presented in Note 2.1. Sensitivity has been analysed regarding net rental income and yield assumptions seperately. Asset's total recoverable amount would fall below total carrying value if net rental income decreased more than 3.19% (1.02%) from current level. If both WACC determined by the company 6.18% (5.86%) and yield assumption determined by external appraiser 6.16% (5.67%) would increase more than 0.20% points (0.06%), then total recoverable amount of asset would fall below total carrying value.

5.2. Acquisition of non-controlling interests

Citycon acquired no minority shares during 2023.

During 2022 Citycon acquired minority shares in Myyrmäen Kauppakeskus Oy (Isomyyri) and increased its ownership share from 78,56% to 78,83%.

5.3. Related party transactions and changes in group structure

A) Related parties

Citycon Group's related parties comprise the parent company Citycon Oyj and its subsidiaries, associated companies and joint ventures; Board members; CEO and other Corporate Management Committee members; and the company's largest shareholder G City Ltd.

In total, G City and its wholly owned subsidiaries own 50.91% (31 December 2022: 52.12%) of the total shares and votes in the company (87,559,016 shares as of 31 December 2023).

Group companies and changes in group structure

Group companies on 31 December 2023	Country	Group holding, %	Parent company holding, %
Parent company: Citycon Oyj	Finland		
Albertslund Centrum ApS	Denmark	100	
Kiinteistö Oy Asematie 3	Finland	100	
Asunto Oy Espoon Huukkari	Finland	100	
Asunto Oy Espoon Jolla	Finland	100	
Asunto Oy Lippulaivan Loiste	Finland	100	
Asunto Oy Lippulaivan Luoto	Finland	100	
Asunto Oy Lippulaivan Lysti	Finland	100	
Big Apple Top Oy	Finland	100	
Citycon AB	Sweden	100	100
Citycon Denmark ApS	Denmark	100	100
Citycon Development AB	Sweden	100	
Citycon Eiendomsmegling AS	Norway	100	
Citycon Finland Oy	Finland	100	100
Citycon Herkules Eiendom AS	Norway	100	
Citycon Holding AS	Norway	100	100
Citycon Jakobsbergs Centrum AB	Sweden	100	
Citycon Kilden Eiendom AS	Norway	100	
Citycon Kolbotn Torg Eiendom AS	Norway	100	
Citycon Kolbotn Torg Næring AS	Norway	100	
Citycon Kongssenteret Eiendom AS	Norway	100	
Citycon Kremmertorget Eiendom AS	Norway	100	
Citycon Liertoppen Eiendom AS	Norway	100	
Citycon Liljeholmen Bostad AB	Sweden	100	
Citycon Liljeholmstorget Galleria AB	Sweden	100	
Citycon Linderud Eiendom AS	Norway	100	
Citycon Norway AS	Norway	100	
Citycon Oasen Eiendom AS	Norway	100	
Citycon Residentials Finland Oy	Finland	100	
Citycon Residentials Oy	Finland	100	100
Citycon Residentials Norway AS	Norway	100	
Citycon Senterdrift AS	Norway	100	
Citycon Services AB	Sweden	100	
Citycon Shopping Centers AB	Sweden	100	
Citycon Solsiden Eiendom AS	Norway	100	

Group companies on 31 December 2023	Country	Group holding, %	Parent company holding, %
Citycon Stopp Eiendom AS	Norway	100	
Citycon Storbyen Eiendom AS	Norway	100	
Citycon Strædet Pedestrian Street ApS	Denmark	100	
Citycon Innovation Sweden AB	Sweden	100	
Citycon Treasury B.V.	The Netherlands	100	100
Citycon Trekanten Eiendom AS	Norway	100	
Kauppakeskus Isokarhu Oy	Finland	100	
Kristiina Management Oy	Finland	100	
Kristiine Keskus Oü	Estonia	100	
Kiint. Oy Lahden Hansa	Finland	100	
Kiinteistö Oy Lippulaiva	Finland	100	
Kiinteistö Oy Lippulaivan Palvelutilat	Finland	100	
Manhattan Acquisition Oy	Finland	100	
Montalbas B.V.	The Netherlands	100	
Kiinteistö Oy Myyrmanni	Finland	100	
Mölndals Galleria AB	Sweden	100	
Mölndals Galleria Fastighets AB	Sweden	100	
Riddarplatsen Fastigheter HB	Sweden	100	
Rocca al Mare Kaubanduskeskuse AS	Estonia	100	
Citycon Stovner Eiendom AS	Norway	100	
Citycon Torvbyen Eiendom AS	Norway	100	
Stenungs Torg Fastighets AB	Sweden	100	
Kiinteistö Oy Tampereen Koskikeskus	Finland	100	
Torvbyen Drift AS	Norway	38	
Torvbyen Utvikling AS	Norway	100	
Åkersberga Centrum AB	Sweden	100	
Kiinteistö Oy Lahden Trio	Finland	89.5	
Kiinteistö Oy Myyrmäen Kauppakeskus	Finland	78.8	
Heikintori Oy	Finland	100	
Myyrmäen Autopaikoitus Oy	Finland	62.7	
Holding Big Apple Housing Oy	Finland	50	
Lappeenrannan Villimiehen Vitonen Oy	Finland	50	
Kista Galleria JV AB	Sweden	50	
Kista Galleria Kommanditbolag	Sweden	50	
Kista Galleria Holding AB	Sweden	50	

Group companies on 31 December 2023	Country	Group holding, %	Parent company holding, %
Kista Galleria LP AB	Sweden	50	
Klosterfoss Utvikling AS	Norway	50	
Sandstranda Bolig AS	Norway	50	
Asunto Oy Tikkurilan Kassatalo	Finland	39	
Kiinteistö Oy Hansaparkki	Finland	36	
Liesikujan Autopaikat Oy	Finland	50.5	
Branch offices:			
Citycon Oyj filial	Sweden		
Merged companies:			
Citycon Straedet Cinema ApS merged to Citycon Straedet Pedestrian Street ApS	Denmark		

B) Related party transactions

Group companies
Group companies have paid each other fees such as maintenance and financial charges, interest expenses, loan repayments and other administrative service charges.

Such income and expenses have been eliminated from the consolidated financial statements. There have been no other related party transactions between Group companies.

Management remuneration
Information on management remuneration is presented in notes 1.6. employee benefits and personnel expenses.

Transactions with G City Ltd.

Purchases of services and expenses charged forward
Over the reporting period and in the comparable period, Citycon paid no expenses to G City Ltd and its subsidiaries. Citycon invoiced EUR 0.0 million expenses forward to G City Ltd and its subsidiaries (Q1–Q4/2022: EUR 0.0 million).

Reporting to G City Ltd.
The company's main shareholder is G City Ltd. In total, G City and its wholly owned subsidiaries own 50.91% of the shares in the company. G City has announced that it has been applying IFRS in its financial reporting starting from 2007. G City Ltd. holds the view that it exercises a controlling interest, as defined in IFRS, in Citycon Oyj based on the fact that it has been able to exercise controlling interest in Citycon's shareholders' meetings pursuant to its shareholding. In accordance with an agreement concluded between the companies, Citycon will provide G City Ltd. with a more detailed breakdown of the accounting information it discloses in its interim and full-year reports, so that G City Ltd. can consolidate Citycon Group figures into its own IFRS financial statements.

5.4. Changes in IFRS and accounting policies

New standards as well as interpretations and amendments applied in 2023
No relevant new IFRS standards or interpretations issued. No changes in accounting policies during 2023.

New standards as well as interpretations and amendments applied in 2022
No relevant new IFRS standards or interpretations issued. No changes in accounting policies during 2022.

5.5. Events after the reporting date

Citycon has received in February an approval from Swedish authorities on Kista transaction and is now in final stages to take over the remaining interest in Kista Galleria in Stockholm, Sweden. Kista Galleria has approximately SEK 2,400 million of debt and following the transaction Citycon assumes seller's share of existing debt (approximately SEK 1,200 million) and make a cash payment (EUR approx. 2.5 million). The new loan will be secured by additional two assets located in Sweden.

After the transaction, Citycon will have 100% ownership of the centre. The transaction is expected to be executed in Q1/2024.

Parent company financial statements, FAS

Parent company income statement, FAS

MEUR	Note	1 January – 31 December 2023	1 January – 31 December 2022
Service charge income		5.8	2.4
Turnover	2	**5.8**	**2.4**
Administrative expenses	3,4	-20.0	-16.3
Other operating income and expenses	5	-0.2	0.0
Operating profit		**-14.3**	**-13.9**
Financial income		183.0	112.2
Financial expenses		-143.3	-147.6
Net financial income and expenses	6	39.7	-35.4
Profit/loss before appropriations and taxes		**25.3**	**-49.4**
Group contributions		6.0	0.8
Income tax expense	7	0.0	0.0
Profit/loss for the period		**31.3**	**-48.6**

Parent company balance sheet, FAS

MEUR	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Intangible assets	8	9.7	9.7
Tangible assets	9	0.3	0.4
Investments			
Shares in subsidiaries	10	1,286.3	1,275.0
Loan receivables and derivative contracts	11	1,544.1	1,980.3
Total investments		2,830.4	3,255.3
Total non-current assets		**2,840.4**	**3,265.4**
Current assets			
Short-term receivables	13	586.0	84.4
Cash and cash equivalents		0.1	0.1
Total current assets		**586.1**	**84.5**
Total assets		**3,426.4**	**3,349.9**

MEUR	Note	31 December 2023	31 December 2022
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity	14		
Share capital		259.6	259.6
Share premium fund		133.1	133.1
Invested unrestricted equity fund		612.8	676.0
Retained earnings		-65.9	-17.3
Profit for the period		31.3	-48.6
Total shareholders' equity		**970.8**	**1,002.8**
Liabilities	15		
Long-term liabilities			
Hybrid bond		607.8	692.3
Other long-term liabilities		1,301.9	1,533.3
Total long-term liabilities		**1,909.7**	**2,225.6**
Short-term liabilities			
Short-term liabilities		545.9	121.5
Total short-term liabilities		**545.9**	**121.5**
Total liabilities		**2,455.6**	**2,347.1**
Total liabilities and shareholders' equity		**3,426.4**	**3,349.9**

Parent company cash flow statement, FAS

MEUR	1 January – 31 December 2023	1 January – 31 December 2022
Cash flow from operating activities		
Profit before taxes	25.3	-49.4
Adjustments:		
Depreciation and impairment loss	2.1	1.6
Net financial income and expenses	-39.7	35.4
Cash flow before change in working capital	-12.2	-12.3
Change in working capital	-0.7	-1.9
Cash generated from operations	**-13.0**	**-14.3**
Interest expense and other financial expenses paid	-85.8	-76.1
Interest income and other financial income received	105.4	64.8
Realised exchange rate gains and losses	9.4	-3.9
Net cash flow from operating activities	**16.0**	**-29.5**
Cash flow used in investing activities		
Investment in tangible and intangible assets	-2.0	-3.9
Loans granted	-341.9	-375.4
Repayments of loans receivable	94.9	558.7
Purchase of current financial investments	-	-64.8
Repayment of current financial investments	-	84.2
Net cash from investing activities	**-249.0**	**198.7**
Cash flow from financing activities		
Proceeds from short-term loans	362.9	367.9
Repayments of short-term loans	-365.6	-328.2
Proceeds from long-term loans	317.5	-
Repayments of long-term loans	-73.6	-
Repayments of hybrid bond	-39.2	-
Received group contributions	0.8	-
Dividends paid and return from the invested unrestricted equity fund	-84.4	-84.0
Purchase and costs of purchase of treasury shares	-	-1.6
Net cash used in financing activities	**118.4**	**-45.9**
Net change in cash and cash equivalents	**-114.6**	**123.3**
Cash and cash equivalents at period-start	-6.0	-129.3
Cash and cash equivalents at period-end[1]	**-120.6**	**-6.0**

[1] Cash and cash equivalents of Citycon Oyj EUR -120.6 million consist of EUR 0.1 million cash and bank receivables in the balance sheet and Group cash pool account EUR -120.7 million. Cash pool balance of EUR -120.7 million has been recognised in the parent company's balance sheet under short-term liabilities.

Notes to the parent company's financial statements, FAS

1. Accounting policies

The parent company's financial statements are prepared in accordance with the Finnish law.

Income statement format
The income statement is presented in accordance with the function-based format.

Non-current assets
Non-current assets are recognised in the balance sheet at acquisition cost less impairment losses and depreciation/amortisation.

Intangible assets
Intangible assets include IT software and other non-current assets, including office improvement expenses. IT software is depreciated over 3–10 years as straight line basis and office improvement expenses are depreciated over the term of the lease agreement.

Tangible assets
Tangible assets include machinery and equipment and construction in progress. Machinery and equipment is depreciated at over 3–7 years as straight line basis.

Pension schemes
The company's employee pension cover is based on statutory pension insurance.

Foreign currency receivables and payables
Receivables and payables denominated in foreign currencies as well as forward rate agreements are measured at the exchange rate quoted on the balance sheet date. Any exchange rate differences resulting from currency translations are recognised as exchange rate differences in the income statement.

Income taxes
Current taxes are recognised on an accrual basis.

Deferred taxes arising from temporary differences between the book and fiscal values have been recognised separately in the income statement and the balance sheet.

Derivatives
All derivatives are valued according to the Finnish bookkeeping act KPL 5.2a at fair value.

Important note
Individual figures and sum totals presented in the financial statements have been rounded to the nearest hundreds thousands of euros; this may cause minor discrepancies between the sum totals and the sums of individual figures as given.

2. Turnover

MEUR	2023	2022
Turnover by country:		
Finland	2.1	0.5
Other countries	3.7	1.9
Total	**5.8**	**2.4**

Parent company turnover includes the following administrative fees received from Group companies:

MEUR	2023	2022
Administrative fees from Group companies	5.8	2.4

3. Personnel expenses

MEUR	2023	2022
Average number of employees during period	51	52
Personnel expenses		
Wages and salaries	-9.7	-8.0
Pension charges	-1.3	-0.8
Other social charges	-2.0	-1.1
Total	**-12.9**	**-9.9**

Personnel expenses include the following management wages and salaries:

MEUR	2023	2022
CEO's wages and salaries	-1.3	-1.2
Board remuneration	-0.6	-0.8
Total	**-2.0**	**-1.9**

The wages and salaries of the CEO includes the gross base salary and a yearly performance bonus. In addition, the CEO is included in the Restricted Share Plan and has been rewarded under the plan during the year.

4. Depreciation and amortisation and impairments

The following depreciation and amortisation as well as impairments are included in the administrative expenses:

MEUR	2023	2022
Amortisation on intangible assets	-1.9	-1.5
Depreciation on machinery and equipment	-0.2	-0.2
Total	**-2.1**	**-1.6**

5. Other operating income and expenses

MEUR	2023	2022
Other operating income	-0.2	0.0
Total	**-0.2**	**0.0**

6. Net financial income and expenses

MEUR	2023	2022
Interest and other financial income		
From Group companies	113.8	76.3
Foreign exchange gains	41.3	35.1
Other interest and financial income	27.8	0.8
Total	**183.0**	**112.2**
Total financial income	**183.0**	**112.2**
Interest and other financial expenses		
To Group companies	41.2	47.1
Foreign exchange losses	53.3	55.1
Interest and other financial expenses	48.8	45.4
Total financial expenses	**143.3**	**147.6**
Net financial income and expenses	**39.7**	**-35.4**

7. Income tax expense

MEUR	2023	2022
Income tax expense	0.0	0.0
Total	**0.0**	**0.0**

The parent company has taxable losses (including not yet confirmed year 2023) of EUR 88.9 million from which the parent company has not recognized deferred tax asset of EUR 17.8 million.

8. Intangible assets

MEUR	2023	2022
Intangible rights		
Acquisition cost 1 January	18.9	15.3
Additions during the period	2.0	3.6
Accumulated acquisition costs 31 December	20.9	18.9
Accumulated depreciation 1 January	-10.0	-8.7
Depreciation for the period	-1.8	-1.3
Accumulated depreciation 31 December	-11.7	-10.0
Net carrying amount 31 December	**9.2**	**8.9**
Other non-current assets		
Acquisition cost 1 January	2.7	2.6
Additions during the period	0.0	0.1
Accumulated acquisition costs 31 December	2.7	2.7
Accumulated depreciation 1 January	-2.0	-1.8
Depreciation for the period	-0.2	-0.2
Accumulated depreciation 31 December	-2.1	-2.0
Net carrying amount 31 December	**0.6**	**0.7**
Total intangible assets 31 December	**9.7**	**9.7**

9. Tangible assets

MEUR	2023	2022
Machinery and equipment		
Acquisition cost 1 January	2.3	2.1
Additions during the period	0.0	0.2
Accumulated acquisition costs 31 December	2.4	2.3
Accumulated depreciation 1 January	-2.0	-1.8
Depreciation for the period	-0.2	-0.2
Accumulated depreciation 31 December	-2.2	-2.0
Net carrying amount 31 December	**0.3**	**0.4**
Construction in progress		
Acquisition cost 1 January	0.0	0.0
Net carrying amount 31 December	**0.0**	**0.0**
Total tangible assets 31 December	**0.3**	**0.4**

10. Shares in subsidiaries

MEUR	2023	2022
Acquisition cost 1 January	1,275.0	1,350.4
Additions during the period	11.2	0.0
Decreases	-	-75.4
Net carrying amount 31 December	**1,286.3**	**1,275.0**

11. Long-term loan receivables and derivative contracts

MEUR	2023	2022
Loan receivables from Group companies	1,506.9	1,961.7
Derivative financial instruments, from outside the Group	37.2	18.6
Total other investments 31 December	**1,544.1**	**1,980.3**
Total investments 31 December	**2,830.4**	**3,255.3**

12. Subsidiaries and associated companies

Parent company's subsidiaries and associated companies are presented in the Note 5.3. Related Party Transactions in the Notes to the Consolidated Financial Statements.

13. Short-term receivables and cash and cash equivalents

MEUR	2023	2022
Receivables from outside the Group		
Trade receivables	0.1	0.1
Derivative financial instruments	0.1	2.8
Other receivables	0.0	0.0
Cash and cash equivalents	0.1	0.1
Accrued income and prepaid expenses	4.8	4.7
Total	**5.1**	**7.7**
Receivables from Group companies		
Trade receivables	0.6	1.4
Loan receivables	555.1	59.0
Other receivables	1.5	1.1
Total other receivables	556.6	60.1
Interest receivables	17.7	14.4
Group contributions receivables	6.0	0.8
Total	**580.9**	**76.7**
Total short-term receivables	**586.1**	**84.5**

14. Shareholders' equity

MEUR	2023	2022
Share capital at 1 January	**259.6**	**259.6**
Share capital at 31 December	**259.6**	**259.6**
Share premium fund at 1 January	**133.1**	**133.1**
Share premium fund at 31 December	**133.1**	**133.1**
Invested unrestricted equity fund at 1 January	**676.0**	**760.0**
Equity return from the invested unrestricted equity fund	-84.4	-84.0
Share issue	21.1	-
Invested unrestricted equity fund at 31 December	**612.8**	**676.0**
Retained earnings at 1 January	**-65.9**	**-15.9**
Profit for the period	31.3	-48.6
Reversed repurchased Shares	-	-1.4
Retained earnings at 31 December	**-34.5**	**-65.9**
Total shareholders' equity at 31 December	**970.8**	**1,002.8**

The company has a single series of shares, with each share entitling to one vote at a General Meeting of shareholders. During the reporting period the company executed two directed share issuances. At the end of reporting period, the total number of shares outstanding in the company was 171,994,204.

Calculation of distributable unrestricted equity

MEUR	2023	2022
Invested unrestricted equity fund	612.8	676.0
Retained earnings	-65.9	-15.9
Profit for the period	31.3	-48.6
Reversed repurchased Shares	-	-1.4
Total distributable unrestricted equity 31 December	**578.2**	**610.1**

15. Liabilities

A) Long-term liabilities

MEUR	2023	2022
Long-term interest-bearing liabilities		
Loans from financial institutions	247.3	-
Hybrid bond	607.8	692.3
Loans from Group companies	1,031.9	1,533.2
Total	**1,887.1**	**2,225.5**
Derivative financial instruments	22.6	0.1
Total long-term liabilities	**1,909.7**	**2,225.6**
Loans maturing later than 5 years	**-**	**350.0**

B) Short-term liabilities

MEUR	2023	2022
Short-term interest-bearing liabilities		
Commercial paper	46.5	49.2
Loans from Group companies	437.2	10.1
Total	**483.6**	**59.4**
Short-term non-interest-bearing liabilities		
Payables to outside the Group		
Accounts payable	1.2	0.2
Derivative financial instruments	5.2	0.1
Total other payables	5.2	0.1
Interest liability	15.4	17.8
Other accrued expenses and deferred income	7.2	6.5
Total accrued expenses and deferred income	22.6	24.3
Total	**29.0**	**24.5**
Payables to Group companies		
Accounts payable	0.5	16.8
Derivative financial instruments	-	1.9
Other payables	16.0	0.5
Interest liability	16.8	18.4
Total accrued expenses and deferred income	16.8	18.4
Total	**33.3**	**37.6**
Total short-term liabilities	**545.9**	**121.5**
Total liabilities	**2,455.6**	**2,347.1**

The company has a syndicated revolving credit facility, which matures in 2026. In addition, the company has two hybrid bonds issued in November 2019 and June 2021, which are reported under long term liabilities. The hybrid bond is unsecured, subordinated to all debt and senior only to ordinary share capital. A holder of hybrid bond notes has no shareholder rights. Citycon has the right to postpone interest payment on its hybrid bonds if it does not distribute dividend or any other equity to its shareholders. The hybrids has no set maturity date, but the company has the right to redeem it after five years from the issue date and thereafter on every yearly interest payment date.

Derivative financial instruments are used in Citycon group in accordance with the Treasury Policy to hedge the interest rate risk of interest bearing liabilities and foreign currency risk. All Group external derivative financial instruments in Citycon are executed by the parent company Citycon Oyj. Citycon Oyj values derivatives according to the Finnish bookkeeping act KPL 5.2a fair value model and fair value changes are booked through profit and loss. The fair value definition of derivatives are presented in note 3.6 of the consolidated Financial Statements.

16. Contingent liabilities

A) Lease liabilities

MEUR	2023	2022
Payables on lease commitments		
Maturing next financial year	0.4	0.4
Maturing later	1.3	1.3
Total	**1.7**	**1.7**

Citycon's finance leases mainly apply to computer hardware, machinery and equipment and cars.

B) Guarantees given

MEUR	2023	2022
Guarantees	1,518.8	1,801.7
Of which on behalf of Group companies	1,518.8	1,801.7

Guarantees in 2023 and in 2022 mainly relate to issued bonds of subsidiaries which Citycon Oyj has guaranteed via parent guarantee or alternatively third party bank guarantees.

Signatures to the financial statements

Signatures to the Financial Statements 1 January–31 December 2023

Helsinki, 15 February 2024

Chaim Katzman
Chairman

Alexandre Koifman
Deputy Chairman of the Board

Judah Angster
Member

Zvi Gordon
Member

Adi Jemini
Member

David Lukes
Member

Per-Anders Ovin
Member

Ljudmila Popova
Member

F. Scott Ball
CEO, deputy Chairman of the Board

We have today submitted the report on the conducted audit.

Helsinki, 15 February 2024

Ernst & Young Oy
Authorized Public Accountant Firm

Antti Suominen
Authorized Public Accountant

Auditor’s report

(Translation of the Finnish original)

To the Annual General Meeting of Citycon Oyj

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Citycon Oyj (business identity code 0699505-3) for the year ended 31 December, 2023. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company’s balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group’s financial position, financial performance, and cash flows in accordance with IFRS Accounting Standards as adopted by the EU.
- the financial statements give a true and fair view of the parent company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit and Governance Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor’s Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in EU Regulation No 537/2014, point (c) of Article 10(2). The non-audit services that we have provided have been disclosed in note 1.5 to the consolidated financial statements.

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

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 of the current period.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of Investment Properties We refer to the note 2.1 At the balance sheet date, the fair value of investment properties amounted to 3.858 million euro representing 92% of the total assets and 194% of the total equity. Fair value measurement of investment properties was a key audit matter because the fair value measurement requires management judgment and estimates and because the value of investment properties is significant to the financial statements. Market rents, yield requirement, vacancy rate and operating expenses are key variables used in investment property fair-value measurement process. This matter is a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).	Our audit procedures to address the risk of material misstatement in respect of valuation of investment properties included among others: • Our valuation specialists assisted us in evaluating the assumptions and methodologies used. • We assessed the competence and objectivity of the external appraiser engaged by the management of Citycon as well as historical accuracy of management's judgment and assumptions. • We focused audit on the market rents, yield requirement, vacancy rate and operating expenses. The methodologies and key inputs used in the valuation and sensitivity analysis are presented in note 2.1. We assessed the adequacy of these disclosures.
Valuation of Goodwill We refer to the note 5.1 At the balance sheet date, the carrying amount of goodwill amounted to 111 million euro representing 3% of the total assets and 6% of the total equity Valuation of goodwill was a key audit matter because the assessment process involves significant management judgment and estimates. Citycon's management applies assumptions in respect of discount rate, net rental income projections and other operating income and expenses. This matter is a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).	Our audit procedures to address the risk of material misstatement in respect of valuation goodwill included among others: • Our valuation specialists assisted us in evaluating the methodologies and assumptions used. • We assessed the competence and objectivity of the external appraiser engaged by the management of Citycon as well as historical accuracy of management's judgment and assumptions. • We focused audit on how much the recoverable amount exceeds the carrying amount of goodwill, and whether any reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount. The key assumptions used in the impairment test of goodwill are presented in note 5.1. We assessed the adequacy of these disclosures.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and 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.
- Obtain 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 parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. 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. 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 the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. 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, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement
We were first appointed as auditors by the Annual General Meeting on 5 April 2005, and our appointment represents a total period of uninterrupted engagement of 19 years.

Other information
The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 15 February 2024

Ernst & Young Oy
Authorized Public Accountant Firm

Antti Suominen
Authorized Public Accountant

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