CITYCON TREASURY B.V.

2023 ANNUAL REPORT

Amsterdam, 18 July 2024

Adopted by the annual general meeting
of shareholders dated 23-Jul-2024

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DIRECTOR'S REPORT

GENERAL

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

OBJECTIVES

The Company's objectives, in accordance with article 2 of the Articles of Association, are to incorporate, participate, manage, and finance (in) other affiliated -/ group companies. Furthermore, to borrow and lend funds, to place public and private debt and in general to engage in financial and commercial activities, which may be conductive to the foregoing.

RISK MANAGEMENT

The Board of Directors is responsible for the management of the Company, including the policy and business progress within the Company and with this the achievement of the goals, strategy, profit development and the social aspects of doing business that are relevant for the Company. The Company has via its group company Montalbas B.V. an economic risk being the fair value changes in real estate held by the underlying entities in Finland and Estonia. The Board of Directors is also responsible for the compliance with legislation and regulations and the management of risks relating to the financing activities of the Company.
Controls were set up in co-operation with Citycon Oyj to identify and manage foreign exchange-, interest-, liquidity-, counterpart- and credit risks in line with the Citycon group treasury policy.

MACROECONOMIC ENVIRONMENT

In 2023, Citycon 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 well.
Regarding liquidity, the Company has a 1,5 billion EUR facility with Citycon Oyj (internal) to ensure the continuity of the business. For the Company as a standalone entity the current difficult macroeconomic environment does not have a major impact on its net result from financing activities as the Company has for 99% a back-to-back loan portfolio structure and the net result will always be positive (i.e., 7.5bp minimum profit).

The Company has back-to-back positions in place for all its outstanding loans. For potential default of related companies, we refer to the chapter credit risk on page 5 and 6. As an issuer on the capital markets, the Company faced in 2023 enormous increased interest rates and spreads. There was no impact on the financial statements as the Company did not issue new bonds on the capital markets and loans with a variable interest has back-to-back position. The first major refinancing is due in October 2024. The EUR 310 million 2024 bond was successfully refinanced by a new EUR 300 million Eurobond in March 2024. EUR 213 million of the 2024 bond was tendered simultaneously and the rest EUR 97 million was redeemed in June 2024.

Operational performance of the whole group was again strong compared to other retail real estate peers throughout the year. Rent collection rate for the year remained strong at 99% (2022: 97%) and Citycon signed 132,000 sq.m of leases (2022: 174,000).

RISK APPETITE AND IMPACT

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

The Company has not had materialized risks with significant financial impact in 2023 fiscal year.

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

O low / OO medium / OOO large

RISK PROFILE

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

REPUTATION DAMAGE

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

COUNTERPART- AND CREDIT RISK

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

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

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

MARKET INFORMATION RISK

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

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

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ECONOMIC RISK AFFILIATED -/ GROUP COMPANIES

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 centers 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 and Gaza continue to pose risks to economic health in Europe as well.

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

TAX RISK (TRANSFER PRICING)

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

CASH FLOWS AND LIQUIDITY RISKS

The liquidity risk is actively managed and currently covered by a EUR 1.5 billion credit facility from Citycon Oyj to the Company. As per May 2023 the Company is no longer an issuer in the renewed EUR 400 million secured committed syndicated revolving credit facility. The renewed facility will mature in April 2026 and replaces the previous unsecured committed syndicated revolving credit facility of EUR 500 million and originally maturing in May 2024. The Company delivered all financial covenants on its outstanding bonds, term loans (if any) and revolving credit facility in time and the ratios had enough headroom. As per 31 December 2023 the solvency ratio was 0.45 (2022: 0.40) (threshold level < 0.65), secured solvency ratio 0.08 (2022: 0.00) (threshold level < 0.25), EBITDA Interest coverage 3.7 (2022: 4.0) (threshold level > 1.80) and net debt to total assets ratio 0.44% (2022: 39%) (threshold level < 60%). All covenant ratios have been calculated on Citycon Oyj level.

INTEREST RISK AND FAIR VALUE MARKET VALUE RISK

Interest rate exposures are being hedged via back-to-back funding or if needed via interest rate derivatives or cross-currency swaps. Due to some fixed interest rates and the long-term nature of the loans, there may be a risk concerning the fair value. However, the Company has accurately estimated this risk before entering into these long-term deals and has assessed the estimated fair values appropriately. The fair value of the investment properties of the affiliated companies of Montalbas B.V. amounts to EUR 1,129,611,867 (31-12-2022: EUR 1,116,804,253).

FOREIGN CURRENCY RISK

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

APPOINTMENT

The Board of Directors of the Company is appointed by the General Meeting for an indefinite period. The basis for non-compliance with the recommendation of the Dutch Corporate Governance Code (appointment for a maximum term of four years, Principle II.1.1. of the Code) rests in the principles of the Company being orientated towards the long term. The Company deviates from Article 2:276 of Book 2 of the Dutch Civil Code, which states that positions on the management should be distributed in a way so that at least 30% of positions are held by women and at least 30% by men. This deviation has been made to ensure that the Company has a competent Board of Directors that has required knowledge of the Company and the Company’s key market areas. When appointing members to the Board of Directors, the Company shall aim for a complementary range of experience, gender and age.

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

We declare that the substantial risks with which the Company is confronted are described in this annual report. This annual report provides insight into the extent to which risks are prevented and controlled. The Company takes due consideration of the findings of the external auditor, EY Accountants B.V., who audits the annual report. Based on the reports, our own observations and experiences from the past, the Board of Directors declares, with reference to best practice provision I.1.5 of the Dutch Corporate Governance Code, that the framework for risk management and control, provides a reasonable assurance that the annual report does not contain any errors of material importance and that this framework worked properly in the 2023 reporting year.

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FINANCIAL HIGHLIGHTS

In January 2023, the Company repurchased nominal EUR 13.9 million of the company's 2024 notes at an attractive price of 96,006 via a Tender.

In March 2023, the Company continued to repurchase bonds at a discount in the open market. A total of nominal EUR 22.5 million was repurchased of the 2024 notes at an average price of 96,197.

In May, Citycon group signed a total of EUR 650 million new committed syndicated multicurrency revolving credit facility to replace and extend its exiting EUR 500 million facilities maturing in May 2024. renewed its Revolving Credit Facility The new facility consists of EUR 400 million revolving credit facility and a EUR 250 million term loan and is fully secured by Iso Omena and four Norwegian assets. As the new facility is fully secured, the Company is no longer an issuer in the facility.

In May 2023, the Company repurchased nominal EUR 138.3 million of the company's 2024 notes at a price of 97,500 again via a Tender.

In June, Citycon terminated its credit rating agreement with the rating agency Moody's Investors Service. The Company continued repurchasing bonds in the open markets for a total notional amount of EUR 15.7 million.

In September, the Company repurchased nominal EUR 0.4 million of the company's 2028 notes at an average price of 77,874 via the open market.

In November, the Floating 800 million NOK bond matured and has been fully repaid.

The interest income and similar income of the Company for the year 2023 amounts to EUR 139.0 million (2022: EUR 155.7 million). The interest expense and similar charges amounts to EUR 139.5 million (2022: EUR 154.6 million). The interest margin of the Company decreased to EUR -0.5 million (2022: EUR 1.1 million).

The operational profit after tax excluding share in result of group companies decreased with EUR 1,378,416 to a loss of EUR 825,069 (2022: EUR 553,347 profit). The result on investments from group companies amounts to EUR 28.3 million (2022: EUR 60.5 million). The general and administrative expenses increased to EUR 0.5 million (2022: 0.4 million).

The available liquidity of the Company as per 31 December 2023 is EUR 0.1 million (2022: EUR 250.0 million). As per May 2023 the Company is no longer an issuer in the renewed Revolving Credit Facility. The Company has EUR 68.801 (2022: EUR 14.452) cash at banks as per year end. Beside the 1.5 billion EUR credit facility with Citycon Oyj, the Company has a 2 billion NOK uncommitted commercial paper programme and had no outstanding debt under this programme as per 31 December 2023 (2022: 0). The NOK commercial paper programme is under the full guarantee of its parent company Citycon Oyj, Espoo, Finland.

The solvency ratio of the Company is due to the business of the Company and the full guarantee of Citycon Oyj in relation to its external stakeholders irrelevant. However, the solvency ratio of Citycon Group is on a comfortable level. Solvency ratio has been calculated as follows: Consolidated total indebtedness/Group total assets. As per 31 December 2023 the solvency ratio is 0.45 being EUR 1,839,172,966 / EUR 4,086,365,826 (2022: 0.40). All issued bonds of the Company have a credit rating which is in line with the credit rating of its guarantor Citycon Oyj. Citycon has now an investment grade credit rating from Standard & Poors BBB- with stable outlook (rating affirmed 19 December 2023). The Company did not incur any expenses for research & development.

OUTLOOK

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

Moving forward into 2024, Citycon will continue to focus on delivering on our strategy of creating and operating necessity-based retail hubs in top Nordic and Baltic locations. The tenant mix of our assets with municipal and grocery anchor tenants has demonstrated its strength and resilience, as we have continued to outperform our more fashion-oriented peers throughout the pandemic and the current inflationary environment and should continue to do so going forward.

The outlook assumes that there are no major changes in macroeconomic factors, there will not be major disruptions from the war in Ukraine and/or Gaza area. These estimates are also based on the prevailing level of inflation, the EUR/SEK and EUR/NOK foreign exchange rates and current interest rates. As the Company has everything in back-to-back structures the result of the increased rates/margins will not impact the net financing result of the Company.

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RESPONSIBILITY STATEMENT

The Board of Directors of the Company state:

1. That the annual report 2023 give us a true and fair view of assets, liabilities, financial position and profit and loss of the Company.

2. That the annual report 2023 give a true and fair view of the position as per balance sheet date, the development during the financial year of the Company in the annual report, together with a description of principal risks it faces.

Amsterdam, 18 July 2024

The Board of Directors

T. Mäntyniemi	A. Doppenberg	S. Damén	T. van Rijn

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FINANCIAL STATEMENTS 2023

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BALANCE SHEET AS AT 31 DECEMBER 2023

before appropriation of result and expressed in EUR

	Notes	31-12-2023	31-12-2022
ASSETS			
Non-current assets			
Investment in associates	1	667 630 422	639 305 751
Loans to affiliated -/ group companies	2	1 950 826 186	2 530 664 307
		2 618 456 608	3 169 970 058
Current assets			
Loans to affilated -/ group companies	2	552 269 205	263 884 436
Derivative financial instruments	3	-	1 941 381
Interest receivables from affiliated -/ group companies	4	35 553 687	33 771 394
Other receivables from third parties	5	10 512	18 419
Other receivables from group companies	6	22 601	383 955
Prepaid expenses	7	16 442	519 460
Tax receivable	8	386 816	-
Cash at banks	9	68 801	14 452
		588 328 064	300 533 497
Total assets		3 206 784 672	3 470 503 555
LIABILITIES AND EQUITY			
Capital and reserves	10		
Share capital		22 100	22 100
Share premium		453 744 389	453 744 389
Legal reserve cash flow hedge		-	1 440 505
Legal reserve group companies		158 237 681	129 913 010
Retained earnings		8 338 162	7 784 815
Unappropriated profits		-825 069	553 347
		619 517 263	593 458 166
Long term liabilities			
Bond notes payable	11	1 134 517 315	1 452 456 111
Loans from affiliated -/ group companies	12	803 120 392	797 271 012
		1 937 637 707	2 249 727 123
Current liabilities			
Bond notes payable	11	308 112 388	263 235 596
Loans from affiliated -/ group companies	12	307 328 951	331 587 138
Interest payable to third parties	13	15 452 968	17 664 048
Interest payable to affiliated -/ group companies	14	17 884 669	13 612 848
Other payables to group companies	15	748 471	538 237
Deferred tax liability	16	-	500 876
Tax payable	8	-	66 265
Accounts payable	17	102 255	113 258
		649 629 702	627 318 266
Total Equity and liabilities		3 206 784 672	3 470 503 555

The accompanying notes form an integral part of these financial statements.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER

(Expressed in EUR)

	Notes	2023	2022
Financial income/expense			
Interest and similar income	20	138 980 504	155 720 647
Interest and similar charges	21	-139 511 853	-154 598 117
		-531 349	1 122 530
Net financial result		-531 349	1 122 530
General and administrative expenses	22	461 406	401 499
Operating result before taxation		-992 755	721 031
Result before taxation		-992 755	721 031
Taxation operating result	23	167 686	-167 684
Share in result associates	1	28 324 671	60 493 020
Net profit after taxation		27 499 602	61 046 367

The accompanying notes form an integral part of these financial statements.

GENERAL ACCOUNTING PRINCIPLES

The Board of Directors of Citycon Treasury B.V. hereby presents the annual report for the book year ended 31 December 2023. The annual report has been audited by EY Accountants B.V.and were provided an unqualified audit opinion on 18 July 2024. The independent auditor report can be found on the last pages of the annual report.

ACTIVITIES AND PARENT COMPANY

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

The Company's objectives, in accordance with article 2 of the Articles of Association, are to incorporate, participate, manage and finance other affiliated -/ group companies. Furthermore, to borrow and lend funds, to place public and private debt and in general to engage in financial and commercial activities which may be conductive to the foregoing. The office of the Company is located at Hullenbergweg 300, 1101 BV Amsterdam, the Netherlands.

MACROECONOMIC ENVIRONMENT

In 2023, Citycon 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 well. Citycon's strategy continued to prove resilient in a variety of market conditions. Regarding liquidity, Citycon has sufficient committed credit facilities to ensure the continuity of the business. For the Company as a standalone entity the current difficult macroeconomic environment does not have a major impact on its net result from financing activities. 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 and Gaza area continue to pose risks to economic health in Europe as well.

BASIS OF PREPARATION

The annual report has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code. The Company's Financial statements have been prepared under the assumption of going concern (refer next paragraph).

SOLVENCY

Given the objectives of the Company, the Company is economically dependent on the holding company, Citycon Oyj, Espoo in Finland. In assessing the solvency and general risk profile of the Company, the solvency of Citycon group needs to be considered. As the solvency ratio of Citycon group has sufficient headroom the solvency and general risk profile of Citycon Oyj has no impact on the Company.

GOING CONCERN

Citycon Treasury B.V. is partly providing funding for the activities of Citycon Oyj for which the Directors have assessed the relevant factors surrounding going concern and concluded that there are no material events or uncertainties that may cast significant doubt about the ability of the Company to continue as a going concern. The Company does not carry out any trading activities, has one employee and the ultimate Parent company has provided a guarantee in relation to the Company's bond issuances. In addition, Citycon Treasury B.V. and Citycon Oyj had entered into an agreement to limit the Right of Recourse to limit the total economic risk borne by the Company with respect to the Intercompany Loan that were previously provided to Citycon Group companies. Accordingly, the Directors have adopted the going concern basis in preparing the financial statements.

ACCOUNTING POLICIES

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

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

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

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ESTIMATES

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

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

FINANCIAL FIXED ASSETS

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

PRINCIPLES FOR THE TRANSLATION OF FOREIGN CURRENCIES

The reporting currency in the annual report of the Company is the euro (EUR), which is the Company's functional currency.
Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined.
The following exchange rates have been applied as at 31 December 2023:
EUR 1 = NOK 11.2405 (31-12-2022: EUR 1 = NOK: 10.5138);
EUR 1 = SEK 11.0960 (31-12-2022: EUR 1 = SEK: 11.1218);
EUR 1 = DKK 7.4529 (31-12-2022: EUR 1 = DKK: 7.4365).

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FINANCIAL INSTRUMENTS

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

AMORTIZED COST

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

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

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

INTEREST RATE SWAPS

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

CROSS-CURRENCY SWAP

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

FORWARD EXCHANGE CONTRACTS

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

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

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

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

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

LONG-TERM AND CURRENT LIABILITIES AND OTHER FINANCIAL COMMITMENTS

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

IMPAIRMENT

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

OTHER RECEIVABLES FROM THIRD PARTIES/GROUP COMPANIES

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

CASH AT BANKS

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

LONG-TERM LIABILITIES

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

CURRENT LIABILITIES

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

PROFIT AND LOSS ACCOUNT

INTEREST AND SIMILAR INCOME

Interest and similar income comprise interest income on funds invested (i.e., Loans to affiliated -/ group companies, foreign exchange gains and gains on hedging instruments that are recognized in the profit and loss account. Interest income is recognized in the profit and loss account as it accrues, using the effective interest method.

INTEREST AND SIMILAR CHARGES

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

GENERAL AND ADMINISTRATIVE EXPENSES

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

TAXATION

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

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

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

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

CASH FLOW STATEMENT

The Company's cash flow information is included in the cash flow statement presented in the consolidated financial statements of the parent company (Citycon Oyj, Finland) for the year ended December 2023, which can be obtained on the website of Citycon Oyj (www.citycon.com). In accordance with the guidelines of the Dutch Accounting Standards Board for financial statement reporting (Dutch Accounting Standard 360 paragraph 104) in the Netherlands, the Company is exempted from including a cash flow statement in its annual report.

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NOTES TO THE FINANCIAL STATEMENTS

1. INVESTMENT IN ASSOCIATES

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

Name	Country of incorporation and operation	Direct/Indirect	31-12-2023
Montalbas B.V.	Amsterdam, The Netherlands	Direct	100%
Rocca al Mare Kaubanduskeskus AS	Tallin, Estonia	Indirect	100%
Kristiine Keskus OU	Tallin, Estonia	Indirect	100%
Manhattan Acquisition OY	Espoo, Finland	Indirect	100%
Big Apple Top Oy	Espoo, Finland	Indirect	100%

	2023 (TEUR)	2022 (TEUR)
As at 1 January	639 306	578 813
Result investment in associates	28 325	60 493
As at 31 December	667 631	639 306

The summarized financial information of Montalbas B.V. and ts subsidiaries is provided on the next page.

Summarised statement of profit and loss for the year:

	2023 (TEUR)	2022 (TEUR)
Gross rental income	62 031	57 462
Revenue from contracts with customers	20 444	19 707
Operating expenses	- 22 868	- 22 927
Net rental income	**59 607**	**54 242**
Administrative expenses	- 1 475	- 898
Other income and expenses	58	- 104
Fair value losses and gains	3 859	27 948
Operating profit	**62 049**	**81 188**
Net financial income and expenses	- 21 494	- 10 108
Group contributions	- 6 000	- 773
Profit before taxes	**34 555**	**70 307**
Current taxes	- 173	- 150
Deferred taxes	- 6 057	- 9 664
Profit for the year form continuing operations	**28 325**	**60 493**
Total comprehensive income attributable to Citycon Treasury B.V.	**28 325**	**60 493**

Summarised statement of financial position as at:

	31-12-2023 (TEUR)	31-12-2022 (TEUR)
Investment properties	1 129 579	1 116 804
Interest-bearing loans	12 867	12 347
Deferred tax assets	1	
Trade and other current assets	40 287	15 288
Cash and equivalents	15 931	3 812
Interest-bearing loans and borrowing and deferred tax liabilities (non-curre	- 363 763	- 493 648
Interest-bearing loans and borrowing (non-current)	- 149 141	
Trade and other payables	- 18 117	- 15 284
Total equity	667 644	639 319
Total equity attributable to Citycon OYJ	14	14
Total equity attributable to Citycon Treasury B.V.	667 630	639 306

(TEUR) is times EUR 1.000

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Net asset value method and significant estimates

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

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

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

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

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

Fair value definition and hierarchy

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

Fair value measurement

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

Inputs

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

Portfolio weighted average	31-12-2023	31-12-2022
Yield requirement (%)	5,8	5,3
Market rents (EUR/sq.m.)	30,3	31,1
Operating expenses (EUR/sq.m.)	6,6	7,1
Vacancy during the cash flow period (%)	3,9	3,5
Market rent growth assumption (%)	2,7	2,3
Operating expense growth assumption (%)	2,0	2,3

Sensitivity analysis

Sensitivity to change in the properties' fair value, or the risk associated with fair value, can be tested by altering the key parameters. The sensitivity analysis below uses the investment properties' fair value of EUR 1,128.0 million defined by the external appraiser as at 31 December 2023 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 10% 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.

SENSITIVITY ANALYSIS	Fair value (MEUR)				
Change %	**-10%**	**-5%**	**±0%**	**+5%**	**+10%**
Market rents	986,8	1 057,4	1 128,0	1 198,6	1 269,2
Operating expenses	1 158,3	1 143,2	1 128,0	1 112,8	1 097,7
Change, base points	**-50**	**-25**	**±0**	**+25**	**+50**
Vacancy	1 135,1	1 131,5	1 128,0	1 124,5	1 120,9
Yield requirement	1 244,7	1 183,5	1 128,0	1 077,5	1 031,4

Investment property changes and classification

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

Operative investment properties	2023 (MEUR)	2022 (MEUR)
As at 1 January	1 116,8	1 073,8
Investments	8,4	15,0
Fair value gains/losses	4,0	28,0
Leases as classified as an investment property	0,4	-
As at 31 December	1 129,6	1 116,8

(MEUR) is times EUR 1.000.000

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2. LOANS TO AFFILIATED -/ GROUP COMPANIES

	2023 (EUR)	2022 (EUR)
At 1 January	2 794 548 743	3 137 303 997
New Loans	94 391 021	281 628 951
Amortised fees & discounts	6 014 633	6 141 923
Reclassified to short term loans	-552 269 205	-263 884 436
Translation adjustment	-41 180 651	-81 276 013
Loans redeemed	-350 678 355	-549 250 116
As at 31 December long term loans to group companies	1 950 826 186	2 530 664 307
As at 31 December short term loans to group companies	552 269 205	263 884 436
As at 31 December total loans to group companies	2 503 095 391	2 794 548 743

An amount of EUR 195,4 million (2022: EUR 667,6 million) of the loans outstanding has a final maturity over more than 5 years. Loans to affiliated -/ group companies for a total amount of EUR 1.097,2 million (2022: EUR 1.201,0 million) are denominated in a currency other than Euro. The total of foreign currency loans amounts to SEK 4.127,8 million (2022: SEK 4.850,0 million), NOK 7.050,8 million (2022: NOK 7.038,1 million) and DKK 730,2 million (2022: DKK 710,2 million). If no natural hedge is in place the Company has entered into foreign exchange contracts to hedge foreign currency exposures. Concerning the fair values of the loans to group affiliated companies we refer to note 27 on page 38.

The foreign currency conversion of the loans and valuation of foreign exchange contracts is based on the prevailing rate of exchange on the respective reporting dates. The Company has short-term loans to affiliated -/ group companies for EUR 552,3 million (2022: EUR 263,9 million) of which the principal portions are due and payable within one year. Interest rates are determined based on the at arm's length principle.

The average interest rate on all loans to affiliated -/ group companies as at 31 December 2023 is 3.86% (2022: 3.28%). The effective interest rate as at 31 December 2023 is 4.10% (2022: 3.41%). For further information on the loans to affiliated -/ group companies we refer to note 27 on page 38.

3. DERIVATIVE FINANCIAL INSTRUMENTS/FORWARD EXCHANGE CONTRACTS

The Company had one interest rate swap of 800 million NOK nominal on the books and matured on the 24th of November 2023.

	2023 (EUR)	2022 (EUR)
At 1 January	1 941 381	1 398 595
Change in fair value	-1 941 381	542 786
As at 31 December total derivative financial instruments	-	1 941 381
Derivative financial instruments short-term	-	1 941 381
	-	1 941 381

Forward exchange contracts are measured at fair value on each balance-sheet date. Changes in fair values of these are reported in profit and loss statement as hedge accounting is not applied. The main determinants of the fair value valuation are the FX spot rate, the spot rate quoted at valuation date and the FX basis spread to ‘compensate’ for the received/paid differences of both reference rates of the forward contract. As per 31 December 2023 there were no forward exchange contracts outstanding (2022: EUR 0.0 million).

4. INTEREST RECEIVABLES FROM AFFILIATED -/ GROUP COMPANIES

Interest receivables from affiliated -/ group companies include accrued interest from loans to affiliated -/ group companies for an amount of EUR 35,6 million (2022: EUR 33,8 million). For further information on interest receivables from affiliated -/ group companies we refer to note 27 on page 38.

5. OTHER RECEIVABLES FROM THIRD PARTIES

Other receivables from third parties contains rental deposits for office space for an amount of EUR 10,512 (2022: EUR 7,965) and VAT receivables of nil (2022: EUR 10,454).

6. OTHER RECEIVABLES FROM GROUP COMPANIES

Other receivables from group companies amounts to EUR 22.601 (2022: EUR 383,955).

7. PREPAID EXPENSES

Prepaid expenses amounted to EUR 16.442 (2022: EUR 519,460). The major decrease is a result of the fact that the Company is no longer an issuer in the renewed revolving credit facility since May 2023. The remaining amount of arrangement and extension fees were fully amortized in 2023.

8. TAX RECEIVABLE

As per 31 December 2023 the Company has a tax receivable for an amount of EUR 386,816 (2022: EUR 66,265 payable) related to corporate income tax.

9. CASH AT BANKS

Cash at banks are at the disposal of the Company.

	31-12-2023 (EUR)	31-12-2022 (EUR)
Cash at banks	68 801	14 452
	68 801	14 452

LIABILITIES

10. CAPITAL AND RESERVES

Authorized share capital consists of 900 shares of EUR 100 each. As per 31 December 2023, the total number of shares which are fully paid in, are 221 (2022: 221). All shares of the Company are held by the parent company Citycon Oyj, Espoo, Finland, which is listed on the Helsinki stock exchange.

	Share capital	Share premium	Legal reserve cash flow hedge	Legal Reserve associate	Retained earnings	Unappropriated profits	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 01-01-2022	22 100	453 744 389	1 048 946	69 419 990	7 265 959	518 856	532 020 240
Cash flow Hedging RJ290	-	-	542 786	-	-	-	542 786
Deferred tax	-	-	-151 227	-	-	-	-151 227
Others	-	-	-	-	-	-	-
Appropriation of result	-	-	-	-	518 856	-518 856	-
Result for the year	-	-	-	60 493 020	-	553 347 -	61 046 367
Balance as at 01-01-2023	22 100	453 744 389	1 440 505	129 913 010	7 784 815	553 347	593 458 166
Cash flow Hedging RJ290	-	-	-1 941 381	-	-	-	-1 941 381
Deferred tax	-	-	500 876	-	-	-	500 876
Others	-	-	-	-	-	-	-
Appropriation of result	-	-	-	-	553 347	-553 347	-
Result for the year	-	-	-	28 324 671	-	-825 069	27 499 602
Balance as at 31-12-2023	22 100	453 744 389	-	158 237 681	8 338 162	-825 069	619 517 263

PROPOSAL FOR THE APPROPRIATION OF THE RESULT 2023

The following appropriation of the result after taxes ad EUR 27,499,602 for the year 2023 is proposed to the General Meeting to deduct the loss of EUR 825,069 from retained earnings. The remainder of EUR 28,324,671 has been included to legal reserve group companies within shareholder’s equity.

11. BOND NOTES PAYABLE

All bond notes payable issued by the Company are issued under the full guarantee of its group company Citycon Oyj, Helsinki and are rated in line with Citycon Oyj's corporate rating. In July 2017 the Company established a EUR 2.500 million EMTN Programme to enable the Company to issue bonds/notes quicker in any currency on the European and Nordic capital markets. The last update of the EMTN Programme was in November 2023. The average interest rate is 2.10% (2022: 2.19%) including derivatives. The effective yield is 2.33% (2022: 2.43%) including derivatives.

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

	31-12-2023 (EUR)	31-12-2022 (EUR)
As at 1 January	1 715 691 707	1 835 286 658
Bond buy backs nominal value	-258 958 039	-112 329 000
Discount/Fees	-	-78 135
Amortized issue/buy back discount/fees	7 945 609	8 302 098
To Short term	-308 112 388	-263 235 596
Exchange rate gains and losses	-22 049 574	-15 489 913
Bonds Long term	1 134 517 315	1 452 456 111
0-1 years	308 112 388	263 235 596
Total bonds short term	308 112 388	263 235 596
1-5 years	1 134 517 315	1 112 483 295
> 5 years	-	339 972 816
Total bonds long term	1 134 517 315	1 452 456 111

Issue date	Instrument	Interest rate	Interest settlement	CCY	Nominal amount	Maturity date	Listing	Effective yield	Fair value (mid pricequote)	CCY	Fair value
10-1-2014	Bond	2,500%	Annually	EUR	310 342 000	10-1-2024	Euronext Dublin	3,63%	97,368	EUR	302 173 799
9-1-2015	Bond	3,900%	Annually	NOK	1 300 000 000	9-1-2025	Oslo stock exchange	3,90%	93,829	NOK	1 219 777 000
9-8-2016	Bond	1,250%	Annually	EUR	349 575 000	9-8-2026	Euronext Dublin	1,26%	87,526	EUR	305 969 015
9-22-2017	Bond	2,750%	Annually	NOK	1 000 000 000	9-22-2025	Oslo stock exchange	2,77%	93,785	NOK	937 850 000
9-3-2018	Bond	2,375%	Annually	EUR	242 471 000	1-15-2027	Euronext Dublin	2,50%	87,824	EUR	212 947 731
3-4-2021	Bond	1,625%	Annually	EUR	344 500 000	3-12-2028	Euronext Dublin	1,794%	80,276	EUR	276 550 820

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12. LOANS FROM AFFILIATED -/ GROUP COMPANIES

The Company holds loans from affiliated -/ group companies for a total amount of EUR 1.110,4 million (2022: EUR 1.128,9 million). An amount of EUR 191,0 million (2022: EUR 215,9 million) of the principal portion has a maturity longer than five years. The principal portion of EUR 307,3 million (2022: EUR 331,6 million) are due and payable within one year and will be prolonged. Interest rates are determined based on arm's length principle. Floating rate loans for an amount of EUR 576,5 million (2022: EUR 649,8 million) carry a 3-months reference rate, plus a margin which is based on a transfer pricing study prepared in accordance with the OECD transfer pricing guidelines, and which will be updated from time to time. As at 31 December 2023 the average interest rate on all loans from affiliated -/ group companies was 5.71% (2022: 4.29%). The effective interest rate equals the average interest rate as there are only minor differences between the underlying. Total outstanding loans from group affiliated companies with a fixed interest as per 31 December 2023 amounts to nominal EUR 534,0 million (2022: EUR 479,0 million) and has a fair value of EUR 588,5 million (2022: EUR 542,1 million). The other loans from group affiliated companies are floating rate loans and have a fair value which equals to the carrying amount of the loans. All loans from affiliated -/ group companies with counterparty Citycon Oyj are being issued under the terms of the EUR 1.5 billion multi-currency facility agreement, which was established in August 2014, unless a separate loan agreement is in place. For further information on the loans from affiliated -/ group companies we refer to note 27 on page 39.

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

	31-12-2023 (EUR)	31-12-2022 (EUR)
At 1 January	1 128 858 150	1 353 353 117
New Loans	96 175 794	272 228 100
Reclassified to short term loans	-307 328 951	-331 587 138
Translation adjustment	-22 392 622	-60 961 562
Loans redeemed	-92 191 978	-435 761 505
As at 31 December long term loans from related companies	803 120 393	797 271 012
As at 31 December short term loans from related companies	307 328 951	331 587 138
As at 31 December total loans from related companies	1 110 449 344	1 128 858 150

13. INTEREST PAYABLE TO THIRD PARTIES

Interest payable to third parties include accrued interest on bond notes payable for an amount of EUR 15,5 million (2022: EUR 17,4 million) and commitment fees from financial institutions for an amount of EUR 0,0 million (2022: EUR 0,3 million).

14. INTEREST PAYABLE TO AFFILIATED -/ GROUP COMPANIES

Interest payable to affiliated -/ group companies include accrued interest on loans from affiliated -/ group companies for an amount of EUR 17,9 million (2022: EUR 13,6 million).

15. OTHER PAYABLES TO GROUP COMPANIES

Other payables to group companies amounts to EUR 748,471 (2022: EUR 538,237).

16. DEFERRED TAX LIABILLITY

The provision deferred tax liability concerns the potential tax liability of the difference between the fair value and the cost price of the derivatives for which cash flow hedge accounting has been applied. As the derivative involved matured in November 2023 the provision amounts to nil (2022: EUR 0,5 million).

	2023 (EUR)	2022 (EUR)
At 1 January	500 876	349 649
Change in deferred tax	-500 876	151 227
As at 31 December total deferred tax	-	500 876
Deferred tax short-term	-	500 876
	-	500 876

17. ACCOUNTS PAYABLE

Accounts payable amounts to EUR 102,255 (2022: EUR 113,258).

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18. RISK MANAGEMENT

General

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

Currency risk

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

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

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

Type	Currency	Loans to Group Companies in local currency	Bank balances in local currency	External Debt in local currency	Loans from Group Companies in local currency	Foreign currency position
		1	2	3	4	4
						total 1+2+3+4
Assets&Liabillities NOK denominated	NOK	7 050 819 266	15 273	-2 300 000 000	-4 750 819 266	15 273
Assets&Liabillities SEK denominated	SEK	4 127 825 239	344 879	-	-4 127 825 240	344 878
Assets&Liabillities DKK denominated	DKK	730 161 076	3 860	-	-730 161 076	3 860

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

Interest risk

Interest rate risk is the risk that fluctuations in the prevailing levels of market interest rates will affect the Company's financial position or cash flows. The Company effectively has no interest rate risk as the profit for the year before taxation is determined by applying a fixed margin to the average loans receivable outstanding during the year. Company's policy is to avoid interest risks by creating back-to-back structures, inserting equal interest base rates and determine same interest periods between assets and liabilities. For the cases where no back-to-back structure is in place the Company will turn into interest rate derivatives to mitigate the position. As per 31 December 2023 the Company has no interest rate derivative outstanding as the derivative and underlying NOK bond has been matured in November 2023.

Liquidity risk

Liquidity risk is the risk of the Company failing to meet its contractual obligations due to insufficient liquidity. The Company's approach for funding and liquidity is managed centrally by the Group Treasury, which is responsible for ensuring adequate financial resources in place. Liquidity risk for the Company is mainly covered by the committed revolving credit facility and the back-to-back structure of interest settlement dates and maturity dates on its whole loan portfolio.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. As the Company normally has no external investments the credit risk is predominantly emerging from loans payable and receivable with related parties and affiliated -/ group companies. The emerging credit risk is mitigated by close monitoring of the financial performance of borrowing companies. All financial instruments are concluded with either highly rated financial institutions or companies within the Citycon Group, which are expected to fully perform under the terms of the agreements. The Company continuously monitors changes in credit ratings of counterparties. At the balance sheet date, the credit risk concentrates on entities of the Citycon Group. The corporate credit rating of Citycon Oyj at issue date of this annual report is for Standard & Poor's BBB- with stable outlook. The Company does not expect any counterparties to fail to meet their obligations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet. Reference is made to the loan facility agreement of EUR 1.5 billion between Citycon Oyj and the Company where it is stated that the maximum amount of credit risk for the Company is EUR 2 million (equity risk) to the group borrowers and the remaining credit risk exposure above EUR 2 million relates to Citycon Oyj. The guarantor of all external debt is Citycon Oyj.

19. OFF BALANCE SHEET COMMITMENTS

The Company has limited rental, lease, back office and IT commitments with third parties. The rental agreement for the offices has been signed in September 2014 for a period of two years after which it has been yearly renewed. Next maturity date of the rental contract is 31st of May 2025. The annual expense for all commitments is approx. EUR 28,000 per annum.

20. INTEREST INCOME AND SIMILAR INCOME

Interest income and similar income can be shown as follow:

	2023 (EUR)	2022 (EUR)
Interest income affiliated companies	55 267 286	49 555 960
Interest income group companies	46 053 603	48 732 801
Exchange rate gains	32 721 541	47 794 703
Transaction results repurchased bonds	4 938 074	9 637 183
	138 980 504	155 720 647

21. INTEREST EXPENSES AND SIMILAR CHARGES

Interest expense and similar charges can be shown as follow:

	2023 (EUR)	2022 (EUR)
Interest expense group companies	62 724 794	54 711 771
Interest expense affiliated companies	676 058	297 367
Interest expense bond	39 712 001	46 986 590
Exchange rate losses	32 735 455	47 769 498
Amortized paid arrangement fees	3 663 545	4 832 891
	139 511 853	154 598 117

22. GENERAL AND ADMINISTRATIVE EXPENSES

The general and administrative expenses are comprised as follow:

	2023 (EUR)	2022 (EUR)
Wages and salaries, administration	131 668	144 741
Other personnel	40	63
Consulting and advisory fees	174 946	183 278
Rents	22 807	27 653
Authority and membership fees	-	370
Office expenses	6 445	14 269
Non-deductible VAT	45 655	29 777
Recharged expenses	79 845	1 348
Total administrative expenses	461 406	401 499

The wages and salaries, administration is comprised as follow:

	2023 (EUR)	2022 (EUR)
Salaries	120 763	135 103
Social security	10 905	9 638
Total wages and salaries, administration	131 668	144 741

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23. TAXATION

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

	2023 (EUR)	2022 (EUR)
Profit before tax	-992 755	721 031
Deemed income	116 150	
Fiscal higher amortisation bridge fees	-16 130	6 783
Non-deductible mixed expenses	5 100	4 800
Handover to taxable profit Montalbas B.V. *)	155 021	
Fiscal profit	-732 614	732 614
Carry back 2023/2022	29 625	-29 625
Carry back 2023/2022	138 060	-138 060
Total corporate income tax	167 685	-167 685
Corporate income tax in profit & loss		
Current year - Corporate income tax	167 685	-167 685
Previous year - Corporate income tax	1	1
	167 686	167 684
Effective tax rate	-16,9%	23,3%

*) Montalbas B.V. is member of the fiscal unity with Citycon Treasury B.V. and has as standalone entity a taxable profit for 2023 of EUR 633.742, which will become EUR 478.721 due to the remaining taxable loss "handover' of EUR 155.021 within the fiscal unity from Citycon Treasury B.V. to Montalbas B.V..

The effective tax rate for 2023 is -16.9% (2022: 23.3%). The taxable loss 2023 has fully recuperated (Carry-back) the taxable profit of 2022.

In accordance with standard fiscal unity conditions, the Company, along with the other member(s) of the fiscal unity, are wholly severally liable for the taxation payable by the fiscal unity up to the 31st of December 2023.

Citycon

SUPPLEMENTARY INFORMATION

24. AUDITORS

The audit of the Company's annual report has been performed by EY Accountants B.V.

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

2023	EY Accountants B.V. Netherlands	Ernst & Young Oy Finland	Total
Audit of the financial statements	102 470	15 000	117 470
Other audit engagements	-	-	-
Tax advisory services	-	-	-
Other non-audit services	-	-	-
Total	102 470	15 000	117 470

2022	EY Accountants B.V. Netherlands	Ernst & Young Oy Finland	Total
Audit of the financial statements	91 796	13 500	105 296
Other audit engagements	-	-	-
Tax advisory services	-	-	-
Other non-audit services	-	-	-
Total	91 796	13 500	105 296

The fees stated above for the audit of the annual report are based on the total fees for the audit of the 2023 annual report, regardless of whether the procedures were already performed in 2023.

25. DIRECTORS

During 2023 the Company had four directors. The directors were: Ms. T. Mäntyniemi, Mr. S. Järvelä, Mr. R.E. Rozenberg and Mr. A. Doppenberg. The remuneration during 2023 amounts to EUR 131,668 (2022: 144,741).

26. EMPLOYEES

During 2023 the Company had an average of 1.00 FTE (2022: 1.00 FTE).

27. RELATED PARTIES

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

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

Related parties	Country Code	Outstanding loan amounts (*MEUR) 31.12.2023	Outstanding loan amounts (*MEUR) 31.12.2022	Maturity date loans	Interest rates 31.12.2023	Accrued interest (*TEUR) 31.12.2023
Citycon OYJ **)	FIN	197,2	313,2	1.10.2024	2,825% *)	1 387,2
Citycon OYJ **)	FIN	349,5	349,9	8.9.2026	1,575% *)	1 714,9
Citycon OYJ **)	FIN	111,2	173,7	1.10.2024	3,075% *)	862,8
Citycon OYJ	FIN	11,7	11,7	1.7.2022	5,955%	174,4
Citycon OYJ **)	FIN	241,6	242,5	15.1.2027	2,725% *)	6 332,0
Citycon OYJ	FIN	4,8	3,3	16.10.2024	5,955%	71,1
Citycon OYJ	FIN	1,3	0,8	16.10.2024	5,955%	19,5
Citycon OYJ **)	FIN	342,2	347,1	12.3.2028	1,975% *)	5 465,4
Citycon OYJ **)	FIN	89,0	95,1	22.9.2025	3,150% *)	762,9
Citycon AB	SWE	260,7	331,6	1.7.2026	6,327%	4 895,2
Kista Real Property JV AB	SWE	89,7	83,8	16.1.2024	6,000% *)	5 218,6
Kista Real Property JV AB	SWE	21,6	20,7	15.1.2031	4,000% *)	182,5
Rocca el Mare	EST	-	5,0	28.6.2031	3,260%	-
Citycon Denmark ApS	DEN	98,0	95,5	31.12.2025	6,070%	1 094,5
Ciltycon Holding AS	NOR	111,2	118,9	28.12.2028	5,750% *)	1 456,5
Ciltycon Holding AS	NOR	70,9	74,6	16.9.2027	4,850% *)	124,2
Ciltycon Holding AS	NOR	66,7	71,3	27.2.2032	5,270% *)	322,3
Ciltycon Holding AS **)	NOR	115,7	123,6	1.9.2025	4,075% *)	1 584,2
Ciltycon Holding AS	NOR	71,2		23.11.2030	6,340% *)	463,8
Ciltycon Holding AS **)	NOR	-	76,1	24.11.2023	3,750% *)	-
Ciltycon Holding AS	NOR	102,6	109,7	1.3.2031	4,774% *)	1 204,9
Manhattan Acquisition Oy	FIN	146,4	146,4	16.10.2024	6,055%	2 216,8
		2 503,1	2 794,5			35 553,7

Reference is made to note 2 Loans to affiliated -/ group companies on page 25 and counterpart- and credit risk on page 5 and 6.

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

**) Related to an external Bond.

The difference between the carrying value of EUR 2,503.1 million (2022: 2,794.5 million) and the nominal amount of EUR 2,508.4 million (2022: 2,805.9 million) are the unamortized discount and prepaid arrangement fees for an amount of EUR 5.3 million (2022: EUR 11.3 million). The fair value of the fixed rate loans amounts to EUR 2,060.8 million (2022: EUR 2,261.5 million) and has been calculate/discounted excluding credit spread. The other loans to affiliated -/ group companies are floating rate loans and have a fair value which not significantly differs from the nominal - /carrying value amount of EUR 552.3 million.

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

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

Affiliated company	Country Code	Outstanding loan amounts (*MEUR) 31-12-2023	Outstanding loan amounts (*MEUR) 31-12-2022	Maturity date loans	Interest rates 31-12-2023	Accrued interest (*TEUR) 31-12-2023
Citycon OYJ	FIN	89,7	83,8	16-5-2024	5,875%	5 107,4
Citycon OYJ	FIN	260,7	331,6	1-7-2026	6,18%	4 779,2
Citycon OYJ	FIN	147,0	146,4	16-10-2024	5,96%	2 188,3
Citycon OYJ	FIN	57,8	57,8	16-10-2024	5,96%	859,8
Montalbas B.V.	HOL	12,9	12,3	31-12-2024	6,06%	194,8
Citycon OYJ	FIN	0,2	1,2	1-1-2025	5,96%	1,9
Citycon OYJ	FIN	98,0	95,5	31-12-2025	5,97%	1 076,5
Citycon OYJ	FIN	70,9	74,6	16-9-2027	4,75%	121,7
Citycon OYJ	FIN	111,2	118,9	28-12-2028	5,625%	1 424,8
Citycon OYJ	FIN	21,6	20,7	15-1-2031	3,90%	178,0
Citycon OYJ	FIN	102,6	109,7	1-3-2031	4,6744%	1 179,6
Citycon OYJ	FIN	71,2	-	23-11-2030	6,2400%	456,5
Citycon OYJ	FIN	-	5,0	28-6-2031	4,13%	-
Citycon OYJ	FIN	66,7	71,3	27-2-2032	5,17%	316,2
		1 110,4	1 128,9			17 884,7

Reference is made to note 12 Loans from affiliated -/ group companies on page 30 and counterpart- and credit risk on page 5 and 6.

SUBSEQUENT EVENTS

In January 2024 Mr. Sakari Järvelä resigned as a Director from the Company and has been replaced my Ms. Sofia Damén.

During Q1/2024 Mr. Robin Rozenberg resigned as employee and statutory director of the Company and was replaced by Mr. T. van Rijn as statutory director.

Also during Q1/2024 the Company relocated personnel from the Nordics to Amsterdam to manage the Dutch entities. The Company rents an apartment in Amsterdam for approx. EUR 36,000 per annum.

In March Q1/2024 EUR 310 million 2024 bond maturing in October 2024, was successfully refinanced by a new EUR 300 million Eurobond. EUR 213 million of the 2024 bond was tendered simultaneously and the rest EUR 97 million was redeemed in June 2024.

During Q1/2024 the loan outstanding to Kista JV AB was matured and replaced with a new group internal loan to Citycon AB as group internal financing was re-arranged after Citycon AB bought the remaining 50% of Kista JV AB. After this, Citycon Treasury BV does not have direct loans to Kista JV AB.

Amsterdam, 18 July 2024

The Board of Directors

S. Damén A. Doppenberg T. Mäntyniemi T. van Rijn

Citycon

OTHER INFORMATION

STATUTORY STIPULATIONS CONCERNING THE APPROPRIATION OF RESULTS

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

Reference is made to the next pages of this report.

Independent auditor's report

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

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements for the financial year ended 2023 of Citycon Treasury B.V. based in Amsterdam, the Netherlands.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Citycon Treasury B.V. as at 31 December 2023 and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 December 2023
- The profit and loss account for the year ending 31 December 2023
- The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

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

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

Information in support of our opinion

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

Our understanding of the business

Citycon Treasury B.V. acts as a finance company for group companies of Citycon Oyj, Espoo, Finland and holds an investment in associate, Montalbas B.V. This investment represents all of the economic benefits and 25% of the voting rights. Montalbas B.V. indirectly holds investment properties (shopping centers): one in Finland and two in Estonia, valued at fair value.

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

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€16.0 million (2022: €17.4 million)
Benchmark applied	0.5% of total assets as at 31 December 2023 (2022: 0.5%)
Explanation	We determined materiality based on our understanding of the company's business and our perception of the financial information needs of users of the financial statements. We considered that total assets reflects the source of income and repayments to the holders of the bonds issued by the company and to other creditors as well as the value of the investment in associate. We determined materiality consistent with prior financial year.

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

We agreed with the board of directors that misstatements in excess of €800,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

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

Because we are ultimately responsible for the opinion on the financial statements of Citycon Treasury B.V., we are also responsible for directing, supervising and performing the audit of the financial information of the associate. In this respect we have determined the nature and extent of the audit procedures to be carried out for the associate.

We have used the work of another EY Global Member firm for the audit of the investment in associate Montalbas B.V. and its subsidiaries.

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

Teaming and use of specialists

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a listed finance company. We have made use of our own specialists in the areas of income taxes and valuation of financial instruments. In auditing Montalbas B.V. and its subsidiaries, the EY Global Member firm also included their own specialists, including real-estate valuation specialists.

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

Our responsibility

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

Our audit response related to fraud risks

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

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the Citycon code of conduct and whistle blower procedures. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

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

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

We addressed the risks related to management override of controls, as this risk is present in all companies. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in the General Accounting Principles under Estimates in the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.
We particularly evaluated whether transactions with related parties were accounted for at-arm's-length and in accordance with transfer pricing documentation and contractual agreements.

We did not identify a risk of fraud in revenue recognition, other than the risks related to management override of controls.

We considered available information and made enquiries of relevant executives of the group, the group auditor of Citycon Oyj and the company's board of directors.

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

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

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

Our audit response related to going concern
As disclosed in section Going concern in section General Accounting Principles to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the board of directors made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

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

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

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

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

Valuation of Loans to and other financial receivables from Citycon group companies	
Risk	The company is exposed to the risk that one or more Citycon group companies default on meeting their obligations. As the loans to affiliated -/group companies and interest and other receivables from affiliated-/group companies of Citycon Oyj represent approximately 79% (2022: 82%) of the total assets of the company, a default may have a material impact on the financial statements. As disclosed in note 2 to the financial statements and note 18 under Credit risk, to limit the credit risk, the company concluded a loan facility agreement with the parent company (Citycon Oyj), in which the company's maximum exposure to credit risk is €2 million per loan to affiliated-/group company. Assessing whether there is any objective evidence that a financial asset is impaired, and, if any such evidence exists, determining the size of the impairment loss, requires significant judgment. Given the factors mentioned, we consider this a key audit matter.
Our audit approach	Our audit procedures included, amongst others, evaluating the appropriateness of the company's accounting policy relating to the impairment of financial assets in accordance with Part 9 of Book 2 of the Dutch Civil Code and Dutch Accounting Standard 290 Financial instruments and the criteria set to determine that there is objective evidence of an impairment loss and whether these have been applied consistently. We also evaluated the design of internal controls of the processes underlying the identification and assessment of objective evidence for impairment as part of the financial statement closing process and made enquiries of relevant executives of the group, the group auditor of Citycon Oyj and the company's board of directors. Furthermore, we have performed the following audit procedures to determine whether there is objective evidence that triggers impairment of loans to and receivables from Citycon group companies: ▶ We obtained financial information and assessed the financial position and results of the relevant group companies ▶ We obtained and evaluated external information regarding market and industry conditions, which could have an impact on the financial position and results of the relevant group companies ▶ We verified that affiliated -/group companies have met their financial obligations towards the company throughout the year and up to the date of our auditor's report We have also performed the following procedures to assess the ability of the parent company to guarantee credit losses above €2 million: ▶ We obtained and evaluated external information regarding market and industry conditions, which could have an impact on the financial position and result of Citycon Oyj ▶ We obtained and evaluated the going concern assessment of Citycon Oyj including inspection of the credit ratings of Citycon Oyj and the cash flow forecast in cooperation with the group auditor of Citycon Oyj. Furthermore, we reviewed the audited financial statements 2023 and half-yearly report 1 January–30 June 2024 of Citycon Oyj
	Finally, we evaluated the appropriateness of the disclosures in the financial statements.

Valuation of Loans to and other financial receivables from Citycon group companies	
Key observations	Based on our procedures performed we concur with the board of directors' assessment that there is no objective evidence that triggers impairment of loans to and receivables from Citycon group companies.

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

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

Key observations	Based on the procedures performed we concur with the valuation of the investments in the associate (Montalbas B.V.) in the financial statements of Citycon Treasury B.V.

Report on other information included in the annual report

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

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

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

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

Report on other legal and regulatory requirements

Engagement

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

No prohibited non-audit services

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

Description of responsibilities regarding the financial statements

Responsibilities of the board of directors for the financial statements

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

As part of the preparation of the financial statements, the board of directors is responsible for assessing the company's ability to continue as a going concern.

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

Our responsibilities for the audit of the financial statements

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

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

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

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

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

Communication

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

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

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

Utrecht, 18 July 2024

EY Accountants B.V.

signed by R.H.A. Duim