Citycon

Financial Review 2022

Contents

The accounting principles have been marked with a grey background.

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

CFO Bret D. McLeod comments on significant items during the reporting period.

About this report

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

Information to shareholders

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

Annual general meeting
Citycon Oyj's Annual General Meeting will be held on 21 March 2023 at 12:00 noon. The notice, topics discussed in the meeting, proposals made for the Annual General Meeting, as well as the instructions on how to register will be found on Citycon's website.

Shareholders wishing to attend the meeting must be registered in Citycon's shareholder register at Euroclear Finland Ltd. on the record date 9 March 2023.

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

Publication of financial information
Citycon publishes financial information in English and Finnish. All materials can be downloaded from Citycon's website.

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

Investor relations contacts
Citycon's Investor Relations function assists in all investor relations related questions. The primary contact is the VP, Corporate Finance and Investor Relations Sakari Järvelä (ir@citycon.com).

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

Based on the proposed authorization, the maximum total amount of equity repayment, shall not exceed 0.50 per share. Based on the current total number of issued shares in the company, the authorization would equal a maximum of EUR 84,004,470 in equity repayment. The dividend/equity repayment would be paid to shareholders in four installments.

Financial calendar 2023	
Financial Statements Bulletin and Financial Statements 2022	16 February
Interim Report January–March 2023	4 May
Half-yearly Report January–June 2023	18 July
Interim Report January–September 2023	1 November
AGM record date	9 March
Last day for AGM registration	14 March
AGM	21 March

Preliminary payment date of equity repayment[1]

31 March 2023
30 June 2023
29 September 2023
29 December 2023

→ **More information:**
Shares and shareholders, pages 37–38

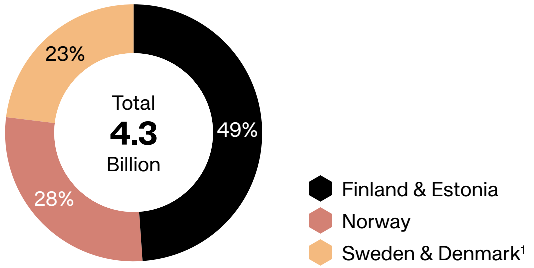
[1] Citycon's Board of Directors will make separate resolutions and announcements on each distribution of the dividend/equity repayment subject to been authorized for asset distribution by the Annual General Meeting.

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

Citycon is the leading owner and developer of urban hubs in the Nordics and Baltics. Our 33 mixed-use, necessity-based centres are located in the major cities in Finland, Sweden, Norway, Denmark and Estonia. We transform unique locations into sustainable communities and cities full of life, serving over 120 million people each year and delivering long-term share value.

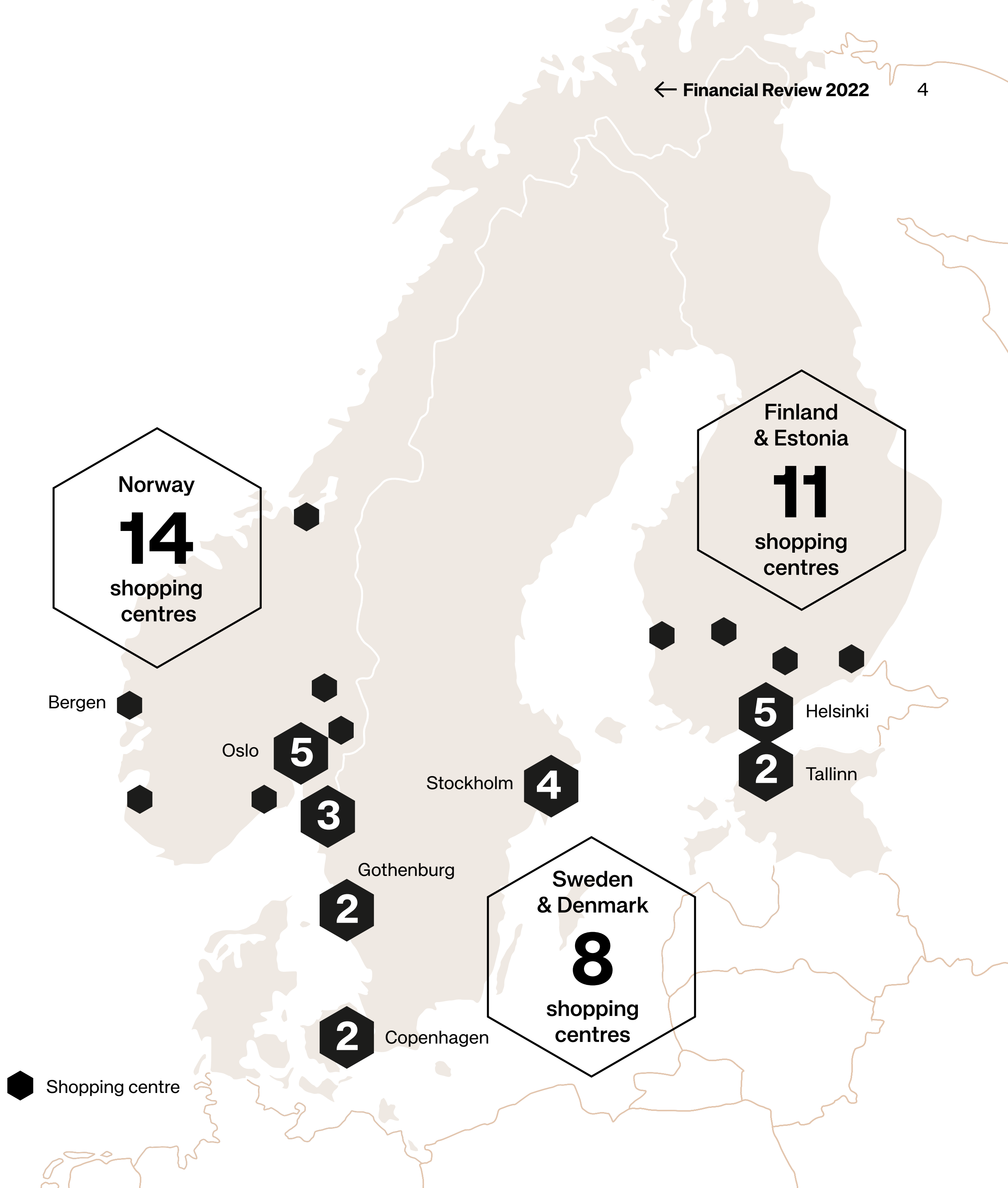
Balanced Nordic portfolio

%



33

urban hubs in 5 countries serving 120 million people each year.



[1] Including Kista Galleria 50%.

CEO's interview

What were the highlights of the year for you?

First of all, 2022 was a very good year for Citycon with successes on all fronts: operations, development, capital recycling, and sustainability. Our strong performance in all of these areas is a testament to the strength of our necessity-based, grocery and municipal anchored properties which are connected to public transportation and are located in the strongest and fastest-growing cities in the Nordics. When you combine this with the exceptional talent of our people, it creates a recipe for success.

At the top of the list of highlights was the grand opening of phase one of Lippulaiva, our new mixed-use centre in Espoo, Finland, which is an excellent representation of Citycon's strategy in action: a full-service, mixed-use, urban hub with several large grocery anchors, a wide range of private and municipal services, direct connection to the metro, surrounded by eight residential towers providing a solid base of customer demand. Notably, grocery stores account for approximately 45% of the centre and all necessity goods representing over 70% of Lippulaiva's 44,000 sq.m. of gross leasable area. The centre is built on a brand-new metro station, which opened in early December 2022. It was the world's first retail centre to be awarded smart building's gold certificate, due to it being carbon neutral and a shining example of our commitment to sustainability. In addition to the retail offerings, the first residential tower at Lippulaiva opened in late December 2022 and the remaining three towers in the first quarter of 2023. This will create additional demand for the property and diversified revenue streams for the company. We are very pleased with how Lippulaiva has been received by the local community and are confident that it will continue to develop into the social and commercial hub of the area.

On the transaction front, we continued to demonstrate the inherent value and liquidity of Citycon's portfolio. In February, we sold two non-core assets at price above our book value and in December, we sold two additional non-core assets in Norway for EUR 120.8 million. For the full year, we sold four non-core assets for EUR 266 million at approximately book value, which provides further evidence of the attractiveness and desirability of necessity-based, inflation protected Nordic retail assets to institutional investors. The most recent transaction represents the first tranche of the asset sale target that we announced in November, to sell EUR 500 million of non-core assets over the next 24 months. With these recent divestments, our disposition target now stands at approximately EUR 380 million. Further, these sales also bolster the validity of our underlying portfolio asset values, particularly given that these transactions were for non-core properties.

2022 was also the year where we continued our process to solidify our investment grade balance sheet. In addition to demonstrating strong private market demand for retail assets, we continued our disciplined capital allocation by using sale proceeds to repurchase our bonds and take advantage of the large discounts and dislocation in the secondary markets. Through these actions we reduced our future interest expense, while also improving our overall balance sheet and debt profile. During 2022, Citycon repurchased EUR 112.3 million of notional bonds for approx. EUR 102.5 million of cash at an average yield of 4.9%. Subsequent to year-end, we launched a public tender to repurchase a combination of our hybrid bonds and our bond maturing in October 2024. In that transaction, we deployed EUR 41.4 million of cash to repurchase EUR 57.4 million of notional bonds, resulting in a cash savings of EUR 16.0 million to par and annual cash interest savings of EUR 2.1 million.

Our results highlight the quality and attractiveness of Citycon's grocery and municipal-anchored centres.

How would you describe Citycon's operational performance in 2022?

Overall, we continued to produce excellent results in 2022. For the year, like-for-like net rental income increased 11.9% in Q4 and 6.6% in 2022 compared to the previous year. We were pleased to see continued strong demand for our centres from both new and existing tenants, as evidenced by our excellent leasing activity with over 174,000 sq.m. of signed leases in 2022 with positive leasing spreads of 2.0%, resulting in retail occupancy up 120 bps to 95.4%. At the same time, average rent per square meter increased by

1.1 EUR to 23.7 EUR/s.qm. during the year. These operational results were the basis for our financial results which met and exceeded the guidance we had previously provided.

We also continue to see very strong growth in both footfall and tenant sales. In 2022, like-for-like tenant sales increased by 5.2% and footfall 9.7% compared to the previous year. Notably, tenant sales are already 6.2% above 2019 levels, again highlighting the quality and attractiveness of Citycon's grocery- and municipal-anchored centres and their resilience during the pandemic. Our assets function as last mile logistics centres for the delivery of daily goods and services for our communities and customers in the strongest and fastest growing cities in the Nordics combined with direct connections to public transportation. Our mix of high credit tenants that are less reliant on consumer discretionary spending provide a level of resilience and stability reflected in our results that bode well as we look forward into 2023.

We are well positioned operationally with a proven, stable business model that has performed well regardless of macroeconomic pressures. This combination is enhanced by the fact that 93% of our leases are linked to indexation and stand to benefit in 2023. This provides meaningful organic growth for net rental income as the rents are reflected in the outlooks we are providing today. We also have the benefit of having a low occupancy cost ratio of 9.1%, and increasing tenant sales in an inflationary environment. This positions Citycon to increase rents and service charges without jeopardizing our tenants' ability to continue to run profitable businesses. Further, we will benefit from a full-year of Lippulaiva being open, in addition to starting to benefit from the residentials units that coming online early this year.

How is the increasing focus on sustainability impacting Citycon?

Citycon has been an early leader in the real estate sector when it comes to sustainability, and we are fully committed to deliver on our ambitious sustainability goals, namely carbon neutrality by 2030 and to reduce greenhouse gas emissions in line with the 1.5°C Paris goal. Alongside with our company level targets, sustainability is embedded in our operations at every step of the process and in 2022, all Citycon employees had a sustainability linked target in their bonus criteria.

Our newest asset, Lippulaiva is the prototype of Citycon's sustainability initiatives in action. The centre is a pioneer in sustainable energy solutions and is carbon neutral in terms of energy consumption from day one. The primary source of energy is the largest ever geothermal heating and cooling system built on a commercial building in Europe combined with integrated solar panels and a smart electricity management solution.

I am proud that our efforts have led to Citycon being recognized as one of the leaders in our sector globally, including Lippulaiva becoming the world's first retail property to be awarded Smart Building's Gold certificate. Furthermore, Citycon was once again named one of Europe's Top Climate Leaders in a comprehensive study by Financial Times.

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

What are Citycon's focus areas for 2023?

Moving forward into 2023, we will continue to focus on delivering on our strategy of creating and operating necessity-based retail hubs in top Nordic 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.

We were "first to market" in the tenant mix transition of our centers with our leasing efforts targeting grocery, municipal and other service providers. We have several large deals in our pipeline that will further this program significantly. Our skilled asset management teams will continue to maximize the space and tenant mix at our core centers, while maintaining a keen eye on cost control and profitability.

Our investment grade balance sheet will also remain a key focus area for us during 2023. We do not have significant maturities until 2024. However, we are well out in front of dealing with scheduled maturities. We will also continue to actively work towards further strengthening our financial position. As mentioned earlier, in November 2022 we announced a goal of selling EUR 500 million of non-core assets over the next 24 months. Following the divestments executed in December the remaining target is EUR 380 million for upcoming 20 months. The proceeds from divestments will be used to repay debt and further stabilizes Citycon's well-laddered maturity profile and credit metrics.

Following the completion of Lippulaiva, Citycon's capital expenditures will be materially lower in 2023. In addition to typical maintenance and tenant improvement capex, in 2023 we have only limited committed development capex at guaranteed, fixed pricing. These reduced capital commitments increase operational free cash flow, providing additional support for the balance sheet. At the same time, we continue to make progress in creating approximately EUR 300 million of additional building rights' in our existing portfolio with minimal capital expenditure required. Building rights are next to and on top of our existing assets, which creates additional value for our portfolio and our centres at minimal capital outlay.

We have a very stable business model with some of the best necessity-based centres in the Nordics and 93% of our leases linked to indexation, which positions us for healthy topline growth. I would also remind that this is the floor for growth in future years. Citycon's relatively low occupancy cost ratio also offers the company ample headroom for rent growth particularly as sales continue to increase, which continues to translate into strong leasing activity and stable cash flows.

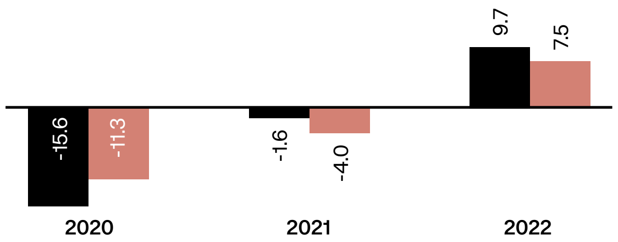
In summary, the company's business model has outperformed in 2022 and is poised to continue to do so in the coming year.

F. Scott Ball
CEO

Key figures

Footfall development[1]

%

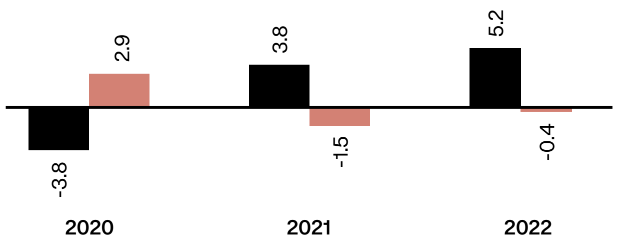


Like-for-like
Total

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

Tenant sales development[1]

%



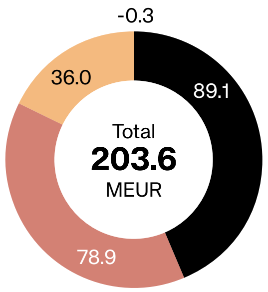
Like-for-like
Total

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

Key figures	2022	2021
Net rental income, MEUR	203.6	202.3
Net rental income growth	0.7%	-1.5%
EPRA Earnings per share (basic)	0.730	0.703
EPRA NRV per share	11.01	12.15
Average interest rate	2.43%	2.47%

Net rental income by segments

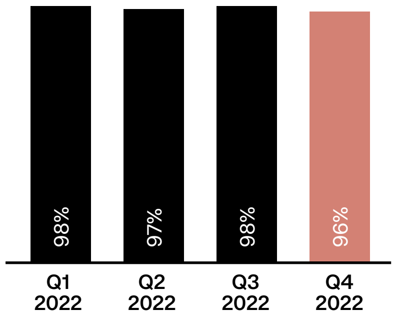
MEUR



Finland & Estonia
Norway
Sweden & Denmark
Other

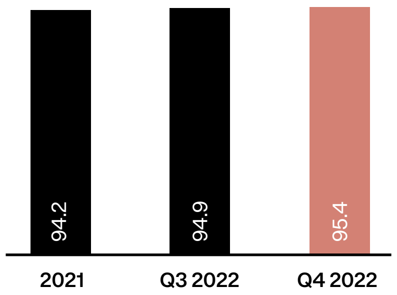
Rent collection rate

%



Retail occupancy rate[1]

%



[1] Kista Galleria 50% not included.

Citycon – urban convenience in the heart of communities

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

Focusing on prime assets that we...

...own,

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

...manage,

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

...develop.

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

How we create value?

Assets in Nordic prime locations

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

Necessity-based tenant mix

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

Proven asset management

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

Active capital recycling

- 500 MEUR target for asset sales in 11/2022 -11/2024
- Proceeds used to repay debt
- Strengthen investment grade balance sheet

Inherent building rights

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

A stable core business with attractive opportunities for value creation

Report by the Board of Directors

Citycon continued to demonstrate the strength and stability of its Nordic portfolio on both the operational and transactional fronts during an uncertain macro-economic environment. Citycon's operational performance showed continued improvement throughout the year as like-for-like net rental income increased by 6.6%. The overall financial performance remained solid in 2022 and reported Direct Operating Profit, EPRA Earnings per share, and Adjusted Earnings per share were EUR 175.2, EUR 0.730, and EUR 0.548, respectively. Rent collection rate was high at 97% for 2022 and reflects the high quality and creditworthiness of Citycon's tenants. Combined with Citycon's low occupancy cost ratio (9.1%) and increasing tenant sales, there is ample headroom for rent indexations in 2023.

Like-for-like tenant sales increased 5.2% and like-for-like footfall 9.7% compared to the previous year. Like-for-like tenant sales are already well above (6.2%) 2019, which demonstrates the strength of Citycon's strategy to focus on grocery-anchored urban hubs, which have a high proportion tenants providing necessity goods and services, connected to transportation and in convenient locations in the largest Nordic cities.

On the transaction front, Citycon continued to be an active capital recycler and sold four non-core assets in Norway for approx. EUR 266 million. This demonstrates the liquidity of Citycon's portfolio and highlights the attractiveness and desirability of necessity-based, inflation protected Nordic retail assets to investors. At the same time, Citycon demonstrated efficient capital allocation by using a major part of the sale proceeds to deleverage the company by repurchasing its own bonds from the open market. These actions further improved Citycon's financial position and strengthened its balance sheet. Currently, Citycon has no significant maturities until October 2024, 93% of its debt is fixed and 100% of its assets are unencumbered.

In addition to focusing on portfolio recycling and balance sheet activities, Citycon continued to execute its strategy to create mixed-use, necessity-based, sustainable urban hubs. Lippulaiva, which opened in March, is a prime example of Citycon's necessity-based, mixed-use strategy in action and an important milestone in realising the potential of Citycon's robust building right potential to create assets that combine a diverse range of services, retail, housing and office premises with well-functioning traffic connections. Going forward, Citycon will continue to focus on monetizing its building rights either by selling, entering into joint ventures, or developing to further densify the area directly around Citycon's existing centres.

Key Figures

		2022	2021	%	FX Adjusted %[1]
Net rental income	MEUR	203.6	202.3	0.7%	1.2%
Like-for-like net rental income development	*%*	*6.6%*	*-1.5%*	-	-
Direct operating profit[2]	MEUR	175.2	176.1	-0.5%	0.0%
IFRS Earnings per share (basic)[3]	EUR	-0.15	0.55	-	-
Fair value of investment properties	MEUR	4,040.1	4,189.2	-3.6%	-
Loan to Value (LTV)[2,4,6]	%	41.4	40.3	2.7%	-
EPRA based key figures[2]					
EPRA Earnings	MEUR	122.6	124.4	-1.4%	-0.8%
Adjusted EPRA Earnings[3]	MEUR	92.1	100.0	-7.9%	-7.2%
EPRA Earnings per share (basic)	EUR	0.730	0.703	3.9%	4.6%
Adjusted EPRA Earnings per share (basic)[3]	EUR	0.548	0.565	-3.0%	-2.2%
EPRA NRV per share[5,7]	EUR	11.01	12.15	-9.3%	-

[1] Change from previous year (comparable exchange rates). Change-% is calculated from exact figures.
[2] Citycon presents alternative performance measures according to the European Securities and Markets Authority (ESMA) guidelines. More information is presented in Basis of Preparation and Accounting Policies in the notes to the accounts.
[3] The key figure includes hybrid bond coupons and amortized fees.
[4] Highly liquid cash investments has been taken into account in net debt.
[5] Calculation updated from this and comparison periods. Divided by number of shares at balance sheet date instead of average amount of shares during the reporting period.
[6] LTV Q4/2021 changed due to correction related to presentation of IFRS 16 assets. Previously reported LTV for Q4/2021 was 40.7%
[7] The effect of currency rates to EPRA NRV/share was EUR -0.79.

Outlook for 2023

Direct operating profit	MEUR	174–192
EPRA Earnings per share (basic)	EUR	0.69–0.81
Adjusted EPRA Earnings per share (basic)	EUR	0.51–0.63

The outlook assumes that there are no major changes in macroeconomic factors and that there will not be another wave of COVID-19 with restrictions resulting in significant store closures and no major disruptions from the war in Ukraine. These estimates are based on the existing property portfolio as well as on the prevailing level of inflation, the EUR–SEK and EUR–NOK exchange rates, and current interest rates.

Main events in 2022

General:

- Citycon continued to demonstrate strong operational performance amidst a challenging macroeconomic environment. Just as the company outperformed during the covid crisis, Citycon's strategy continued to prove resilient in a variety of market conditions.
- Citycon was selected as one of Europe's Climate Leaders for the second consecutive year according to the list drafted by the Financial Times and German research company Statista. Citycon is the only Finnish real estate company included in the list and was in the top quarter of all European companies, regardless of sector.
- Citycon announced a new brand reflecting its Nordic strategy to own Nordic mixed-use, urban hubs focused on necessity-based centres in prime locations.
- Bret D. McLeod started as Chief Financial Officer of Citycon on January 1, 2022.

Development projects:

- Urban hub Lippulaiva opened on 31 March 2022 to an excellent reception from both tenants and customers.
  - Lippulaiva is a prototype and great example of the company's mixed-use development strategy in action, combining necessity-based retail, private and public services with complimentary residential and office spaces.
  - First residential tower opened in December 2022 with remainder of the residentials coming online in 2023–2024.
  - Lippulaiva is a nearly zero emission building with extensive geothermal and solar energy solutions resulting in the world's first centre to be awarded Smart Building's Gold certificate.
- Citycon continued to execute on the creation of approximately EUR 300 million of additional building rights' in our existing portfolio with minimal capital expenditure required.
  - Trekanten, Norway: new zoning plan was approved in September signalling a significant milestone in the realization of the building rights.
  - Opportunity to sell, develop or execute strategic joint ventures.
  - Currently, all construction commitments are minimal and at guaranteed fixed pricing.
- Capital expenditures declining significantly following completion of Lippulaiva.

Active capital recycling:

- In 2022, Citycon sold 4 non-core assets in Norway for approx. EUR 266 million demonstrating liquidity of Citycon's portfolio and highlighting the attractiveness and desirability of necessity-based, inflation protected Nordic retail assets to investors.
  - The proceeds from the transactions were mainly used to repay debt and to further strengthen Citycon's investment grade balance sheet.
- In November, Citycon stated a goal of selling EUR 500 million of non-core assets over the next 24 months.
  - Following the divestment in December, the remaining target is EUR 380 million.
- In February, Citycon signed a forward commitment agreement to acquire a newly developed residential asset in Stockholm, Sweden for approximately EUR 69.5 million.

Financing:

- In 2022, Citycon repurchased EUR 112.3 million of notional bonds from the open market by using approx. EUR 102.5 million of cash at an average yield of 4.9%.
  - Bond repurchases accretively funded by proceeds from non-core Norwegian dispositions.
  - Repurchases further stabilizes Citycon's well-laddered maturity profile and reduces refinancing risk.
  - Significant reduction in interest expense.
- In January 2023, Citycon tendered EUR 57.4 million of notional 2024 bond and hybrid bonds issued in 2019 and 2021 with approx. EUR 41.4 million of cash.
- Citycon remains committed to its investment grade balance sheet and has no significant maturities until October 2024, 93% fixed debt, and 100% of its assets are unencumbered.

Financial performance 2022

- Full year results for Direct Operating Profit and EPRA EPS in-line with company guidance.
- Net rental income was EUR 203.6 million (Q1–Q4/2021: EUR 202.3 million). On a like-for-like basis, net rental income increased by 6.6%.
- EPRA Earnings were EUR 122.6 million (Q1–Q4/2021: EUR 124.4 million). EPRA Earnings per share (basic) was EUR 0.730 (Q1–Q4/2021: EUR 0.703).
- Adjusted EPRA earnings were EUR 92.1 million (Q1–Q4/2021: EUR 100.0 million).
- IFRS earnings per share was EUR -0.15 (Q1–Q4/2021: EUR 0.55).
- Net cash from operations per share was EUR 0.59 (Q1–Q4/2021: EUR 0.72).
- The Board of Directors proposes to the Annual General Meeting that the Board be authorised to decide on the profit distribution. Based on the proposed authorization the maximum amount of profit sharing, to be paid as equity repayment, would be EUR 0.50 per share.

Business environment

The Nordic economies recovered well from the Covid-19 pandemic dip but are now being impacted, like the rest of the global economy, by the sharp increase in cost of living and the uncertain economic environment due to inflation and rising interest rates. The common denominator for the Nordic countries is their strong financial position, thanks to high personal savings, strong public finances and robust job creation, which have continued up to now. This provides these economies a buffer and some degree of resilience during this time of geopolitical uncertainty, inflation, and rising interest rates. Additionally, the Nordics are expected to be less affected by the war in Ukraine because those countries are, generally, less dependent on Russian natural gas.

While inflation is trending higher in all Nordic markets, this remains a tailwind for Citycon operations due to the grocery and services-oriented tenant mix of Citycon's necessity-based urban hubs, and the fact that 93% of leases tied to indexation.

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

Net rental income

Like-for-like net rental income in Q4 increased 11.9% compared to Q4/2021.

Like-for-like net rental income in Q1–Q4/2022 increased by 6.6%.

Total net rental income for the period was EUR 203.6 million (Q1–Q4/2021: EUR 202.3 million).

Like-for-like net rental income from the Finnish & Estonian operations increased by 2.7% in Q1–Q4/2022. Like-for-like net rental income from Swedish & Danish operations increased by 8.3% in Q1–Q4/2022. Like-for-like net rental income from the Norwegian operations increased by 10.6% in Q1–Q4/2022.

Occupancy, Sales and Footfall

The retail occupancy rate was 95.4% in Q4/2022 and was 120 bps higher versus the same time last year (Q4/2021: 94.2%). Economic occupancy for Q4/2022 was 94.5% (Q4/2021: 93.4%). Furthermore, the average rent per sq.m. increased by 1.1 to 23.7 EUR (Q4/2021: 22.6 EUR) as we leased over 174,000 sq.m. during the year with a positive leasing spread of 2.0%.

Like-for-like tenant sales increased 0.4% in Q4/2022 and 5.2% for Q1–Q4/2022 compared to the same time last year. Notably, like-for-like tenant sales in Q1–Q4/2022 are up 6.2% compared to the same time period in 2019.

Like-for-like footfall increased by 3.7% in Q4/2022 and 9.7% in Q1–Q4/2022 compared to the same period last year.

Business environment key figures

	Finland	Norway	Sweden	Denmark	Estonia	Euro area
GDP growth, 2022	2.0%	3.1%	2.8%	3.0%	8.0%	3.4%
Unemployment, 2022	6.7%	3.0%	6.9%	4.8%	5.3%	6.4%
Inflation, 2022	9.2%	6.5%	10.9%	10.3%	17.6%	9.2%
Retail sales growth, 11/2022[1]	-3.1%	-3.6%	-5.0%	-7.4%	-2.3%	-2.8%

[1] % change compared with the same month of the previous year
Sources: SEB Nordic Outlook, European Commission, Eurostat, Statistics Finland/Norway/Sweden/Estonia/Denmark

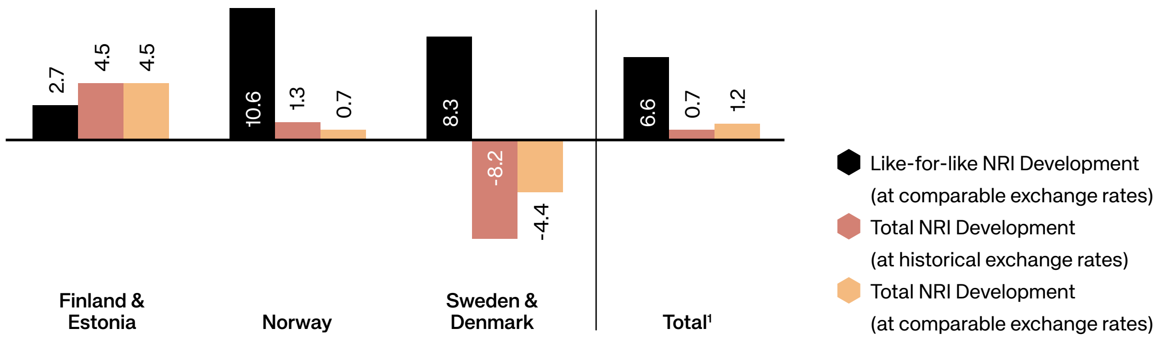
Net rental income and gross rental income breakdown

	Net rental income					Gross rental income
MEUR	**Finland & Estonia**	**Norway**	**Sweden & Denmark**	**Other**	**Total**	**Total**
2021	**85.2**	**77.8**	**39.2**	**0.0**	**202.3**	**222.2**
(Re)development projects	7.1	0.6	-1.3	-	6.4	8.3
Divestments	-5.0	-6.0	-2.4	-	-13.4	-14.1
Like-for-like properties[1]	1.7	5.5	2.2	-	9.4	7.5
Other (incl. exchange rate differences)	0.0	1.0	-1.7	-0.3	-1.0	-1.6
2022	**89.1**	**78.9**	**36.0**	**-0.3**	**203.6**	**222.3**

[1] Like-for-like properties are properties held by Citycon throughout two full preceding periods. Like-for-like properties exclude properties under (re)development or extension.

Like-for-like and total net rental income development, 2022 vs. 2021

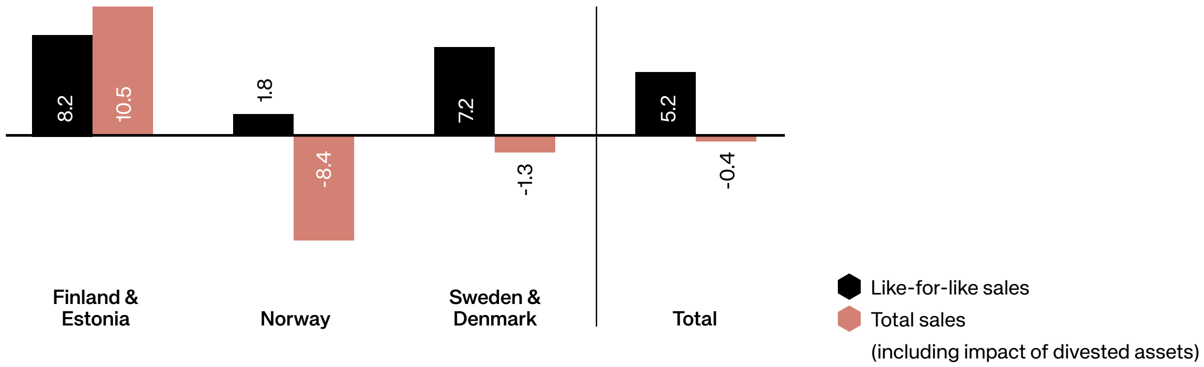
%



[1] Total NRI impacted by disposals executed in 2021 and 2022.

Tenant sales development, 2022 vs. 2021[1]

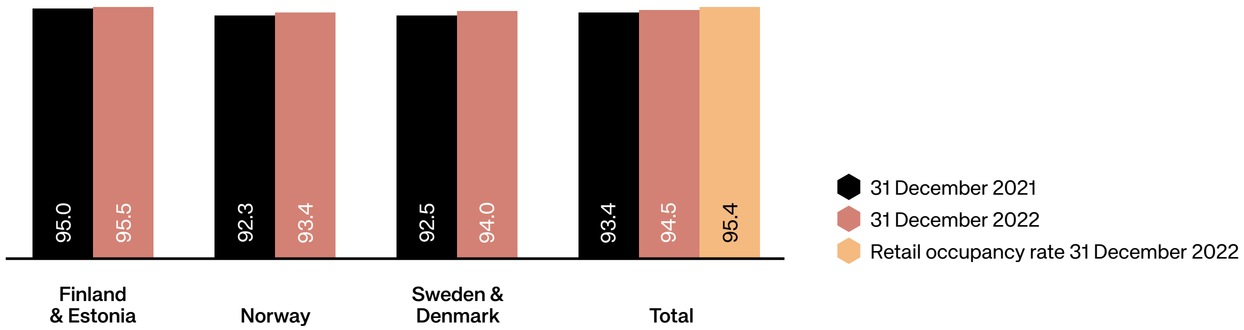
%



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

Occupancy rate[1]

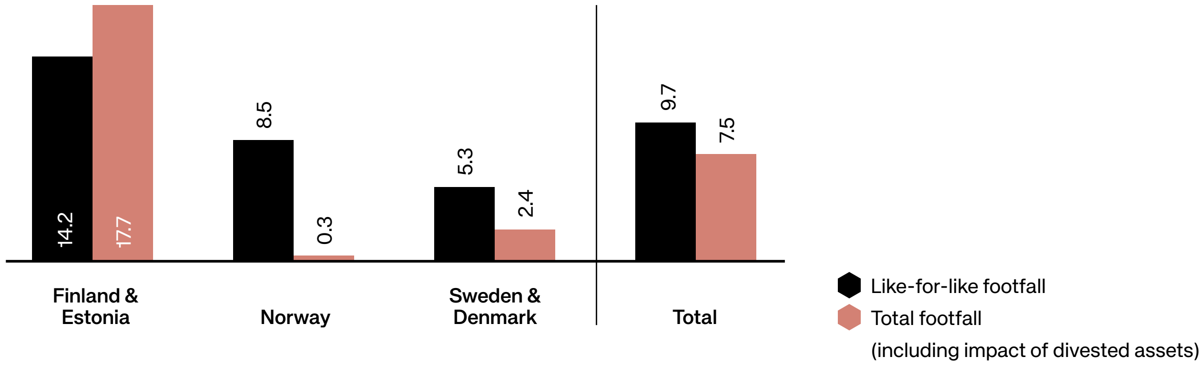
%



[1] Kista Galleria 50% not included.

Footfall development, 2022 vs. 2021[1]

%



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

Lease portfolio summary[1]

		31 December 2022	31 December 2021
Number of leases	pcs	3,191	3,326
Average rent	EUR/sq.m./ month	23.7	22.6
Average remaining length of lease portfolio	years	3.4	3.1
Occupancy cost ratio[2]	%	9.1%	8.8%
Leasing Spread	%	2.0%	-1.3%

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

At period-end, Citycon had a total of 3,191 (3,326) leases, of which the average remaining length was 3.4 years (3.1).

Leasing activity[1]

		Q1–Q4 /2022	Q1–Q4 /2021
Total area of leases started	sq.m.	262,772	247,526
Total area of leases ended	sq.m.	302,490	319,011

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

Financial result Q1–Q4/2022 vs. Q1–Q4/2021

Operating profit was EUR 87.7 million (Q1–Q4/2021: EUR 217.8 million).

Administrative expenses were EUR 28.7 million (Q1–Q4/2021: EUR 26.1 million), mainly due to IFRS treatment of share-based compensation. At the end of the reporting period, Citycon Group employed a total of 251 (31 December 2021: 251) full-time employees (FTEs) of whom 57 worked in Finland & Estonia, 82 in Norway, 47 in Sweden & Denmark, and 66 in Group functions.

Personnel key figures

	2022	2021	2020
FTE at the end of the reporting period	251	242	239
Wages and salaries, EUR million	18.9	17.3	18.2

Net financial expenses (IFRS) decreased to EUR 48.0 million (Q1–Q4/2021: EUR 55.0 million) due to lower interest expenses following lower debt levels, coupled with indirect one-off gains related to prepayment of debt. The comparison period included indirect one-off costs related to prepayment of debt. In addition, EUR 9.2 million indirect loss (Q1–Q4/2021: EUR 0.8 million loss) related to fair value changes of cross-currency swaps not under hedge accounting was booked.

Share of loss of joint ventures and associated companies totalled EUR -24.6 million (Q1–Q4/2021: EUR -6.3 million) mainly due to weaker development of property fair values in joint venture Kista.

Profit for the period was EUR 5.1 million (Q1–Q4/2021: EUR 121.0 million).

Property portfolio value development

From year-end the fair value of investment properties decreased by EUR 149.1 million to EUR 4,040.1 million (31 December 2021: EUR 4,189.2 million). Net investments, including both acquisitions and disposals and development projects increased the fair value by EUR 149.9 million. In addition, changes in right-of-use –assets increased the value of investment properties by an additional EUR 6.4 million. Fair value losses decreased the value of investment properties by EUR 56.5 million, exchange differences by EUR 122.3 million and transfer between categories by EUR 126.5 million.

Q1–Q4/2022 fair value change of investment properties amounted to EUR -56.5 million (Q1–Q4/2021: EUR 48.6 million) mainly due to changes in yield requirements. In addition, fair value change includes EUR -15.9 million Torvbyen fair value impact in Q4 as a result of a partial closure of the center for structural damage. The company recorded a total value increase of EUR 53.1 million (Q1–Q4/2021: EUR 106.1 million) and a total value decrease of EUR 102.9 million (Q1–Q4/2021: EUR 45.7 million). In addition, the application of IFRS 16 standard had an impact of EUR -6.8 million (Q1–Q4/2021: EUR -11.8 million) to the fair value change of investment properties during the January-December reporting period.

External appraisers, CBRE (in Denmark, Estonia and Norway) and JLL (in Finland and Sweden) measure the fair values for the half-yearly report and annual financial statements. Citycon measures the fair values of the properties internally in the first and third quarter, reflecting market views of external appraisers.

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

Property portfolio summary

31 December 2022	No. of properties	Gross leasable area	Fair value, MEUR	Properties held for sale, MEUR	Portfolio, %
Shopping centres, Finland & Estonia[1]	11	437,050	2,038.1	-	50%
Other properties, Finland & Estonia	1	2,240	3.8	-	0%
Finland & Estonia, total	**12**	**439,290**	**2,041.8**	**-**	**51%**
Shopping centres, Norway	13	350,100	1,198.1	-	30%
Rented shopping centres, Norway[2]	1	14,500	-	-	-
Norway, total	**14**	**364,600**	**1,198.1**	**-**	**30%**
Shopping centres, Sweden & Denmark	7	209,500	748.7	-	19%
Other properties, Sweden & Denmark	1	-	6.2	-	0%
Sweden & Denmark, total	**8**	**209,500**	**754.9**	**-**	**19%**
Shopping centres, total	32	1,011,150	3,984.8	-	99%
Other properties, total	2	2,240	10.0	-	0%
Investment properties, total	**34**	**1,013,390**	**3,994.8**	**-**	**99%**
Right-of-use assets classified as investment properties (IFRS 16)	-	-	45.3	-	1%
Investment properties in the statement of financial position, total	**34**	**1,013,390**	**4,040.1**	**-**	**100%**
Kista Galleria (50%)	1	46,350	210.7	-	-
Investment properties and Kista Galleria (50%), total	**35**	**1,059,740**	**4,250.8**	**-**	**-**

[1] Includes Lippulaiva residential development project.
[2] Value of rented properties is recognised within IFRS 16 investment properties based on IFRS rules.

Fair value changes

MEUR	2022	2021
Finland & Estonia	-15.4	3.4
Norway[1]	-26.5	26.2
Sweden & Denmark	-7.8	30.8
Investment properties, total	**-49.8**	**60.4**
Right-of-use assets classified as investment properties (IFRS 16)	-6.8	-11.8
Investment properties in the statement of financial position, total	**-56.5**	**48.6**
Kista Galleria (50%)	-25.5	-1.4
Investment properties and Kista Galleria (50%), total	**-82.0**	**47.2**

[1] Includes EUR -15.9 million Torvbyen fair value impact in Q4 as a result of a partial closure for structural damage.

Capital recycling

In 2022, Citycon continued its active capital recycling and divested in total four non-core assets for approximately EUR 266 million:

- In Q4/2022 Citycon sold two non-core centres in Norway with price of approximately EUR 120.8 million. The proceeds from the transaction were used to repay debt and to further strengthen our investment grade balance sheet. The transaction closed on 20 December 2022.
- In Q1/2022 Citycon sold two non-core centres in Norway with price of approximately EUR 145.4 million, in-line with IFRS book value. Transaction closed on 28 February 2022.

Additionally, Citycon signed on 7 February 2022 an off-market, forward commitment to acquire newly developed residential asset in Stockholm, Sweden for a fixed price of EUR 69.5 million. An initial deposit of 6.6 million was made with the remainder of the purchase price to be funded upon delivery in 2024. The brand-new property will consist of over 200 well-appointed rental and freehold apartments and is located in the growing and dynamic neighbourhood of Barkarbystaden, in close proximity to Citycon's existing necessity-based assets in Kista and Jakobsberg.

The transactions follow Citycon's strategy to focus on larger, grocery/municipal services-anchored, urban hubs with a connection to transportation links, while also providing further densification potential to add residential units, offices and other complimentary uses.

Strengthening the balance sheet remains a key priority and the company will continue to evaluate opportunistic capital recycling actions going forward.

(Re)development projects

Further information on the company's completed, ongoing and planned (re)developments can be found on page 34 in the Financial Review 2022.

Acquisitions and divestments 2022

		Location	Gross leasable area, sq.m.	Date	Price, MEUR
Divestments					
Portfolio of 2 centres				28 February 2022	145.4
Buskerud	Shopping centre	Krokstadelva, Norway	32,100		
Magasinet	Shopping centre	Drammen, Norway	15,000		
Portfolio of 2 centres				20 December 2022	120.8
Down Town	Shopping centre	Porsgrunn, Norway	36,700		
Sjøsiden	Shopping centre	Horten, Norway	11,200		
Divestments, total			**95,000**		**266.2**
Acquisitions					
Barkarbystaden	Residential asset	Stockholm, Sweden	12,950	7 February 2022	69.5[1]
Acquisitions, total			**12,950**		**69.5**

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

(Re)development projects in progress on 31 December 2022

	Location	Area before/ after, sq.m.	Expected net investment, MEUR	Actual net investment by 31 December 2022, MEUR	Completion
Lippulaiva residentials	Helsinki metropolitan area, Finland	-/18,000	90.5	58.7	2022–2024
Herkules, residentials (50%)	Skien, Norway	-/7,600	28.0	8.4	2024
Barkarby, residentials	Stockholm, Sweden	-/12,950	69.5[1]	6.6[1]	2024

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

Completed (re)development projects in 2022

	Location	Area before/ after, sq.m.	Expected net investment, MEUR	Actual net investment by 31 December 2022, MEUR	Completion
Lippulaiva shopping centre	Helsinki metropolitan area, Finland	19,200/44,300	369.0[1]	368.5	Q1/2022

[1] Expected gross investment is 425.4 MEUR with the proceeds from net rental income of Pikkulaiva, sale of additional building rights and metro & bus terminal offsetting for a expected net investment of 369.0 MEUR. Actual gross investment by 31 December 2022 was 423.9 MEUR.

Capital expenditure

MEUR	2022	2021
Acquisitions of properties[1]	6.3	-0.6
Acquisitions of and investments in joint ventures	0.4	29.2
Property development[2]	165.7	191.0
Goodwill and other investments	4.6	4.5
Total capital expenditure incl. acquisitions	**177.0**	**224.1**
Capital expenditure by segment		
Finland & Estonia	119.7	163.6
Norway	32.1	21.7
Sweden & Denmark	21.4	35.2
Group administration	3.9	3.6
Total capital expenditure incl. acquisitions	**177.0**	**224.1**
Divestments[3,4]	**292.0**	**265.3**

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

Shareholders' equity

Equity per share was EUR 13.75 (31 December 2021: EUR 14.80). Paid equity return and translation losses decreased equity per share.

At period-end, **shareholders' equity** attributable to parent company's shareholders was EUR 1,618.8 million (31 December 2021: EUR 1,800.1 million).

Financing

After the reporting period, Citycon executed a tender offer of the 2024 notes and the two capital securities issued in 2019 and 2021. In January the company announced that it will repurchase an aggregate amount of EUR 57.4 million of the principal amounts outstanding on the three tendered securities.

In December, the company executed its last bond repurchases in the open market, at a discount to par. A total of EUR 4.0 million was repurchased of the 2024 notes.

In September, the company returned to repurchase bonds in the open market, still at a discount. A total of EUR 2.0 million was repurchased of the 2024 notes and EUR 26.95 million of the 2027 notes. EUR 25.95 million was executed during the end of Q3/2022 and EUR 3.0 million during the beginning of Q4/2022.

In June, the company continued to repurchase bonds at a discount in the open market. A total of EUR 25 million was repurchased of the 2024 notes and EUR 29.4 million of the 2027 notes. EUR 33.8 million was executed during the end of Q2/2022 and EUR 20.6 million during the beginning of Q3/2022.

In March, the company decided to deploy part of the cash from the Norwegian asset sales to repurchase bonds at an attractive price and strengthen its balance sheet. In total, EUR 25 million of the company's 2024 notes were repurchased in the open market, of which EUR 4.7 million was executed during Q1/2022 and the rest at the beginning of Q2/2022.

In February, Citycon announced that it had signed an agreement to sell two non-core shopping centres in Norway, Buskerud centre and Magasinet centre. The gross purchase price for the assets was approximately EUR 145.4 million and the transaction closed at the end of February.

In January, Citycon finalised the share buy-back programme launched in December to repurchase 500,000 of the company's own shares. The buy-back programme started on 20 December 2021 and ended on 10 January 2022. During this period, a total of 500,000 own shares were repurchased. The total amount used for the repurchase was approximately EUR 3.49 million. A total of 10,415 own shares held by the Company was used for payment of rewards under the Company's share-based incentive plan to four key persons. The rest of the repurchased shares, 489,585 shares, were cancelled on 14 January 2022.

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

Key financing figures

MEUR		31 December 2022	31 December 2021
Fair value of debt	MEUR	1,781.7	1,860.3
Interest-bearing liabilities, carrying value[1]	MEUR	1,807.7	1,878.5
Available liquidity	MEUR	577.7	583.7
Average loan maturity	years	3.2	4.2
Loan to Value (LTV)[2]	%	41.4	40,3[3]
Interest cover ratio (financial covenant > 1.8)	x	4.0	4.1
Net debt to total assets (financial covenant < 0.60)	x	0.39	0.38
Solvency ratio (financial covenant < 0.65)	x	0.40	0.39
Secured solvency ratio (financial covenant < 0.25)	x	0.00	0.00

[1] Including EUR 42.8 million (Q4/2021: EUR 43.2 million) IFRS 16 lease liabilities.
[2] Hybrid bond treated as equity as according to IFRS. Excluding both right-of-use assets recognized as part of investment properties, as well as lease liabilities pertaining to these right-of-use assets, which are based on IFRS 16 requirements.
[3] LTV Q4/2021 changed due to correction related to presentation of IFRS 16 assets. Previously reported LTV for Q4/2021 was 40.7%.

Interest-bearing debt

The fair value of interest-bearing debt decreased during 2022 by EUR 78.6 million to EUR 1,781.7 million, mainly following repurchases of bonds and weakening of the NOK currency rate. The carrying amount of interest-bearing liabilities in the balance sheet was EUR 1,807.7 million including IFRS 16 liabilities of EUR 42.8 million.

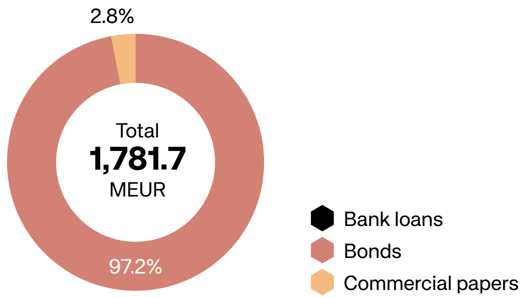
The weighted average loan maturity decreased during the quarter and stands at 3.2 years.

LTV (IFRS) decreased during the quarter to 41.4% due to lower net debt following deleveraging with proceeds from asset sales. LTV increased over the year (Q4/2021: 40.3%) mainly as a result of decreased property values partially due to weakened NOK and SEK currency rates.

Citycon does not have any significant debt maturities until 2024 when the credit facility matures in June and the EUR 480 million unsecured senior notes mature in October.

Breakdown of loans

%



Financial expenses

The direct net financial expenses (EPRA) was slightly below last year mainly due to lower interest expenses following debt repurchases.

Net financial expenses (IFRS) decreased considerably to EUR 48.0 million (Q1–Q4/2021: EUR 55.0 million) mainly due to indirect one-off net gains related to prepayment of debt of EUR 8.1 million recorded during the year. In the comparison period, the company recorded indirect losses of EUR 7.3 million related to prepayment of debt. In addition, an amount of EUR 9.2 million indirect losses (Q1–Q4/2021: EUR 0.8 million loss) was booked related to fair value changes of cross-currency swaps not under hedge accounting.

The financial income mainly consisted of interest income on a loan to Kista Galleria. The foreign exchange differences are netted in financial expenses in the table above.

The period-end weighted average interest rate was 2.43%.

Financial risk management

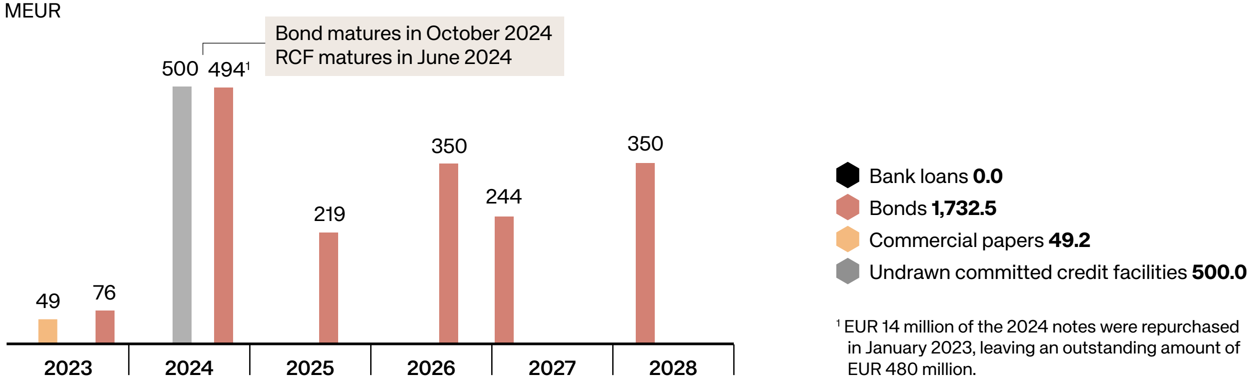
Citycon uses interest rate swaps to hedge the floating interest rate risk exposure. According to the company's treasury policy, the currency net transaction risk exposure with profit and loss impact is fully hedged through currency forwards and cross-currency swaps that convert EUR debt into SEK and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

Changes in corporate management

Bret D. McLeod started as Citycon Oyj's Chief Financial Officer (CFO) on 1 January 2022.

Debt maturities

MEUR



[1] EUR 14 million of the 2024 notes were repurchased in January 2023, leaving an outstanding amount of EUR 480 million.

Financial expenses key figures

MEUR		2022	2021
Financial expenses[1]	MEUR	-64.7	-62.0
Financial income[1]	MEUR	16.7	7.1
Net financial expenses (IFRS)	**MEUR**	**-48.0**	**-55.0**
Direct net financial expenses (EPRA)	MEUR	-47.0	-46.8
Weighted average interest rate[2]	%	2.43	2.47
Weighted average interest rate excluding derivatives	%	2.57	2.48
Year-to-date weighted average interest rate[2]	%	2.42	2.41

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

Sustainability

Citycon's strategy is to be a forerunner in sustainable shopping centre management. Citycon's sustainability strategy was updated in 2017 and Citycon has set ambitious targets that extend to 2030.

In its sustainability reporting, Citycon applies the GRI Standards, European Public Real Estate Association (EPRA) Best Practice Recommendations on Sustainability Reporting (3rd Edition) and Citycon's own internal reporting principles (Criteria). Citycon's sustainability strategy, targets and measures are described in detail in the upcoming Sustainability Accounts 2022.

Citycon's Annual and Sustainability Report 2021 was awarded as one of the best within the industry. Citycon received the EPRA Gold Award in the Sustainability Best Practices series for the tenth year in a row. Citycon has received a rating of AA in the MSCI ESG Ratings assessment. Citycon also has the ISS-Oekom "Prime" rating, awarded to companies that achieve the best ESG scores among their sector peers.

Key environmental indicators 2022:

- Citycon's total energy consumption (incl. electricity consumption in common areas, heating and cooling) amounted to 263 gigawatt hours (Q1–Q4/2021: 280 GWh). Shopping centre energy intensity (kWh/sq.m) decreased by 2% compared to previous year.
- The carbon footprint totalled 5,108 thousand carbon equivalent tonnes (Q1–Q4/2021: 10 605 tCO_2 e). The carbon intensity ($kgCO_2$ e/sq.m) of shopping centres decreased by 44% compared to previous year.
- The recycling rate in shopping centres remained at the same level as the previous year and was 99%.

Citycon uses BREEAM In-Use to assess and develop the sustainable management of its shopping centres. 66% of Citycon's shopping centres, measured by fair value, had acquired the certification at period-end.

Disclosure according to the Taxonomy Regulation Delegated Act:

Citycon's sustainability and finance teams have classified the company's activities by mapping Citycon group's consolidated IFRS income statement accounts based on whether they are covered by a NACE code included in the Taxonomy. Based on this classification 97% of Citycon's total turnover, 99% of capital expenditure and 69% of operational expenditure is derived from Taxonomy-eligible activities.

Citycon is not obliged to report information according to the taxonomy regulation, and for that reason Citycon does not report on the taxonomy alignment of the company's operations for the year 2022.

Risks and uncertainties

The most significant near-term risks and uncertainties in Citycon's business operations are associated with the general development of the economy and consumer confidence in the Nordic countries and Estonia, and how this affects fair values, occupancy rates and rental levels of the shopping centres and, thereby, Citycon's financial results. Increased competition locally or from e-commerce might affect demand for retail premises, which could lead to lower rental levels or increased vacancy, especially outside capital city regions. Costs of development projects could increase due to rising construction costs or projects could be delayed due to unforeseeable challenges. Rising interest rates could also put pressure on investment yields, which could potentially impact fair values. The war in Ukraine and the COVID-19 virus continue to pose risks to economic health in Europe as well.

The main risks that can materially affect Citycon's business and financial results, along with the main risk management actions, are presented in detail on pages 35–36 in the Financial Statements 2022, in Note 3.5 A) as well as on Citycon's website in the Corporate Governance section.

Legal proceedings

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

General meeting

Annual General Meeting 2022

Citycon's Annual General Meeting 2022 (AGM) was held in Espoo, Finland on 22 March 2022. The General Meeting approved all the proposals made by the Board of Directors to the General Meeting. The AGM adopted the company's Financial Statements and discharged the members of the Board of Directors and the CEO from liability for the financial year 2021 and decided to adopt the Remuneration Report for the governing bodies.

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

The AGM decisions and the minutes of the AGM are available on the company's website at citycon.com/agm2022.

Extraordinary General Meeting 2022

Citycon's Extraordinary General Meeting (EMG) held on 8 December 2022 decided to amend Citycon's Articles of Association to enable holding a general meeting completely without a meeting venue. Further information available on the company's website at citycon.com/egm2022.

Board of Directors

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

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

Chaim Katzman was the Chairman of the Board of Directors in 2022 Alexandre (Sandy) Koifman and F. Scott Ball were Vice Chairmen of the Board of Directors.

Auditor

Since 2006, the company's auditor has been Ernst & Young Oy, a firm of authorised public accountants, which had designated Authorised Public Accountant Antti Suominen to act as the responsible auditor of Citycon in 2022.

Chief Executive Officer (CEO)

From 1 January 2019 onwards, F. Scott Ball has been the company's CEO. Mr Ball's personal details, career histories and positions of trust can be found on the company's website at citycon.com/management. Information on the CEO's executive contract and its terms and conditions are available on pages 53–54 of the Financial Statements.

Corporate governance statement

Citycon has published Citycon Group's Corporate Governance Statement 2022 as a separate report, distinct from the Report by the Board of Directors. The statement is prepared in accordance with the recommendations of the Finnish Corporate Governance Code 2020 and is available on the company's website at citycon.com/corporate-governance.

Shares, share capital and shareholders

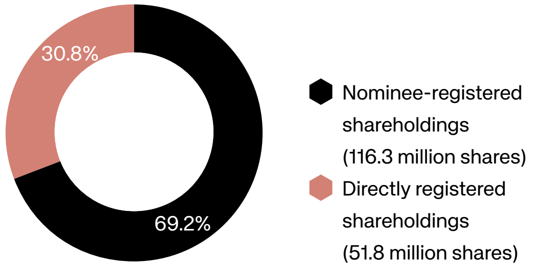
The company has a single series of shares, with each share entitling to one vote at a General Meeting of shareholders. At the end of reporting period, the total number of shares outstanding in the company was 168,008,940. The shares have no nominal value.

At the end of September 2022, Citycon had a total of 28,817 registered shareholders (Q4/2021: 28,577 shareholders), of which 8 were account managers of nominee-registered shares. Holders of the nominee-registered shares held approximately 116.3 million (Q4/2021: 116.2 million) shares, or 69.2% of shares and voting rights in the company (Q4/2021: 69.0%).

Further information of the company's stock listing, trading volume, share price, market cap, share capital, most significant registered shareholders, of the distribution of ownership and of the issue-adjusted average number of shares can be found on pages 37–38 of the Financial Review.

Shareholders 31 December 2022

% of shares and voting rights



Shares and share capital

MEUR		2022
Share capital at period-start	MEUR	259.6
Share capital at period-end	MEUR	259.6
Number of shares at period-start		168,498,525
Number of shares at period-end		168,008,940

Dividend and equity repayment

Citycon's equity repayments paid in 2022:

Dividends and equity repayments paid on 31 December 2022[1]

MEUR	Record date	Payment date	EUR / share
Equity repayment Q1	24 March 2022	31 March 2022	0.125
Equity repayment Q2	23 June 2022	30 June 2022	0.125
Equity repayment Q3	23 September 2022	30 September 2022	0.125
Equity repayment Q4	15 December 2022	30 December 2022	0.125
Total			**0.50**

[1] Board decision based on the authorisation issued by the AGM 2022.

Board authorisations

In addition to the above explained asset distribution authorisation of the Board of Directors, the Board of Directors of the company had two valid authorisations at the period-end granted by the AGM held on 22 March 2022:

- The Board of Directors may decide on an issuance of a maximum of 16 million shares or special rights entitling to shares referred to in Chapter 10 Section 1 of the Finnish Companies Act, which corresponded to approximately 9.52% of all the shares in the company at the period-end. The authorisation is valid until the close of the next AGM, however, no longer than until 30 June 2023.
- The Board of Directors may decide on the repurchase and/or on the acceptance as pledge of the company's own shares in one or several tranches. The amount of own shares to be repurchased and/or accepted as pledge shall not exceed 30 million shares, which corresponded to approximately 17.86% of all the shares in the company at the period-end. The authorisation is valid until the close of the next AGM, however, no longer than until 30 June 2023.

During January – December 2022, the Board of Directors used three times its authorisation to repurchase its own shares and issue them by conveying repurchased shares. The repurchases and conveyances were made for payment of rewards earned under the company's share plans in accordance with the terms and conditions of the plans:

Restricted Share Plan 2018–2020

- On 3 January 2022, the company repurchased total of 10,415 of its own shares and conveyed them on 4 January 2022 to four key persons of the company.

Performance Share Plan 2020–2022

- On 23 March 2022, the company repurchased total of 10,000 of its own shares and conveyed them on 25 March 2022 to one key person of the company.

Matching Share Plan 2018–2020

- On 23 March 2022, the company repurchased total of 11,241 of its own shares and conveyed them on 25 March 2022 to three key persons of the company.

CFO Restricted Share Plan 2021–2024

- On 11 August 2022, the company repurchased total of 7,500 of its own shares and conveyed them on 15 August 2022 to one key person of the company.

Additionally, the Board of Directors used two times its authorisation to repurchase its own shares to distribute surplus funds received from the divestment of necessity-based retail centre Columbus to the shareholders of Citycon:

Share buy-back program

On 17 December 2021, the Board of Directors of Citycon decided to launch a buyback program. According to the Board decision, the maximum number of shares to be repurchased was 500,000 and the maximum amount to be used for the repurchases was EUR 3.75 million. The share repurchases started on 22 December 2021 and ended on 10 January 2022.

During the share buy-back program, a total of 500,000 own shares were repurchased for an average price of approximately EUR 6.97 per share. The total amount used for the repurchase was approximately EUR 3.49 million. During Q1/2022 a total of 203,537 shares were repurchased under the share buy-back program. 10,415 repurchased shares were conveyed to four key employees in accordance with the Company's share-based incentive plans and the rest of the repurchased shares, i.e., 489,585 Citycon shares, were cancelled on 14 January 2022.

Own shares

During the reporting period, the company held a total of 528,741 of the company's own shares of which 489,585 shares were cancelled and 39,156 shares were conveyed to implement payments of rewards earned under the company's share plans as described in the section Board authorisations. At the end of the period, the company or its subsidiaries held no shares in the company.

Flagging notices

Citycon received a flagging notifications (6 July and 12 July 2022) according to which G City's (former Gazit-Globe Ltd.) direct holding of shares in Citycon has decreased below fifty (50) percent. The change in ownership is due to the completion of a share transfer under a share purchase agreement, as notified in a previous flagging notification published on 28 December 2021, entered into by G City Ltd (former Gazit-Globe Ltd.) and its wholly-owned subsidiary Gazit Europe Netherlands BV. The completion of the share transfers under the share purchase agreement will not affect the aggregate total direct and indirect holdings of G City Ltd.

Incentive plans

Long-term Share-based Incentive Plans

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

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

The main terms of the long-term share-based incentive plans are explained in the Note 1.6 on pages 54–55 of the Financial Statements.

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

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

The members of the Board of Directors of Citycon, the CEO, the other Corporate Management Committee members held a total of 173,144 company shares on 31 December 2022. These shareholdings represented 0.1% of the company's total shares and total voting rights.

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

Events after the reporting period

In January 2023, Citycon executed a tender offers of outstanding notes due 2024 of Citycon Treasury B.V. and capital securities issued by it in November 2019 and June 2021. On 16 January, Citycon announced that it will accept for purchase EUR 57,393,000 in aggregate principal amount of securities validly tendered pursuant to the offers. The total purchase consideration for securities validly tendered and accepted for purchase pursuant to the Offers was EUR 41,429,025.08.

Helsinki, 16 February 2023
Citycon Oyj
Board of Directors

EPRA performance measures

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

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

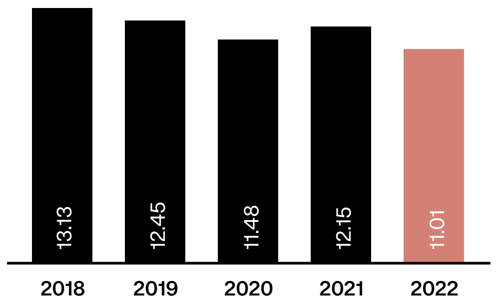
EPRA performance measures

	Note	2022	2021	2020	2019	2018
EPRA Earnings, MEUR	1	122.6	124.4	136.6	145.6	143.5
Adjusted EPRA Earnings, MEUR[2]	1	92.1	100.0	120.3	143.9	143.5
EPRA Earnings per share (basic), EUR[1]	1	0.730	0.703	0.767	0.818	0.806
Adjusted EPRA Earnings per share (basic), EUR[1,2]	1	0.548	0.565	0.676	0.809	0.806
EPRA NRV per share, EUR	2	11.01	12.15	11.48	12.45	13.13
EPRA NAV per share, EUR[1]	2	-	-	11.30	12.28	12.95
EPRA Cost Ratio (including direct vacancy costs), %	3	16.8	18.1	18.3	14.1	17.1
EPRA Cost Ratio (excluding direct vacancy costs), %	3	14.5	14.9	15.6	11.7	15.1
EPRA Net Initial Yield (NIY), %	4	5.3	5.2	5.4	5.3	5.2
EPRA 'topped-up' NIY, %	4	5.3	5.2	5.4	5.4	5.2
EPRA vacancy rate, %	5	5.5	6.6	6.1	4.5	3.7

[1] Key ratios have been adjusted in the comparison periods to reflect the new number of shares after the reversed share split executed in March 2019.
[2] The adjusted key figure includes hybrid bond coupons and amortized fees.

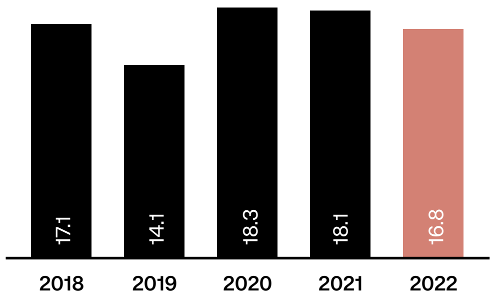
EPRA NRV per share

EUR



EPRA cost ratio

%



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

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

	2022			2021		
	MEUR	Average number of shares (1,000)	per share, EUR	MEUR	Average number of shares (1,000)	per share, EUR
Earnings in IFRS Consolidated Income Statement	**5.1**	**168,011**	**0.030**	**121.0**	**177,033**	**0.684**
+/- Net fair value losses/gains on investment property	56.5	168,011	0.337	-48.6	177,033	-0.274
-/+ Net gains/losses on disposal of investment property	4.3	168,011	0.025	6.5	177,033	0.037
+/- Indirect other operating expenses	26.7	168,011	-	0.4	177,033	-
+ Early close-out costs of debt and financial instruments	-8.1	168,011	-0.048	7.3	177,033	0.041
-/+ Fair value gains/losses of financial instruments	9.2	168,011	0.055	0.8	177,033	0.005
+/- Indirect losses/gains of joint ventures and associated companies	21.0	168,011	0.125	2.3	177,033	0.013
-/+ Change in deferred taxes arising from the items above	8.0	168,011	0.048	34.6	177,033	0.195
+/- Non-controlling interest arising from the items above	0.0	168,011	-	-	177,033	-
EPRA Earnings (basic)	**122.6**	**168,011**	**0.730**	**124.4**	**177,033**	**0.703**
-/+ Hybrid bond coupons and amortized fees	-30.5	168,011	-0.182	-24.3	177,033	-0.138
Adjusted EPRA Earnings (basic)	**92.1**	**168,011**	**0.548**	**100.0**	**177,033**	**0.565**

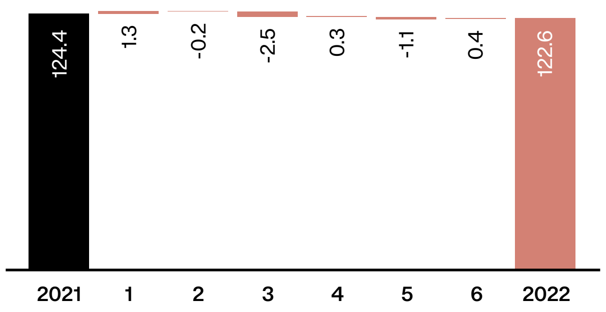
EPRA Earnings can also be calculated from the statement of comprehensive income from top to bottom. The EPRA Earnings calculation is presented in the below table with this different method, which also presents the Direct Operating profit.

EPRA Earnings was EUR 122.6 million and EPRA EPS was EUR 0.730.
EPRA earnings remained at previous year level despite significant amount of disposals made in 2021 and 2022.

	2022			2021		
	MEUR	Average number of shares (1,000)	per share, EUR	MEUR	Average number of shares (1,000)	per share, EUR
Net rental income (NRI)	**203.6**	**168,011**	**1.212**	**202.3**	**177,033**	**1.143**
Direct administrative expenses	-28.7	168,011	-0.171	-26.1	177,033	-0.148
Direct other operating income and expenses	0.2	168,011	0.001	0.0	177,033	0.000
Direct Operating profit	**175.2**	**168,011**	**1.043**	**176.1**	**177,033**	**0.995**
Direct net financial income and expenses	-47.0	168,011	-0.280	-46.8	177,033	-0.264
Direct share of profit/loss of joint ventures and associated companies	-3.6	168,011	-0.022	-4.0	177,033	-0.023
Direct current taxes	-2.1	168,011	-0.013	-3.3	177,033	-0.019
Change in direct deferred taxes	0.2	168,011	0.001	2.4	177,033	0.013
Direct non-controlling interest	0.0	168,011	0.000	0.0	177,033	0.000
EPRA Earnings (basic)	**122.6**	**168,011**	**0.730**	**124.4**	**177,033**	**0.703**
Hybrid bond coupons and amortized fees	-30.5	168,011	-0.182	-24.3	177,033	-0.138
Adjusted EPRA Earnings (basic)	**92.1**	**168,011**	**0.548**	**100.0**	**177,033**	**0.565**

Change in EPRA earnings

MEUR



1 Net rental income
2 Direct net financial income and expenses
3 Direct administrative expenses
4 Direct other operating income and expenses
5 Direct current and deferred taxes
6 Other direct items

2. EPRA net asset value metrics

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

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

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

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

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

Closing share price of Citycon was 6.26 EUR per share on 31 December 2022.

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

EPRA NRV per share decreased by EUR 1.14 to EUR 11.01 (12.15) mainly due to weaker NOK and SEK currency rates that lowered equity through translation losses. The impact of weaker currency rates was EUR 0.79 per share.

	EPRA Net Asset Value measures		
31 December 2022	**EPRA NRV**	**EPRA NTA**	**EPRA NDV**
Equity attributable to parent company shareholders	1,618.8	1,618.8	1,618.8
Deferred taxes from the difference of fair value and fiscal value of investment properties[3]	264.9	132.5	-
Fair value of financial instruments	-1.9	-1.9	-
Goodwill as a result of deferred taxes	-65.7	-	-
Goodwill as per the consolidated balance sheet	-	-115.4	-115.4
Intangible assets as per the consolidated balance sheet	-	-11.0	-
The difference between the secondary market price and carrying value of bonds[1]	-	-	246.5
Real estate transfer taxes[2]	34.2	-	-
TOTAL	**1,850.3**	**1,622.8**	**1,749.9**
Number of ordinary shares at balance sheet date, million	168.0	168.0	168.0
Net Asset Value per share	**11.01**	**9.66**	**10.42**
31 December 2021			
Equity attributable to parent company shareholders	1,800.1	1,800.1	1,800.1
Deferred taxes from the difference of fair value and fiscal value of investment properties[3]	295.0	147.5	-
Fair value of financial instruments	-0.2	-0.2	-
Goodwill as a result of deferred taxes	-84.8	-	-
Goodwill as per the consolidated balance sheet	-	-145.4	-145.4
Intangible assets as per the consolidated balance sheet	-	-7.6	-
The difference between the secondary market price and carrying value of bonds[1]	-	-	-73.3
Real estate transfer taxes[2]	32.7	-	-
TOTAL	**2,042.9**	**1,794.5**	**1,581.5**
Number of ordinary shares at balance sheet date, million[4]	168.2	168.2	168.2
Net Asset Value per share	**12.15**	**10.67**	**9.40**

[1] When calculating the EPRA NDV in accordance with EPRA's recommendations, the shareholders' equity is adjusted using EPRA's guidelines so that bonds are valued based on secondary market prices. The difference between the secondary market price and the carrying value of the bonds was EUR 246.5 million (secondary market price lower) as of 31 December 2022. In the comparison period 31 December 2021, the difference was EUR -73.3 million (secondary market price higher). 31 December 2021 adjustment corrected retrospectively.

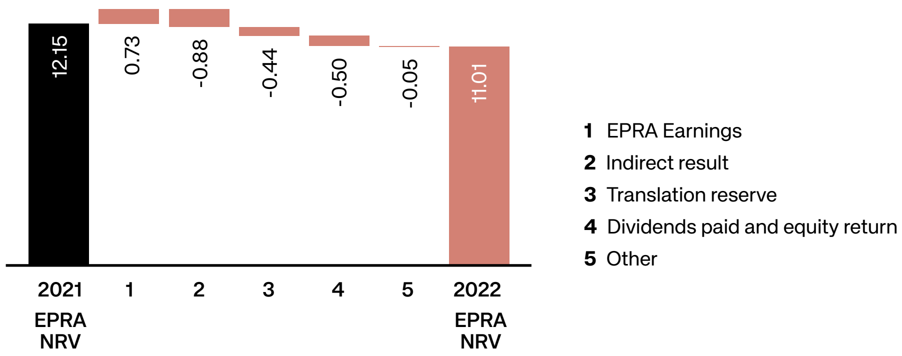
[2] The real estate transfer tax adjustment in EPRA NRV calculation is based on the transfer tax cost for the buyer for share deal in Finland. Share deals are not subject to transfer tax in other group operating countries.

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

[4] Calculation updated in comparison period. Divided by number of shares at balance sheet date instead of average amount of shares during the reporting period.

Change of net reinstatement value (EPRA NRV)

EUR



3. EPRA cost ratios

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

MEUR	2022	2021
Include:		
Administrative expenses[1,2]	28.7	26.1
Property operating expenses and other expenses from leasing operations less service charge costs	70.3	68.9
Net service charge costs/fees	14.1	12.7
Management fees less actual/estimated profit element	0.0	-0.4
Other operating income/recharges intended to cover costs less any related profit	-8.3	-8.1
Share of joint venture expenses	2.6	4.9
Exclude:		
Ground rent costs	-6.9	-5.2
Service charge costs recovered through rents but not separately invoiced	-59.9	-55.8
Share of joint venture investment property depreciation, ground rent costs and service charge costs recovered through rents but not separately invoiced	-2.8	-2.1
EPRA Costs (including direct vacancy costs) (A)	**37.8**	**41.0**
Direct vacancy costs	-5.2	-7.1
EPRA Costs (excluding direct vacancy costs) (B)	**32.5**	**33.9**
Gross rental income less ground rent costs	215.4	217.0
Add: share of joint ventures (Gross rental income less ground rent costs less service fees in GRI)	9.4	9.8
Gross Rental Income (C)	**224.8**	**226.7**
EPRA Cost Ratio (including direct vacancy costs) (A/C, %)	**16.8**	**18.1**
EPRA Cost Ratio (excluding direct vacancy costs) (B/C, %)	**14.5**	**14.9**

[1] Administrative expenses are net of costs capitalised of EUR 4.7 million in 2022 and EUR 3.7 million in 2021. Citycon's policy is to capitalise, for example, expenses related to property development projects and major software development projects.
[2] Expenses related to management and organizational changes EUR 0.5 million in 2021 are excluded from the administrative expenses.

EPRA Cost Ratio decreased to 16.8% (18.1%)

EPRA Cost Ratio (including direct vacancy costs) decreased to 16.8% (18.1%) and EPRA Cost Ratio (excluding direct vacancy costs) decreased to 14.5% (14.9%) from previous year.

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

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

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

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

MEUR	31 December 2022	31 December 2021
Fair value of investment properties determined by the external appraiser	3,962.6	4,268.2
Less (re)development properties, unused building rights and properties which valuation is based on the value of the building right	-169.2	-437.0
Completed property portfolio	**3,793.4**	**3,831.2**
Plus the estimated purchasers' transaction costs	70.8	66.9
Gross value of completed property portfolio (A)	**3,864.2**	**3,898.2**
Annualised gross rents for completed property portfolio	270.4	270.8
Property portfolio's operating expenses	-66.4	-69.3
Annualised net rents (B)	**203.9**	**201.6**
Plus the notional rent expiration of rent free periods or other lease incentives	1.1	1.0
Topped-up annualised net rents (C)	**205.0**	**202.6**
EPRA Net Initial Yield (NIY), % (B/A)	**5.3**	**5.2**
EPRA 'topped-up' NIY, % (C/A)	**5.3**	**5.2**

EPRA NIY and EPRA 'TOPPED-UP' NIY increased slightly
EPRA initial yields increased during the year mainly due to negative fair value development and increase in net rental income. This was partly offset by completion of lower yielding Lippulaiva project and divestments of higher yielding assets.

5. EPRA vacancy rate, %

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

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

MEUR	31 December 2022	31 December 2021
Annualised potential rental value of vacant premises	14.3	17.8
÷ Annualised potential rental value for the whole property portfolio	259.0	271.1
EPRA vacancy rate, %	**5.5**	**6.6**

EPRA vacancy rate decreased from last years' level
The EPRA vacancy rate at the end of 2022 for the entire property portfolio was 5.5%. Vacancy decreased in all operating countries reflecting the fast recovery of the portfolio.

6. Property related capex

	2022			2021		
	Group (excl. Joint ventures)	Joint ventures (proportionate share)	Total	Group (excl. Joint ventures)	Joint ventures (proportionate share)	Total
Acquisitions	6.3		6.3	-0.6		-0.6
(Re)development	124.7	3.7	128.4	158.3	3.3	161.7
Investment properties						
No incremental lettable space	16.7		16.7	17.0		17.0
Tenant incentives	20.1		20.1	8.8		8.8
Capitalised interest	4.3		4.3	6.9		6.9
Total capital expenditure[1]	**172.0**	**3.7**	**175.7**	**190.4**	**3.3**	**193.7**
Conversion from accrual to cash basis	3.4	0.2	3.6	-1.1	0.0	-1.1
Total capital expenditure on cash basis[1]	**175.4**	**3.9**	**179.3**	**189.3**	**3.4**	**192.7**

[1] Includes only property related capex.

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

7. EPRA LTV

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

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

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

8. EPRA earnings for five years

MEUR	2022	2021	2020	2019	2018
Earnings in IFRS Consolidated Income Statement	**5.1**	**121.0**	**-28.0**	**8.9**	**16.6**
+/- Net fair value losses/gains on investment property	56.5	-48.6	146.9	121.9	72.5
-/+ Net gains/losses on disposal of investment property	4.3	6.5	-0.7	-1.5	0.2
-/+ Indirect other operating expenses	26.7	0.4	-	0.0	10.3
-/+ Fair value gains/losses of financial instruments and early close-out costs of debt and financial instruments	1.0	8.2	5.8	5.3	20.3
+/- Indirect losses/gains of joint ventures and associated companies	21.0	2.3	27.2	19.5	17.9
-/+ Change in deferred taxes arising from the items above	8.0	34.6	-14.7	-8.5	5.7
+/- Non-controlling interest arising from the items above	0.0	-	-	-	0.0
EPRA Earnings (basic)	**122.6**	**124.4**	**136.6**	**145.6**	**143.5**
-/+ Hybrid bond coupons and amortized fees	-30.5	-24.3	-16.2	-1.7	-
Adjusted EPRA Earnings (basic)	**92.1**	**100.0**	**120.3**	**143.9**	**143.5**
Issue-adjusted average number of shares, million[1]	168,011	177,033	177,998	177,997	177,997
EPRA Earnings per share (basic), EUR[1]	**0.730**	**0.703**	**0.767**	**0.818**	**0.806**
Adjusted EPRA Earnings per share (basic), EUR[1]	**0.548**	**0.565**	**0.676**	**0.809**	**0.806**

[1] Key ratios have been adjusted in the comparison periods to reflect the new number of shares after the reversed share split executed in March 2019.

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

MEUR	2022	2021	2020	2019	2018
Net rental income	**203.6**	**202.3**	**205.4**	**217.4**	**214.9**
Direct administrative expenses	-28.7	-26.1	-25.9	-26.8	-28.0
Direct other operating income and expenses	0.2	0.0	0.9	2.8	0.8
Direct operating profit	**175.2**	**176.1**	**180.4**	**193.5**	**187.6**
Direct net financial income and expenses	-47.0	-46.8	-46.0	-48.9	-50.1
Direct share of profit/loss of joint ventures and associated companies	-3.6	-4.0	-0.8	2.8	5.3
Direct current taxes	-2.1	-3.3	-1.8	-2.0	-0.2
Change in direct deferred taxes	0.2	2.4	4.8	0.1	0.9
Direct non-controlling interest	0.0	0.0	-0.1	0.0	0.0
EPRA Earnings	**122.6**	**124.4**	**136.6**	**145.6**	**143.5**
Hybrid bond coupons and amortized fees	-30.5	-24.3	-16.2	-1.7	-
Adjusted EPRA Earnings	**92.1**	**100.0**	**120.3**	**143.9**	**143.5**
Issue-adjusted average number of shares, million[1]	168,011	177,033	177,998	177,997	177,997
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[1] Key ratios have been adjusted in the comparison periods to reflect the new number of shares after the reversed share split executed in March 2019.

Operational key figures

Shopping Centres[1]

	Location	GLA, sq.m.	Retail GLA, sq.m.	Economic occupancy rate, % 31 December 2022	Year of acquisition	Year built/latest year of renovation
Finland & Estonia						
Shopping centres, Helsinki area						
Heikintori	Espoo	9,300	7,000	-	1998–2021	1968
Isomyyri	Vantaa	11,700	8,400	-	1999	1987
Iso Omena	Espoo	101,900	84,600	98.8	2007, 2014	2001/2016, 2017
Lippulaiva	Espoo	56,400	37,800	91.2	2022	2022
Myyrmanni	Vantaa	41,500	31,400	97.9	1999, 2006	1994/2016
Shopping centres, other areas in Finland						
IsoKarhu	Pori	15,100	12,900	73.1	1999	1972/2014
IsoKristiina	Lappeenranta	16,950	12,700	95.4	1999, 2005	1987, 1993/2015
Koskikeskus	Tampere	35,100	30,100	95.3	1999, 2003	1988/2012
Trio	Lahti	46,200	27,500	86.3	1999, 2007	1977, 1992/2010
Shopping centres, Estonia						
Kristiine Keskus	Tallinn	45,100	43,800	99.5	2011	1999/2019
Rocca al Mare	Tallinn	57,800	56,800	92.9	2005	1998/2009
Shopping centres, total	**-**	**437,050**	**353,000**	**95.5**	**-**	**-**
Other properties, total	**-**	**2,240**	**800**	**-**	**-**	**-**
Finland & Estonia, total	**-**	**439,290**	**353,800**	**95.5**	**-**	**-**
Norway						
Shopping centres, Oslo area						
Kolbotn Torg	Kolbotn	18,600	16,400	99.8	2015	2008
Liertoppen Kjøpesenter	Lierskogen	26,700	24,600	96.8	2015	1987/1990
Linderud Senter	Oslo	22,300	16,400	98.1	2015	1967/2009
Stovner Senter	Oslo	43,100	31,900	90.2	2020	1975/2016
Trekanten	Asker	24,000	16,900	98.2	2015	1997/2008

	Location	GLA, sq.m.	Retail GLA, sq.m.	Economic occupancy rate, % 31 December 2022	Year of acquisition	Year built/latest year of renovation
Shopping centres, other areas in Norway						
Herkules	Skien	50,500	44,700	97.7	2015	1969/2013
Kilden Kjøpesenter	Stavanger	23,300	19,500	94.9	2015	1989/2015
Kongssenteret	Kongsvinger	17,900	15,700	80.2	2015	2001/2016
Kremmertorget	Elverum	20,200	17,100	82.4	2015	1979/2012
Oasen Kjøpesenter	Fyllingsdalen	50,300	27,000	92.0	2015	1971/2014
Solsiden[2]	Trondheim	14,500	13,700	99.9	2015	2000
Stopp Tune	Sarpsborg	13,400	12,600	99.5	2015	1993
Storbyen	Sarpsborg	25,600	24,000	78.4	2015	1999/2015
Torvbyen	Fredrikstad	14,200	12,000	92.3	2020	1988/2012
Norway, total	-	**364,600**	**292,500**	**93.4**	-	-
Sweden & Denmark						
Shopping centres, Stockholm area						
Jakobsbergs Centrum	Järfalla	42,500	26,000	87.8	2006	1959/1993
Kista Galleria, 50%	Stockholm	46,350	29,100	83.0	2013	1977,2002/ 2014
Liljeholmstorget Galleria	Stockholm	41,200	27,200	98.7	2006	1973/2009
Åkersberga Centrum	Åkersberga	27,900	22,900	93.0	2005, 2015	1985/2011
Shopping centres, Gothenburg area						
Stenungstorg Centrum	Stenungsund	35,500	22,100	89.9	2006	1967/2016
Mölndals Galleria	Mölndal	26,300	24,200	92.9	2014/2018	2018
Shopping centres, Denmark						
Albertslund Centrum	Copenhagen	17,000	12,700	92.9	2012	1965/2015
Strædet	Køge	19,100	17,300	96.8	2017, 2018	2017, 2018
Shopping centres, total	-	**255,850**	**181,500**	**91.7**	-	-
Other properties, total	-	-	-	-	-	-
Sweden & Denmark, total	-	**255,850**	**181,500**	**91.7**	-	-
Total	-	**1,059,740**	**827,800**	**93.9**	-	-

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

Fair value

	No. of properties	Fair value, EUR million		Fair value change, EUR million	Average yield requirement, %		Average market rent, EUR/sq.m./month
	31 December 2022	31 December 2022	31 December 2021	2022	31 December 2022	31 December 2021	31 December 2022
Shopping centres, Finland & Estonia	11	2,038.1	1,955.9	-15.7	-	-	-
Other properties, Finland & Estonia	1	3.8	3.5	0.2	-	-	-
Finland & Estonia, total	**12**	**2,041.8**	**1,959.3**	**-15.4**	**5.4**	**5.3**	**28.6**
Shopping centres, Norway	13	1,198.1	1,389.9	-26.5	-	-	-
Rented shopping centres, Norway[1]	1	-	-	-	-	-	-
Norway, total	**14**	**1,198.1**	**1,389.9**	**-26.5**	**5.7**	**5.4**	**21.3**
Shopping centres, Sweden & Denmark	7	748.7	794.3	-7.8	-	-	-
Other properties, Sweden & Denmark	1	6.2	-	-	-	-	-
Sweden & Denmark, total	**8**	**754.9**	**794.3**	**-7.8**	**5.6**	**5.5**	**26.2**
Shopping centres, total	32	3,984.8	4,140.1	-50.0	-	-	-
Other properties, total	2	10.0	3.5	0.2	-	-	-
Investment properties, total	**34**	**3,994.8**	**4,143.5**	**-49.8**	**5.5**	**5.4**	**26.0**
Right-of-use assets classified as investment properties (IFRS 16)	-	45.3	45.7	-6.8	-	-	-
Investment properties in the statement of financial position, total	**34**	**4,040.1**	**4,189.2**	**-56.5**	**5.5**	**5.4**	**26.0**
Kista Galleria, 50%	1	210.7	252.2	-25.5	-	-	-
Investment properties in the statement of financial position and Kista Galleria (50%), total	**35**	**4,250.8**	**4,441.4**	**-82.0**	**5.5**	**5.4**	**26.1**

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

Like-for-like portfolio

	No. of properties	Fair value, EUR million		Fair value change, EUR million	Average yield requirement, %		Average market rent, EUR/sq.m./month
	31 December 2022	31 December 2022	31 December 2021	2022	31 December 2022	31 December 2021	31 December 2022
Shopping centres, Finland & Estonia	5	1,308.5	1266.9	19.7	-	-	-
Other properties, Finland & Estonia	-	-	-	-	-	-	-
Finland & Estonia, total	**5**	**1308.5**	**1266.9**	**19.7**	**5.5**	**5.4**	**30.1**
Shopping centres, Norway	11	958.0	997.2	-13.0	-	-	-
Rented shopping centres, Norway[1]	1	-	-	-	-	-	-
Norway, total	**12**	**958.0**	**997.2**	**-13.0**	**5.7**	**5.3**	**21.1**
Shopping centres, Sweden & Denmark	5	591.8	618.0	3.9	-	-	-
Other properties, Sweden & Denmark	-	-	-	-	-	-	-
Sweden & Denmark, total	**5**	**591.8**	**618.0**	**3.9**	**5.4**	**5.3**	**28.6**
Shopping centres, total	22	2858.3	2,882.1	10.6	-	-	-
Other properties, total	-	-	-	-	-	-	-
Like-for-like properties, total	**22**	**2,858.3**	**2,882.1**	**10.6**	**5.5**	**5.4**	**26.8**
Right-of-use assets classified as like-for-like properties (IFRS 16)	-	41.7	42.8	-5.7	-	-	-
Like-for-like properties in the statement of financial position, total	**22**	**2,900.0**	**2,924.9**	**4.8**	**5.5**	**5.4**	**26.8**

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

Average rent

	Average remaining length of lease agreements, years	Average rent, EUR/sq.m./month
	31 December 2022	31 December 2022
Finland & Estonia	4.2	25.8
Norway	2.7	21.9
Sweden & Denmark	2.6	22.5
Total	**3.4**	**23.7**

Rental income by business units

	Gross rental income, EUR million		Net rental income, EUR million	
	2022	2021	2022	2021
Finland & Estonia	96.5	90.7	89.1	85.2
Norway	83.0	85.8	78.9	77.8
Sweden & Denmark	42.8	45.7	36.0	39.2
Other	-	-	-0.3	-
Investment properties, total	**222.3**	**222.2**	**203.6**	**202.3**
Kista Galleria, 50%	9.4	9.8	6.8	6.4
Investment properties and Kista Galleria (50%), total	**231.7**	**231.9**	**210.5**	**208.7**

Leasing activity, investment properties

	Number of lease agreements	Leased area, sq.m.	Average rent, EUR/sq.m./month
31 December 2021	**3,326**	**941,652**	**22.6**
Leases started	1,093	262,772	21.6
Leases ended	1,228	302,490	21.1
Acquisitions	-	-	-
Other changes	-	108	-
31 December 2022	**3,191**	**902,042**	**23.7**

Rental Income by Category, %

	Finland & Estonia	Norway	Sweden & Denmark	Total
Fashion and Accessories	18.8	23.3	19.0	20.4
Groceries	24.0	12.3	17.9	18.8
Home and Sporting Goods	15.5	26.3	12.5	18.6
Services and Offices	14.7	14.8	18.6	15.5
Cafes and Restaurants	11.5	7.2	11.4	10.0
Cosmetics and Pharmacies	7.0	10.1	9.6	8.5
Wellness	2.9	4.6	7.5	4.4
Specialty Stores	2.5	1.3	1.4	1.9
Leisure	1.5	0.2	1.1	1.0
Residentials and Hotels	1.5	0.0	1.1	0.9
Total	**100.0**	**100.0**	**100.0**	**100.0**

Top ten tenants

	Proportion of rental income based on valid rent roll at 31 December 2022, %
S Group	5.4%
Kesko Group	4.8%
Varner Group	3.1%
NorgesGruppen	2.4%
ICA Group	2.0%
Coop	1.6%
Stockmann Group	1.6%
H&M	1.5%
Clas Ohlson	1.5%
KappAhl	1.4%
Total	**25.2%**

Citycon's five largest properties[1]

	Average rent, EUR/sq.m./ month 31 December 2022	Gross rental income, EUR million 2022	Net rental income, EUR million 2022	Fair value, EUR million 31 December 2022	Fair value change, EUR million 2022
Iso Omena	35.3	34.9	33.5	785.2	28.1
Lippulaiva	27.5	9.9	8.7	424.7	-28.2
Liljeholmstorget Galleria	34.9	14.9	14.3	322.4	3.5
Oasen Kjøpesenter	25.4	11.0	10.3	207.5	0.2
Rocca Al Mare	25.7	12.6	11.6	186.6	0.4
Five largest properties, total	**30.7**	**83.3**	**78.5**	**1,926.4**	**4.0**

[1] Excluding Kista Galleria.

(Re)development projects in progress

On 31 December 2022

	Location	Area before/after, sq.m.	Expected gross investment, MEUR	Actual gross investment by 31 December 2022, MEUR	Completion
Lippulaiva residentials	Helsinki metropolitan area, Finland	-/18,000	90.5	58.7	2022–2024
Herkules, residentials (50%)	Skien, Norway	-/7,600	28.0	8.4	2024
Barkarby, residentials	Stockholm, Sweden	-/12,950	69.5[1]	6.6[1]	2024

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

Completed (re)development projects on Q1–Q4/2022

	Location	Area before/after, sq.m.	Expected investment, MEUR	Actual investment by 31 December 2022, MEUR	Completion
Lippulaiva shopping centre	Helsinki metropolitan area, Finland	19,200/44,300	369.0[1]	368.5	Q1/2022

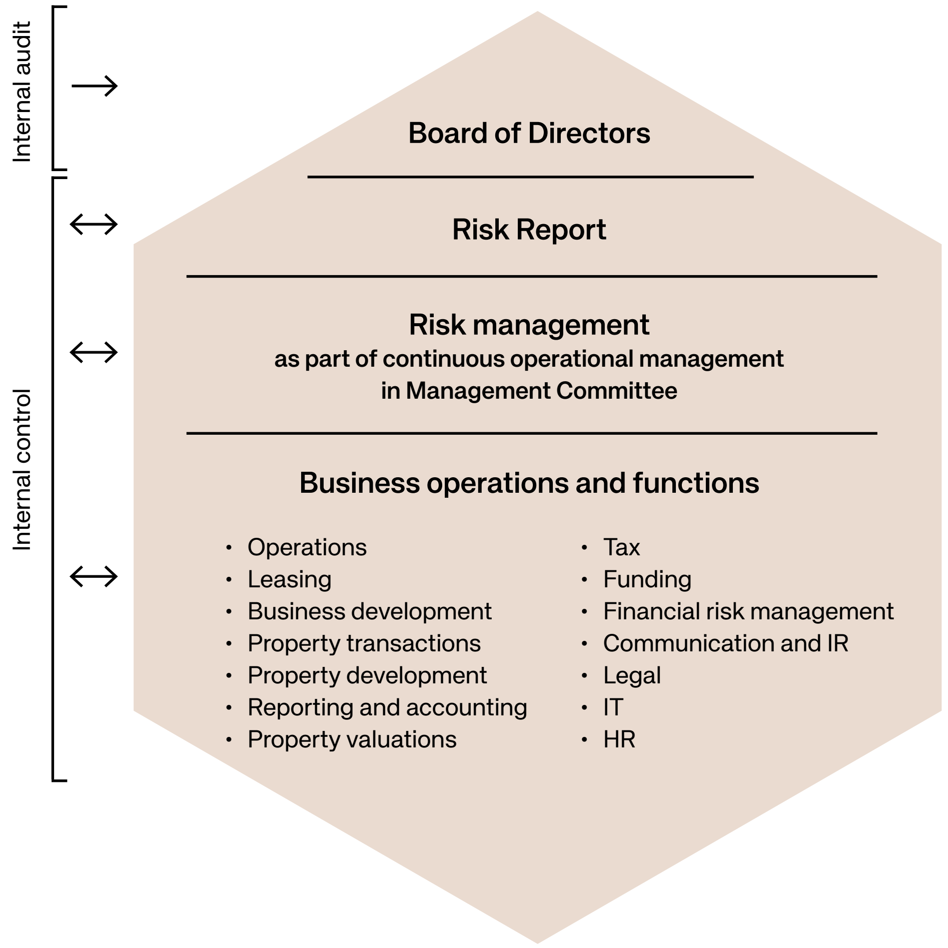
[1] Expected gross investment is 425.4 MEUR with the proceeds from net rental income of Pikkulaiva, sale of additional building rights and metro & bus terminal offsetting for a expected net investment of 369.0 MEUR. Actual gross investment by 31 December 2022 was 423.9 MEUR.

Potential (re)development projects (non committed)

		Area before/after, sq.m.	
Liljeholmstorget Galleria	Stockholm, Sweden	40,500/90,000	Extension possibility of the shopping centre to meet the strong demand for more retail, office/ healthcare and services including culture and library, entertainment and food, all directly connected to the metro station and bus terminal. Plans also include creating building rights for residentials.
Stenungstorg	Steungssund, Sweden	30,400/50,900	The plan is to tranform the current shopping centre area into a modern city center and to create a urban hub with a mix of residential areas, hotel, retail and services.
Trekanten	Oslo, Norway	23,800/45,000	Extension possibility of the shopping centre with the main objective to increase the offering of shops and services as well as create more visible and inviting entrances and improved circulation. Plans also include adding residential, offices, healthcare and sports facilities on top of the centre.
Oasen Kjøpesenter (phase II)	Bergen, Norway	56,800/78,800	A residential development project which includes opportunity to build several residential towers in connection with the existing shopping centre.
Isomyyri	Vantaa, Finland	11,650/27,800	Aim to develop a retail centre on an urban city block. The project includes new residential buildings and demolishing the present building. Retail, commercial premises and services are planned to be located on the street level of the new residentials. Includes also potential for offices.

Risk and risk management

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



Risk management principles

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

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

Risk reporting

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

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

Insurances

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

	Risk and impact	Risk management measures
Leasing	• The economic development in Citycon's operating countries impacts consumer confidence which could affect demand for retail premises. This may lead to lower rental levels or increased vacancy. It could also increase the risks for credit losses or decrease turnover based rental income. • Continued high inflation environment and increased energy costs could affect negatively to consumer purchase power and increase the risk of tenant bankruptcies and weaken tenant's capability to pay rent which could increase Citycon's vacancy and weaken results. • The growing online retailing that affects customer behaviour, or increased local competition may affect demand for retail premises and put pressure on rental levels or increase vacancy, especially in less urban locations.	• Citycon's strategy to focus on grocery anchored, urban shopping centres connected to public transportation with necessity-driven retail has proven to be a recession proof business model with steady cash flows, occupancy and low credit losses also during a downturn. This strategy also decreases the negative effects of the increasing online retailing. • The fact that most of the company's assets are in AAA/AA+ rated countries decreases the risk of a major downturn affecting the retail sector. • Citycon is continuously following and analysing tenants to identify risk tenants, and requires a rent collateral. • Tenant diversification has improved considerably through focused leasing efforts and through pan-Nordic strategy and the share of risk tenants has actively been decreased.
Property Development & transactions	• Increased costs in development projects due to rising construction costs or delays due to unforeseeable challenges. • Reduced demand for new retail space could result in a low occupancy rate or lower than planned rent levels in new premises. • Planned divestments of non-core properties could be delayed due to relatively low liquidity for secondary assets	• Construction costs are managed through competitive tendering, careful project monitoring of costs and by entering into contracts with price caps when appropriate. • Leasing risks are minimised by having strict pre-leasing requirements prior to project start, by signing agreements with key anchor tenants at an early stage and by carrying out developments in proven retail locations with strong and growing demographics. • Maintaining relatively low level of development exposure and keeping no landbank.
Operations	• A major accident, system failure, or terrorist incident could threaten the safety of shoppers and retailers, leading to loss of consumer confidence and thereby loss of income and extra costs. • Risk of increased operating cost for e.g. maintenance, energy or security. In some lease agreements the rent paid by the lessee is not affected by changed operating expenses, and a rise in operating expenses higher than inflation would decrease the profitability. Also, when the higher costs can be passed to tenants, rising operating expenses may reduce tenants' rental payment capacity. • Governmental restrictions due to pandemic could threaten footfall and tenants' ability to conduct business.	• Risk of accidents and incidents mitigated by adequate security plans and incident procedures supported by crisis case exercises for personnel. • Comprehensive insurance coverage. • Citycon tries to minimize the impact of rising operating expenses by lease contracts with specified rent components when possible and charging tenants based on actual operating costs. • Efficient centralized procurement, frame contracts with service providers and suppliers, cost monitoring and cost benchmarking between shopping centres. • To mitigate the risk of energy price hikes, electricity prices are fixed according to a hedging policy, and energy efficiency actions have been implemented
Property values	• The value of the properties can decrease for a number of reasons: a weaker economic environment impacting consumer purchase power, changes in -competition and consumer behaviour towards internet shopping, reduced availability and higher cost of financing and the relative attractiveness of other asset classes. The changes may lead to higher yield requirements, decreased market rents and increased vacancy rates.	• While many of the factors affecting property values cannot be influenced, Citycon seeks to impact the fair market value through active shopping centre management and optimising the profitability of its centres. • Citycon's strategy to focus on urban mixed-use centres with necessity-driven retail and services in strong and growing locations results in relatively stable property valuations throughout the economic cycle. • Citycon's presence in five highly rated countries gives country risk diversification and decreases the volatility of the total property values
Environment	• Environmental concerns, customer expectations or legislation might restrict or impact Citycon's business, land use and construction. • Risks associated with e.g. climate change might affect Citycon's business environment. For example, extreme weather conditions and regulation implemented to mitigate and adapt to climate change can increase energy, maintenance and construction costs.	• Environmental impact assessments are conducted in connection with major projects. • Ensuring the environmental compliance of our buildings through energy investments, internal management practices, green energy purchase and production as well as external standards and certifications.
People	• An expert organisation of Citycon's nature relies heavily on its personnel for success, and therefore it is crucial to attract and retain the right people, develop competencies and ensure clear roles and targets	• Citycon sees good leadership as essential to reduce personnel related risks and places great emphasis on target-setting and performance management, competence development, career advancement, and commitment of key employees.
Financing	• Both bank and bond financing have been available for Citycon, but willingness to lend at competitive terms could decline due to credit rating downgrades, turmoil in financial markets, tightening regulation or other reasons, which could affect the availability or cost of debt financing • Interest rates continue to be historically low and will inevitably increase over time	• Citycon has a conservative but active financing policy, with a focus on long-term financing, a solid balance sheet and keeping 70–90% of debt tied to fixed interest rates to reduce the effects of increased interest rates. • Investment grade credit ratings by Standard & Poor's (BBB-) and Moody's (Baa3) supports the availability and cost of financing. Several long-term bond issues have reduced the refinancing risk and dependency on bank financing.

Shares and shareholders

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

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

At year-end 2022, Citycon's total number of shares was 168,008,940. The market capitalisation of Citycon at the end of 2022 was EUR 1.1 billion based on the stock price of EUR 6.26.

In 2022, approximately 84.4 million Citycon shares were traded on the Helsinki Stock Exchange. The daily average trading volume was 333,527 shares, representing a daily average turnover of approximately EUR 2.3 million.

Shareholders
The number of registered shareholders at year-end 2022 was 28,817 (28,577). Shares owned by nominee-registered parties equaled 69.2% at year-end 2022 (69.0%). Citycon is one of the companies on the Helsinki Stock Exchange with the most international ownership base.

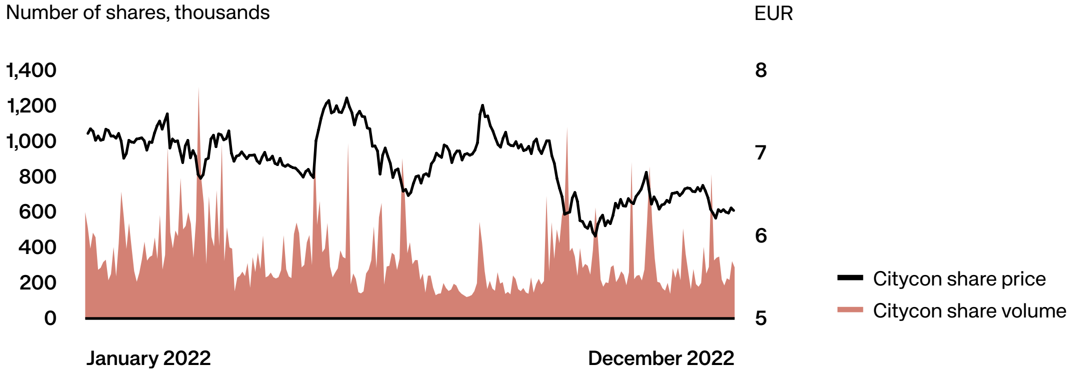
Largest shareholders
Citycon's largest shareholders according to Euroclear Finland are listed in the table below.

In total, G City Ltd. and its wholly-owned subsidiary Gazit Europe Netherlands own 52.12% of the total shares and votes in the company (87,559,016 shares as of 31 December 2022). Their shareholdings are mostly nominee-registered. The above-mentioned shareholdings include their direct ownership mentioned on the table above.

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

Based on this authorization, the maximum total amount of equity repayment distributed from the invested unrestricted equity fund shall not exceed EUR 0.50 per share. Based on the current total number of issued

Share price and volume



Share price and trading

		2022	2021	2020	2019	2018
Number of shares traded[1]	1,000 x	84,382	94,293	68,046	28,320	49,253
Stock turnover	%	50.2	56.0	38.2	15.9	27.7
Share price, high[1]	EUR	7.57	8.18	9.99	10.08	11.24
Share price, low[1]	EUR	5.96	6.67	5.22	8.10	7.98
Share price, average[1]	EUR	6.81	7.37	7.19	9.18	9.30
Share price, closing[1]	EUR	6.26	7.00	7.93	9.37	8.08
Market capitalisation, period-end	MEUR	1050.90	1179.50	1,411.53	1,666.96	1,437.34
Number of shares, period-end	1,000 x	168,009	168,499	177,999	177,999	889,993

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

shares in the company (168,008,940), the authorization would equal to a maximum of EUR 84,004,470 in equity repayment.

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

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

Preliminary payment date	Preliminary record date
31 March 2023	24 March 2023
30 June 2023	23 June 2023
29 September 2023	22 September 2023
29 December 2023	20 December 2023

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

Major shareholders 31 December 2022

	Shares	%
Ilmarinen Mutual Pension Insurance Company	12,694,139	7.56
The State Pension Fund	1,200,000	0.71
OP-Henkivakuutus Ltd.	884,422	0.53
Zeroman Oy	736,666	0.44
Nordea Life Assurance Finland Ltd.	639,027	0.38
Elo Mutual Pension Insurance Company	637,000	0.38
Pakkanen Mikko Pertti Juhani	500,000	0.30
G City Ltd[1]	382,174	0.23
Mandatum Life Insurance Company Ltd.	380,345	0.23
Suomalaisen Kirjallisuuden Seura Ry	278,800	0.17
10 largets shareholders, total	**18,332,573**	**10.91**
Nominee-registered shares	116,257,907	69.20
Others	33,418,460	19.89
Total	**168,008,940**	**100**

[1] Includes non-nominee-registered ownership. In total, G City Ltd. and its wholly-owned subsidiary Gazit Europe Netherlands own 52.12% of the total shares and votes in the company (87,559,016 shares as of 31 December 2022).

Shareholders by ownergroup 31 December 2022

	Number of shareholders	%	Number of shares	%
Financial and insurance corporations	33	0.11	111,943,250	66.63
Corporations	1,199	4.16	6,203,952	3.69
Households	27,314	94.78	24,695,002	14.70
General government	9	0.03	14,618,248	8.70
Foreign	74	0.26	8,322,164	4.95
Non-profit institutions	177	0.61	2,226,324	1.32
Total	**28,817**	**100**	**168,008,940**	**100**

Shareholdings by number of shares 31 December 2022

Number of shares	Number of shareholders	%	Number of shares	%
1–100	9,140	31.72	422,870	0.25
101–1,000	14,401	49.97	5,733,032	3.41
1,001–10,000	4,777	16.58	13,489,506	8.03
10,001–100,000	461	1.60	10,922,136	6.50
100,001–1,000,000	32	0.11	9,211,165	5.48
1,000,001 +	6	0.02	128,230,231	76.32
Total	**28,817**	**100**	**168,008,940**	**100**

Major shareholders 31 December 2022
In total, G City Ltd. (former Gazit-Globe Ltd.) and its wholly-owned subsidiary Gazit Europe Netherlands own 52.12% of the total shares and votes in the company (87,559,016 shares as of 31 December 2022). Their shareholdings are mostly nominee-registered. The above-mentioned shareholdings include their direct ownership mentioned on the list below. More information on ownership of G City Ltd and Gazit Europe Netherlands BV is available on company's website citycon.com/investors/major-shareholders

Key figures and financial development for five years

	Formula	2022	2021	2020	2019	2018
Income statement data						
Gross rental income		222.3	222.2	224.3	232.1	237.0
Net rental income						
Finland & Estonia		89.1	85.2	86.8	94.4	96.9
Norway		78.9	77.8	74.1	75.4	74.3
Sweden & Denmark		36.0	39.2	44.5	47.3	43.5
Other		-0.3	0.0	0.1	0.3	0.2
Net rental income total		203.6	202.3	205.4	217.4	214.9
Other operating income and expense		-26.5	-0.4	0.9	2.8	-9.5
Operating profit/loss		87.7	217.8	34.1	73.1	104.7
Profit/loss before taxes		15.1	156.5	-45.7	2.2	21.7
Profit/loss attributable to parent company shareholders		5.3	121.0	-28.0	8.9	16.6
Statement of financial position data						
Investment properties		4,040.1	4,189.2	4,152.2	4,160.2	4,131.3
Current assets		135.9	145.0	77.8	74.2	56.2
Total equity		2,310.3	2,489.5	2,166.0	2,325.2	2,089.0
Equity attributable to parent company shareholders		1,618.8	1,800.1	1,818.6	1,978.4	2,088.9
Non-controlling interest		0.0	0.3	0.2	0.1	0.1
Interest-bearing liabilities		1,807.7	1,878.5	2,121.2	1,874.4	2,140.0
Total liabilities		2,150.5	2,313.5	2,514.0	2,257.1	2,533.7
Total liabilities and shareholders' equity		4,460.7	4,803.0	4,680.0	4,582.3	4,622.7
Number of properties[1]		34	37	41	39	42

[1] Kista Galleria 50% not included.
[2] LTV 2021 changed due to correction related to presentation of IFRS 16 assets. Previously reported LTV for 2021 was 40.7.
[3] Per-share figures and ratios have been adjusted in the comparison periods to reflect the new number of shares after the reversed share split executed in March 2019.
[4] The Board of Directors proposes that based on the balance sheet to be adopted for the financial period ended on 31 December 2022, no dividend is distributed by a resolution of the Annual General Meeting. Nonetheless, the Board of Directors proposes that the Board of Directors be authorized to decide in its discretion on the distribution of assets from the invested unrestricted equity fund in the manner set forth below. Based on this authorization, the maximum total amount of equity repayment distributed from the invested unrestricted equity fund shall not exceed EUR 0.50 per share.
[5] Issue-adjusted number of shares excluding Treasury shares held by the company.

Formulas are presented on section Formulas for key figures and ratios.

	Formula	2022	2021	2020	2019	2018
Key performance ratios						
Equity ratio, %	1	51.8	52.0	46.4	50.9	45.4
Loan to value (LTV), %[2]	2	41.4	40.3	46.9	42.4	48.7
Return on equity, % (ROE)	3	0.3	6.6	0.0	0.4	0.8
Return on investment, % (ROI)	4	1.5	4.8	2.8	2.3	4.1
Quick ratio	5	0.7	2.6	0.7	0.3	0.6
Gross capital expenditure, MEUR		177.0	224.1	344.4	106.0	168.8
% of gross rental income		79.6	100.9	153.5	45.7	71.2
Per-share figures and ratios[3]						
Earnings per share, EUR	6	-0.15	0.55	-0.25	0.04	0.09
Earnings per share, diluted, EUR	7	-0.15	0.54	-0.25	0.04	0.09
Net cash from operating activities per share, EUR	8	0.59	0.72	0.71	0.76	0.54
Equity per share, EUR	9	13.75	14.80	12.17	13.06	11.74
P/E (price/earnings) ratio	10	-	-	-	187	87
Return from invested unrestricted equity fund per share, EUR[4]		0.50	0.45	0.49	0.60	0.60
Dividend per share, EUR[4]		-	0.05	0.05	0.05	0.05
Dividend and return from invested unrestricted equity fund per share total, EUR[4]		0.50	0.50	0.54	0.65	0.65
Dividend and return of equity per earnings, %	11	-	-	-	1,603.1	696.2
Effective dividend and return of equity yield, %	12	8.0	7.1	6.8	6.9	8.0
Issue-adjusted average number of shares (1,000)[5]		168,011	177,033	177,998	177,997	889,987
Issue-adjusted number of shares at the end of financial year (1,000)[5]		168,009	168,202	177,999	177,999	889,993
Operative key ratios						
Occupancy rate (economic), %[1]	13	94.5	93.4	93.9	95.5	96.3
Citycon's GLA, sq.m.[1]		1,013,390	1,059,090	1,136,390	1,074,590	1,106,490
Personnel (at the end of the period)		251	251	246	234	264

Formulas for key figures and ratios

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

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

Financial statements

Citycon Oyj's consolidated financial statements

Consolidated income statement, IFRS

MEUR	Note	2022	2021
Gross rental income	1.2.	222.3	222.2
Service charge income	1.3.	79.2	70.2
Property operating expenses	1.4.	-94.7	-88.6
Other expenses from leasing operations		-3.1	-1.4
Net rental income	1.1.	**203.6**	**202.3**
Administrative expenses	1.5.	-28.7	-26.1
Other operating income and expenses	1.3, 1.7.	-26.5	-0.4
Net fair value gains/losses on investment property	2.1.	-56.5	48.6
Net gains/losses on sale of investment property	2.1., 2.2.	-4.3	-6.5
Operating profit		**87.7**	**217.8**
Financial income		99.6	25.0
Financial expenses		-147.7	-80.0
Net financial income and expenses	3.2.	-48.0	-55.0
Share of profit of associated companies and joint ventures	2.4.	-24.6	-6.3
Profit before taxes		**15.1**	**156.5**
Current taxes	4.1.	-2.1	-3.3
Change in deferred taxes	4.2.	-7.9	-32.2
Income taxes		-10.0	-35.5
Profit for the period		**5.1**	**121.0**
Profit attributable to			
Parent company shareholders		5.3	121.0
Non-controlling interest		-0.3	0.0
Earnings per share attributable to parent company shareholders:[1]			
Earnings per share (basic), EUR	1.8.	-0.15	0.55
Earnings per share (diluted), EUR	1.8.	-0.15	0.54

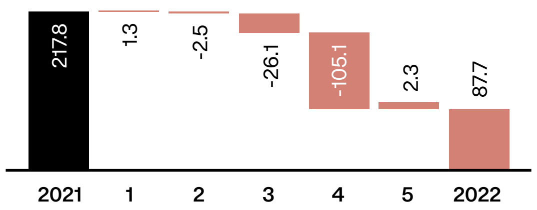
[1] The key figure includes hybrid bond coupons and amortized fees.

Consolidated statement of other comprehensive income, IFRS

MEUR	Note	2022	2021
Profit for the period		**5.1**	**121.0**
Other comprehensive expenses/income			
Items that may be reclassified to profit or loss in subsequent periods			
Net gains/losses on cash flow hedges	3.2.	0.5	1.2
Share of other comprehensive income of associated companies and joint ventures		0.0	0.0
Exchange gains/losses on translating foreign operations		-73.5	36.0
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**-73.0**	**37.3**
Other comprehensive expenses for the period, net of tax		**-73.0**	**37.3**
Total comprehensive profit/loss for the period		**-67.9**	**158.3**
Total comprehensive profit/loss attributable to			
Parent company shareholders		-67.6	158.2
Non-controlling interest		-0.3	0.0

Net rental income slightly up from previous year
Operating profit and profit for the period decreased due to negative investment property fair value development. The net fair value loss from investment properties was EUR 56.5 million and share of loss of associated companies and joint ventures EUR 24.6 million due to valuation result in Kista. Net financial expenses decreased to EUR 48 million due to lower interest expenses following lower debt levels, coupled with indirect one-off gains related to prepayment of debt.

Change in operating profit
MEUR

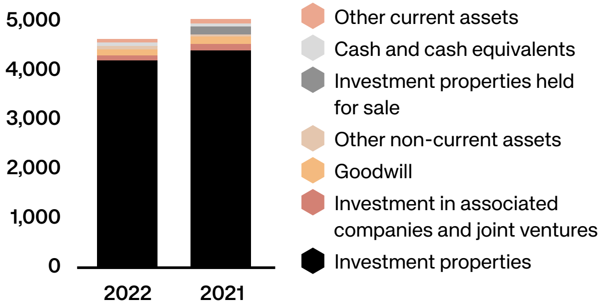


1 Change in net rental income
2 Change in administrative expenses
3 Change in other operating income and expenses
4 Change in fair value gains/losses
5 Change in gains/losses on sale

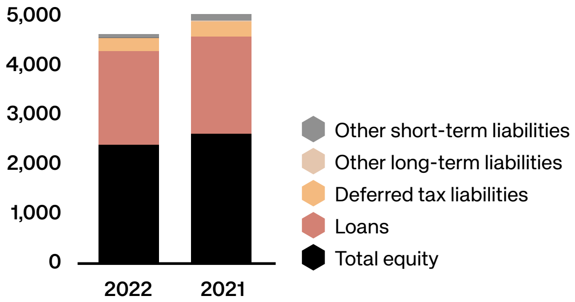
Consolidated statement of financial position, IFRS

MEUR	Note	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Investment properties	2.1.	4,040.1	4,189.2
Goodwill	5.1.	115.4	145.4
Investments in associated companies and joint ventures	2.4.	103.5	129.3
Intangible assets	4.3.	11.0	7.6
Property, plant and equipment		1.6	3.4
Deferred tax assets	4.2.	16.4	16.4
Derivative financial instruments and other non-current assets	3.6.	36.8	15.8
Total non-current assets		**4,324.9**	**4,507.2**
Investment properties held for sale	2.2.	**0.0**	**150.9**
Current assets			
Derivative financial instruments	3.6.	2.8	1.0
Current tax receivables	4.1.	4.4	0.2
Trade and other receivables	3.3., 4.4.	59.4	89.1
Cash and cash equivalents	3.8.	69.2	54.7
Total current assets		**135.9**	**145.0**
Total assets		**4,460.7**	**4,803.0**

Assets
MEUR



Equity and liabilities
MEUR



MEUR	Note	31 December 2022	31 December 2021
EQUITY AND LIABILITIES			
Equity	3.1.		
Share capital		259.6	259.6
Share premium fund		131.1	131.1
Fair value reserve		1.9	1.4
Invested unrestricted equity fund		660.2	744.2
Translation reserve		-188.3	-114.8
Retained earnings		754.3	778.6
Total equity attributable to parent company shareholders		**1,618.8**	**1,800.1**
Hybrid bond	3.1.	691.5	689.1
Non-controlling interest		0.0	0.3
Total equity		**2,310.3**	**2,489.5**
Long-term liabilities			
Loans	3.3., 3.4.	1,676.1	1,871.9
Derivative financial instruments	3.3., 3.6.	0.1	11.5
Deferred tax liabilities	4.2.	266.3	296.7
Other liabilities	3.3.	0.3	0.3
Total long-term liabilities		**1,942.8**	**2,180.5**
Short-term liabilities			
Loans	3.3., 3.4.	131.6	6.5
Derivative financial instruments	3.3., 3.6.	0.4	5.1
Current tax liabilities	4.1.	2.8	2.4
Trade and other payables	3.3., 4.5.	72.8	118.9
Total short-term liabilities		**207.6**	**133.0**
Total liabilities		**2,150.5**	**2,313.5**
Total liabilities and equity		**4,460.7**	**4,803.0**

Effective capital recycling
Citycon sold four non-core assets near book values in Norway during 2022. The proceeds from these disposals have been used to pay down bonds at discount for additional value creation. In addition to disposals, fair value of investment properties and shareholders equity was negatively impacted by significant weakening of Norwegian and Swedish Krona during the year and minimal fair value losses.

Consolidated cash flow statement, IFRS

MEUR	Note	2022	2021
Cash flow from operating activities			
Profit before taxes		**15.1**	**156.5**
Adjustments		166.5	22.7
Cash flow before change in working capital		**181.5**	**179.3**
Change in trade and other receivables	4.4.	7.8	-16.1
Change in trade and other payables	4.5.	-30.5	23.7
Change in working capital		-22.7	7.7
Cash generated from operations		**158.8**	**186.9**
Interest expenses and other financial expenses paid		-53.9	-58.6
Interest income and other financial income received		0.2	0.5
Taxes paid		-5.4	-2.1
Net cash from operating activities		**99.7**	**126.7**
Cash flow from investing activities			
Acquisition of subsidiaries, less cash acquired	2.1.	-6.5	0.6
Capital expenditure on investment properties	2.1.	-169.3	-189.9
Capital expenditure on investments in joint ventures, intangible assets and PP&E	2.4., 4.3.	-4.6	-26.8
Sale of investment properties	2.1., 2.2.	270.9	226.0
Purchase of current financial investments		-64.8	-285.0
Repayment of current financial investments		84.2	264.9
Net cash used in investing activities		**109.8**	**-10.2**
Cash flow from financing activities			
Proceeds from short-term loans	3.4.	356.5	862.3
Repayments of short-term loans	3.4.	-318.7	-1,082.5
Proceeds from long-term loans	3.4.	-	346.1
Repayments of long-term loans	3.4.	-102.5	-386.9
Proceeds from hybrid bond	3.1.	-	342.5
Hybrid bond interest and expenses	3.1.	-28.4	-20.3
Repurchase of treasury shares and costs		-1.6	-68.6
Dividends and return from the invested unrestricted equity fund		-84.0	-87.8
Realised exchange rate gains and losses		6.8	-12.7
Net cash from/used in financing activities		**-172.0**	**-107.8**
Net change in cash and cash equivalents		**37.5**	**8.6**
Cash and cash equivalents at period-start	3.8.	34.7	25.9
Effects of exchange rate changes		-3.1	0.3
Cash and cash equivalents at period-end	3.8.	**69.2**	**34.7**

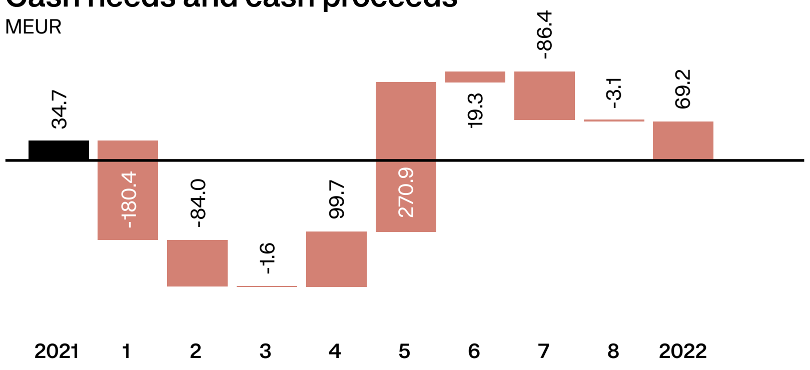
MEUR	Note	2022	2021
Adjustments:			
Depreciation and amortisation	1.5., 4.3.	2.4	2.7
Net fair value gains/losses on investment property	2.1.	56.5	-48.6
Gains/losses on disposal of investment property	2.2.	4.3	6.5
Financial income	3.2.	-99.6	-25.0
Financial expenses	3.2.	147.7	80.0
Share of profit of associated companies and joint ventures	2.4.	24.6	6.3
Share-based payments	1.6.	3.2	0.8
Other adjustments		27.4	0.1
Total		**166.5**	**22.7**

MEUR	Note	2022	2021
Net cash from operating activities		99.7	126.7
Average number of shares (1,000)		168,011	177,033
Net cash from operating activities per share		**0.59**	**0.72**

Net cash flows increased to EUR 37.5 million from previous year's EUR 8.6 million
During 2022 Citycon invested EUR 180.4 million in aqcuisitions and development projects. Investments and debt repayments were mainly financed by selling four properties in Norway. The biggest development investment in 2022 was Lippulaiva. Net cash from operations per share decreased to EUR 0.59 mainly due to change in trade and other payables.

Cash needs and cash proceeds

MEUR



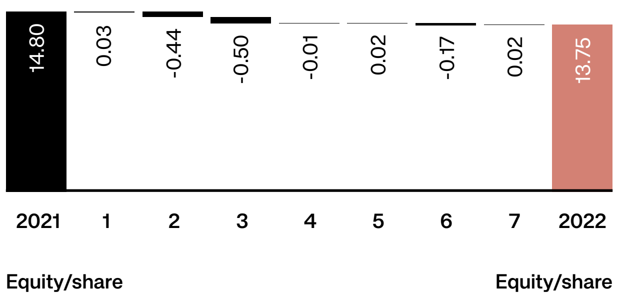
1 Acquisitions and investments
2 Dividends and equity returns
3 Repurchase of treasury shares and costs
4 Cash from operations
5 Sale of properties
6 Changes in current financial investments
7 Cash from financing
8 Other

Consolidated statement of changes in shareholders' equity, IFRS

		Equity attributable to parent company shareholders								
MEUR	Share capital	Share premium fund	Fair value reserve	Invested unrestricted equity fund	Translation reserve	Retained earnings	Total	Hybrid bond	Non-controlling interest	Total equity
Balance at 1 January 2021	**259.6**	**131.1**	**0.2**	**823.2**	**-150.9**	**755.4**	**1,818.6**	**347.2**	**0.2**	**2,166.0**
Profit for the period 2021						**121.0**	**121.0**		**0.0**	**121.0**
Net gains on cash flow hedges (Note 3.2.)			1.2				1.2			1.2
Share of other comprehensive income of joint ventures							0.0			0.0
Exchange gains/losses on translating foreign operations					36.0		36.0		0.0	36.0
Total other comprehensive expenses/income for the period, net of tax			**1.2**		**36.0**		**37.3**		**0.0**	**37.3**
Total comprehensive loss/profit for the period			**1.2**		**36.0**	**121.0**	**158.2**		**0.0**	**158.3**
Hybrid bond interest and expenses						-20.5	-20.5	0.6		-19.8
Proceeds from hybrid bond								341.2		341.2
Repurchase of treasury shares and costs						-68.6	-68.6			-68.6
Dividends and return from the invested unrestricted equity fund (Note 3.1.)				-78.9		-8.9	-87.8			-87.8
Share-based payments (Note 1.6.)						0.4	0.4			0.4
Other changes						-0.2	-0.2			-0.2
Balance at 31 December 2021	**259.6**	**131.1**	**1.4**	**744.2**	**-114.8**	**778.6**	**1,800.1**	**689.1**	**0.3**	**2,489.5**
Profit for the period 2022						**5.3**	**5.3**		**-0.3**	**5.1**
Net gains on cash flow hedges (Note 3.2.)			0.5				0.5			0.5
Share of other comprehensive income of joint ventures							0.0			0.0
Exchange gains/losses on translating foreign operations					-73.5		-73.5		0.0	-73.5
Total other comprehensive income/expenses for the period, net of tax			**0.5**		**-73.5**		**-73.0**		**0.0**	**-73.0**
Total comprehensive profit/loss for the period			**0.5**		**-73.5**	**5.3**	**-67.6**		**-0.3**	**-67.9**
Hybrid bond interest and expenses						-30.6	-30.6	2.4		-28.2
Repurchase of treasury shares and costs						-1.6	-1.6			-1.6
Dividends and return from the invested unrestricted equity fund (Note 3.1.)				-84.0			-84.0			-84.0
Share-based payments (Note 1.6.)						2.4	2.4			2.4
Other changes						0.1	0.1			0.1
Balance at 31 December 2022	**259.6**	**131.1**	**1.9**	**660.2**	**-188.3**	**754.3**	**1,618.8**	**691.5**	**0.0**	**2,310.3**

Development of equity attributable to parent company shareholders per share

MEUR



1 Profit for the period
2 Translation differences
3 Dividends and equity return
4 Repurchase of treasury shares and costs
5 Effect of cancellation of repurchased Treasury shares on share amount
6 Hybrid bond interest and expenses
7 Other changes

Equity return and translation losses decreased equity

During 2022, Citycon paid an equity return of EUR 0.50 per share from the invested unrestricted equity fund. Distributed equity return in total was EUR 84.0 million and translation losses EUR -73.5 million.

Notes to the consolidated financial statements

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

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

Basic company data

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

The Board of Directors has approved the financial statements of the company on 16th February 2023. In accordance with the Finnish Limited Liability Companies Act, Annual General Meeting has the right to not approve the financial statements approved by the Board of Directors and return the financial statements back to the Board of Directors for a correction.

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

Basis of preparation

Citycon has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and applied the International Accounting Standards (IAS) and IFRS as well as Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) interpretations effective as of 31 December 2022. International financial reporting standards refer to the approved applicable standards and their interpretations under Finnish accounting legislation and the following rules on European Union Regulation No. 1606/2002. Notes to the consolidated financial statements are also in compliance with Finnish accounting legislation and community legislation.

Available-for-sale financial assets, derivative contracts and investment properties, are measured at fair value following their initial recognition. In other respects, the consolidated financial statements are prepared at historical cost.

XBRL tags in the ESEF financial statement are unaudited.

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

Key estimates and assumptions and accounting policies requiring judgment

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

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

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

1. Operating performance

1.1. Segment information

The geographical segments of Citycon are Finland & Estonia, Norway and Sweden & Denmark. The segment Other mainly includes administrative expenses arising from the Group's functions.

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

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

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

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

None of the tenants' proportion of Citycon's gross rental income exceeded 10% during financial years 2022 and 2021, and the management does not manage operations according to customer segments.

1 January – 31 December 2022

MEUR	Finland & Estonia[1]	Norway	Sweden & Denmark	Other	Total IFRS segments	Kista Galleria (50%)
Gross rental income	96.5	83.0	42.8	0.0	222.3	9.4
Service charge income	34.3	31.3	13.6	0.0	79.2	3.8
Property operating expenses	-40.8	-34.9	-18.7	-0.4	-94.7	-5.9
Other expenses from leasing operations	-0.9	-0.5	-1.8	0.1	-3.1	-0.5
Net rental income	**89.1**	**78.9**	**36.0**	**-0.3**	**203.6**	**6.8**
Direct administrative expenses	-2.1	-3.5	-4.2	-18.8	-28.7	-0.1
Direct other operating income and expenses	-0.3	0.6	0.1	-0.1	0.2	-0.1
Direct operating profit	**86.7**	**76.0**	**31.8**	**-19.3**	**175.2**	**6.6**
Indirect other operating income and expenses	-	-26.3	-0.4	-	-26.7	-
Net fair value losses/gains on investment property	-16.5	-30.9	-9.2	-	-56.5	-25.5
Gains/losses on disposal of investment property	3.3	-8.2	0.6	-	-4.3	-
Operating profit/loss	**73.5**	**10.6**	**22.8**	**-19.3**	**87.7**	**-18.8**
Allocated assets						
Investment properties	2,046.7	1,228.4	765.0	-	4,040.1	210.7
Investment properties held for sale	0.0	0.0	0.0	-	0.0	-
Other allocated assets	23.2	91.9	14.0	253.7	382.8	13.2
Unallocated assets						
Deferred tax assets				16.4	16.4	
Derivative financial instruments				21.4	21.4	
Assets	**2,069.9**	**1,320.3**	**779.0**	**291.5**	**4,460.7**	**223.9**
Allocated liabilities						
Trade and other payables	12.6	20.8	15.4	24.0	72.8	8.4
Unallocated liabilities						
Interest-bearing liabilities				1,807.7	1,807.7	224.9
Deferred tax liabilities				266.3	266.3	-
Derivative financial instruments				0.6	0.6	-
Other unallocated liabilities				3.1	3.1	7.4
Liabilities	**12.6**	**20.8**	**15.4**	**2,101.7**	**2,150.5**	**240.8**
Capital expenditure	**119.7**	**32.1**	**21.4**	**3.9**	**177.0**	**3.9**
Number of shopping centres	**11**	**14**	**7**		**32**	**1**
Number of other properties	**1**	**-**	**1**		**2**	**-**

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

1 January – 31 December 2021

MEUR	Finland & Estonia[1]	Norway	Sweden & Denmark	Other	Total IFRS segments	Kista Galleria (50%)
Gross rental income	90.7	85.8	45.7	0.0	222.2	9.8
Service charge income	30.1	27.0	13.0	0.0	70.2	3.6
Property operating expenses	-34.8	-34.8	-18.8	-0.2	-88.6	-6.2
Other expenses from leasing operations	-0.7	-0.2	-0.7	0.2	-1.4	-0.8
Net rental income	**85.2**	**77.8**	**39.2**	**0.0**	**202.3**	**6.4**
Direct administrative expenses	-2.6	-4.5	-5.2	-13.8	-26.1	-0.1
Direct other operating income and expenses	-0.1	0.2	-0.1	0.0	0.0	-0.2
Direct operating profit	**82.5**	**73.6**	**33.8**	**-13.8**	**176.1**	**6.1**
Indirect other operating income and expenses	-	-	-0.4	-	-0.4	-
Net fair value losses/gains on investment property	2.7	16.0	29.9	-	48.6	-1.4
Gains/losses on disposal of investment property	-2.2	0.0	-4.3	-	-6.5	-
Operating profit/loss	**83.0**	**89.5**	**59.1**	**-13.8**	**217.8**	**4.7**
Allocated assets						
Investment properties	1,961.2	1,427.3	800.7	-	4,189.2	252.2
Investment properties held for sale	0.0	150.9	0.0	-	150.9	-
Other allocated assets	48.6	121.8	20.4	239.6	430.3	11.1
Unallocated assets						
Deferred tax assets				16.4	16.4	
Derivative financial instruments				16.2	16.2	
Assets	**2,009.8**	**1,699.9**	**821.1**	**272.2**	**4,803.0**	**263.3**
Allocated liabilities						
Trade and other payables	39.8	36.4	131.6	-88.9	118.9	8.5
Unallocated liabilities						
Interest-bearing liabilities				1,878.5	1,878.5	237.3
Deferred tax liabilities				296.7	296.7	-
Derivative financial instruments				16.7	16.7	-
Other unallocated liabilities				2.7	2.7	11.1
Liabilities	**39.8**	**36.4**	**131.6**	**2,105.7**	**2,313.5**	**256.8**
Capital expenditure	**163.6**	**21.7**	**35.2**	**3.6**	**224.1**	**3.3**
Number of shopping centres	**11**	**18**	**7**	**-**	**36**	**1**
Number of other properties	**1**	**-**	**-**	**-**	**1**	**-**

[1] Direct Operating Profit for Estonia in 2021 was EUR 20.8 million, Gross rental income and Service charge income in total were EUR 28.2 million, Property operating expenses and Administrative expenses in total were EUR 7.3 million and Assets were EUR 338.0 million.

1.2. Gross rental income

Breakdown of gross rental income

MEUR	2022	2021
Straight-lining of lease incentives	0.7	-0.5
Temporary and contractual rental discounts	-5.0	-4.7
Gross rental income (excl. items above)	226.6	227.4
Total	**222.3**	**222.2**

General description of Citycon's lease agreements
In the majority, i.e. in 90% (89) of Citycon's lease agreements the rent is divided into base rent and maintenance rent. Base rent is typically tied to a yearly rent revision which is based on an index, such as cost-of-living index, or percentual minimum increase. Maintenance rent, charged separately from the lessee, are used for covering operating expenses incurred by the property owner due to property maintenance.

Part of Citycon's lease agreements also contain a turnover-linked component in addition to base rent. In addition, Citycon also has some lease agreements which are fully tied to tenant's turnover. At the end of 2022 approximately 63% (66%) of lease agreements in Citycon's lease portfolio had turnover based components.

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

In accordance with the below table, Citycon had 3,191 (3,326) lease agreements on 31 December 2022. The decrease in the number of lease agreements was mainly due to divested properties in Norway.

Number of leases	31 December 2022	31 December 2021
Finland & Estonia	1,363	1,262
Norway	1,081	1,306
Sweden & Denmark	747	758
Total	**3,191**	**3,326**

In accordance with the table presented below, the average remaining length of Citycon's lease portfolio was 3.4 (3.1) years on 31 December 2022. The duration of a new lease depends on the type of premises to be leased and the tenant. With larger anchor tenants, Citycon typically concludes long-term leases of 10–15 or even 20 years while leases for smaller retail premises are mainly agreed for a term of 3 to 5 years.

Average remaining length of lease portfolio, years	31 December 2022	31 December 2021
Finland & Estonia	4.2	3.5
Norway	2.7	2.8
Sweden & Denmark	2.6	2.7
Average	**3.4**	**3.1**

Citycon mainly seeks to sign fixed-term leases with the exception of apartment, storage and individual parking space leases. At the year end 2022, fixed-term leases represented around 91% (91), initially fixed-term leases 5% (5) and leases in effect until further notice 4% (4) of Citycon's lease portfolio.

The table below presents the future minimum lease payments by first possible termination dates based on the valid rent roll at the end of the year 2022 and 2021.

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

EUR million	31 December 2022	31 December 2021
Not later than 1 year	70.9	71.2
1–5 years	145.0	141.9
Over 5 years	40.3	42.6
Total	**256.1**	**255.6**

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

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

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

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

The effects of COVID-19 to rental income
Citycon has given minimal rent concessions to its tenants in various forms due to difficulties imposed by COVID-19. Citycon granted EUR 0.0 million of new COVID-19 rent discounts during 2022 (0.8). These rent concessions have included rental discounts, payment schedule changes and rent-free periods during the pandemic.

Based on contract analysis prepared by the company, the COVID-19 related discounts given during the pandemic have not been based on the original lease agreement and should be booked as a new lease agreement. Hence, the COVID-19 related discounts given have been straight-lined to the remaining lease term.

1.3. Revenue from contracts with customers

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

Breakdown of revenues 1 January – 31 December 2022

MEUR	Finland & Estonia	Norway	Sweden & Denmark	Other	Total
Service charges[1]	25.0	23.9	11.0	0.0	59.9
Utility charges[1]	7.1	2.6	1.3	0.0	11.0
Other service income[1]	2.2	4.8	1.3	0.0	8.3
Total	**34.3**	**31.3**	**13.6**	**0.0**	**79.2**
Management fees[2]	0.2	0.0	0.4	0.0	0.6
Total	**0.2**	**0.0**	**0.4**	**0.0**	**0.6**
Revenue from contracts with customers	**34.5**	**31.3**	**14.0**	**0.0**	**79.8**

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

Breakdown of revenues 1 January – 31 December 2021

MEUR	Finland & Estonia	Norway	Sweden & Denmark	Other	Total
Service charges[1]	23.7	19.4	10.6	-	53.6
Utility charges[1]	4.3	3.1	1.0	0.0	8.4
Other service income[1]	2.1	4.5	1.4	0.0	8.1
Total	**30.1**	**27.0**	**13.0**	**0.0**	**70.2**
Management fees[2]	0.1	0.4	0.4	0.0	0.9
Total	**0.1**	**0.4**	**0.4**	**0.0**	**0.9**
Revenue from contracts with customers	**30.2**	**27.4**	**13.4**	**0.0**	**71.1**

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

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

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

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

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

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

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

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

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

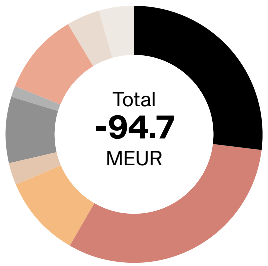
The services provided by Citycon Group do not include a significant financial component because the payments based on customer contracts typically become due before the start of the lease period or immediately upon its beginning. Citycon Group will not become subject to costs of obtaining a contract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

Contract balances

MEUR	2022	2021
Contract assets	1.2	4.8
Contract liabilities	0.7	5.3

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

Operating expenses 2022
MEUR



Heating and electricity **-25.7**
Maintenance expenses **-29.7**
Property personnel expenses **-9.6**
Administrative and management fees **-2.8**
Marketing expenses **-7.8**
Property insurances **-1.4**
Property taxes **-9.8**
Repair expenses **-3.8**
Other property operating expenses **-4.1**

1.4. Property operating expenses

MEUR	2022	2021
Heating and electricity	-25.7	-19.5
Maintenance expenses	-29.7	-31.4
Property personnel expenses	-9.6	-8.9
Administrative and management fees	-2.8	-4.0
Marketing expenses	-7.8	-7.8
Property insurances	-1.4	-1.4
Property taxes	-9.8	-9.1
Repair expenses	-3.8	-3.5
Other property operating expenses	-4.1	-3.1
Total	**-94.7**	**-88.6**

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

1.5. Administrative expenses

MEUR	2022	2021
Personnel expenses	-15.2	-12.7
Expenses related to management and organizational changes[1]	-0.3	-0.5
Consultancy and advisory fees as well as external services	-5.8	-5.7
Office and other administrative expenses	-4.9	-4.6
Depreciation and amortisation	-2.4	-2.7
Total	**-28.7**	**-26.1**

[1] Expenses related to management and organizational changes EUR 0.3 million in 2022 include mainly expenses related to the change of CFO. Expenses related to management and organizational changes EUR 0.5 million in 2021 include mainly expenses related to recruitment and change of new CFO.

Depreciation and amortisation

Depreciation and amortisation are booked from intangible and tangible assets.

Audit fees

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

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

MEUR	2021 Group	2021 Parent company
Audit fees	**-1.0**	**-0.3**
Ernst & Young Oy	-0.3	-0.3
Other EY offices	-0.7	-
Other advisory services	**-0.3**	**-0.3**
Ernst & Young Oy	-0.3	-0.3
Other EY offices	-	-
Total	**-1.2**	**-0.5**

1.6. Employee benefits and personnel expenses

MEUR	Note	2022	2021
Wages and salaries of management			
CEO	A	-1.2	-1.2
Management committee	B	-1.4	-1.7
Board	C	-0.6	-0.7
Other wages and salaries		-15.8	-13.7
Pension charges: defined contribution plans		-2.3	-2.4
Social charges		-3.5	-3.3
Expense of share based payments	D	-3.2	-0.8
Total		**-27.9**	**-23.8**

Personnel expenses of EUR 15.2 million (12.7) are included in administrative expenses, EUR 11.9 million (8.9) in property operating expenses and EUR 0.8 million (2.2) in other operating income and expenses.

Pensions

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

Group full-time equivalent (FTE) by Business Units as at 31 December	2022	2021
Finland & Estonia	57	56
Norway	82	80
Sweden & Denmark	47	66
Group functions	66	49
Total	**251**	**251**

A) CEO wages and salaries

EUR	2022	2021
Base salary including benefits	688,457	698,183
Short-term incentives	513,000	486,000
Long-term incentives and other one-time payments	734,398	365,106
Total	**1,935,855**	**1,549,289**

F. Scott Ball (B.Sc., born 1961) started as CEO of Citycon on 1 January 2019. According to his service agreement, the CEO's gross base salary in 2022 amounted to EUR 660,000.

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

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

The CEO did not receive Long-Term Incentives in 2022 due to the implementation of the new LTI programme in which the vesting period differs from the vesting period in the previous LTI programme. According to the terms of the CEO Restricted Share Plan 2021–2025 the first reward payment is by the end of February 2023.

The CEO's pension benefit is in line with mandatory provisions of the Swedish Pension Act.

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

MEUR	2022	2021
Wages and salaries	-1.4	-1.7
Pensions: defined contribution plans	-0.2	-0.2
Social charges	-0.3	-0.6
Total	**-1.9**	**-2.5**

C) Remuneration of the members of the Board of Directors

EUR	2022	2021
Chaim Katzman	165,000	165,000
Ariella Zochovitzky (until 30 June 2021)	-	43,900
Yehuda (Judah) L. Angster	60,800	65,000
Arnold de Haan (until 22 March 2022)	3,600	63,800
Zvi Gordon	58,400	60,200
Alexandre (Sandy) Koifman	83,400	78,100
David Lukes	64,200	65,200
Per-Anders Ovin	58,400	63,200
Ofer Stark (until 31 January 2022)	600	59,600
F. Scott Ball (as of 2 August 2021)[2]	-	-
Ljudmila Popova (as of 2 August 2021)	58,600	31,000
Total[1]	**553,000**	**695,000**

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

During 2022, the travel expenses of the Board members amounted to EUR 0.2 million (0.0).

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

D) Long-term share-based incentive plans

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

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

and one to key employees of the group;

- Restricted Share Plan 2020–2022 (decided on 11 December 2019).

During 2022, the Matching Share Plan 2018–2020 and the Restricted Share Plan 2018–2020 expired after their last vesting dates.

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

In 2022, expenses from long-term share-based incentive plans recognised in consolidated financial statements amounted to EUR 3.2 million (0.8).

CEO Restricted Share Plan 2021–2025

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

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

The rewards are paid in three equal instalments of 190,000 shares after the end of each vesting period. The rewards may be paid partly in shares or partly or fully in cash to cover taxes and tax related costs, in which case the CEO may be obliged to acquire shares with the net reward. All unvested shares under the plan are eligible for dividend equivalent at the beginning of the vesting periods. The value of the dividend equivalent per share shall be equal to the distributed dividend or other distributed assets per share.

All paid shares shall be subject to a lock-up undertaking by the CEO until 14 January 2025 unless the CEO agreement is terminated prior to such date. Should the CEO be relieved of his position before the payment, the CEO shall be entitled to the reward prorated until the date of relief.

CEO Stock Option Plan 2022–2025

The CEO Option Plan 2022–2025 is directed to the CEO F. Scott Ball.

The stock options are issued gratuitously and entitle to subscribe a maximum total of 2,111,111 new shares in the company or existing shares held by the company. 527,778 of the stock options are marked with the symbol 2022A; 527,778 with the symbol 2022B; 527,778 with the symbol 2022C and 527,777 with the symbol 2022D. The subscription period for stock options 2022A is 31 January 2022–31 December 2025, for stock options 2022B 31 January 2023–31 December 2025, for stock options 2022C 31 January 2024–31

December 2025 and for stock options 2022D 31 January 2025–31 December 2025.

The share subscription price for shares subscribed by virtue of the stock options is EUR 7.38 per share. In 2022 the CEO did not exercise any options and accordingly, as per 31 December 2022, the CEO still holds 2,111,111 options.

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

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

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

The rewards paid in 2022 to the CFO corresponded to the total value of 15,000 shares, including a cash proportion to cover taxes and tax-related costs.

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

The plan includes three performance periods, each three years, spanning from March 2020, 2021 and 2022 until the end of February 2023, 2024 and 2025, respectively. The rewards payable are based on the participants achieving the strategic individual criteria set for each performance period and a valid employment or service contract. The rewards to be paid correspond to a maximum total value of 150,000 shares including any cash proportion for taxes and tax-related costs.

The rewards allocated and to be paid based on the performance period 2022–2025 correspond to an approximate maximum total value of 30,000 shares, including any cash proportion to cover taxes and tax-related costs.

The rewards paid under the plan in 2022 corresponded to the total value of 20,000 shares, including a cash proportion to cover taxes and tax-related costs.

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

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

The net rewards to be paid on the basis of this plan from the matching period 2022–2023 correspond to an approximate maximum total value of 16,132 shares, including a cash proportion to cover taxes and tax-related costs. The rewards from the matching period 2022–2023 will be paid in 2024.

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

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

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

The rewards allocated in 2022 correspond to the total value of 22,000 shares, including any cash proportion to cover taxes and tax-related costs.

Long-term Incentive Plans expired during 2022

Matching Share Plan 2018–2020
The Matching Share Plan 2018–2020 was directed to the members of the Corporate Management Committee.

The plan included three matching periods, calendar years 2018–2019, 2019–2020 and 2020–2021. The prerequisite for participation in the plan and for reward payment was that the member of the Corporate Management Committee invested in the company's shares a pre-determined percentage of the bonus earned from the company's short-term performance bonus scheme during the calendar year preceding a matching period. If share ownership prerequisite was fulfilled and his or her employment or service is in force with a Citycon group company upon reward payment, he or she received free matching shares for the invested shares subject to the share ownership prerequisite.

The rewards paid on the basis of the matching period 2020–2021 corresponded to the total value of 11,241 shares, including a cash proportion to cover taxes and tax-related costs.

Restricted Share Plan 2018–2020
The Restricted Share Plan 2018–2020 was directed to selected key employees.

The rewards from the plan were allocated in 2018–2020. The rewards were based on a valid employment or service contract of a key employee upon the reward payment, and it was paid partly in shares and partly in cash, to be used for taxes and tax-related costs, after the end of a vesting period of 12 to 36 months.

The rewards paid in 2022 corresponded to the total value of 20,829 shares, including a cash proportion to cover taxes and tax-related costs.

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

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

1.7. Other operating income and expenses

MEUR	2022	2021
Management fees	0.6	0.9
Management fee related expenses	-0.3	-
Other operating income and expenses[1]	-26.8	-1.3
Total	**-26.5**	**-0.4**

[1] Includes a reduction in goodwill of EUR 26.3 million resulting from asset sales in Norway.

1.8. Earnings per share

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

Earnings per share, basic

	2022	2021
Profit/loss attributable to parent company shareholders (MEUR)	5.3	121.0
Hybrid bond coupons and amortized fees	-30.5	-24.3
Weighted average number of ordinary shares (1,000)	168,011	177,033
Earnings per share (basic) (EUR)	**-0.15**	**0.55**

Earnings per share, diluted

	2022	2021
Profit/loss attributable to parent company shareholders (MEUR)	5.3	121.0
Hybrid bond coupons and amortized fees	-30.5	-24.3
Adjustment for share-based incentive plans (1,000)	2,490	369
Weighted average number of ordinary shares, diluted (1,000)	170,500	177,403
Earnings per share (diluted)[1]	**-0.15**	**0.54**

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

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

	Days	Number of shares
Weighted average (daily) number of shares	365	170,500,329

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

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

2. Property portfolio and assets

2.1. Investment properties and related liabilities

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

The investment properties are measured initially at cost, including transaction costs such as consultant fees and transfer taxes. After their initial measurement investment properties are valued at fair value at the end of the quarter following the acquisition.

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

(Re)development projects are classified as investment properties and determined at fair value after an investment decision has been made and the external appraiser considers that sufficient information is available for a reliable valuation.In the fair value valuation on 31 December 2022 property (1) was classified as (re)development project. Capital expenditure on potential development projects relates to planning and zoning costs. Potential development projects are projects whose realization is uncertain. Therefore they have been left out of the valuation conducted by the external appraiser.

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

The fair value of Citycon's properties was measured by CBRE (Norway, Denmark, Estonia) and JLL (Finland, Sweden) for the financial statements for 2022 and 2021. The resulting fixed fees based on the 2022 valuations totaled EUR 0.3 million (0.3). The reconciliation between the fair value determined by the external appraiser and the fair value of investment properties in Citycon's balance sheet, is presented below:

MEUR	31 December 2022	31 December 2021
Fair value of investment properties determined by the external appraiser per 31 December	3,956.4	4,268.2
Capital expenditure on potential development projects[1]	38.4	26.2
Right-of-use assets classified as investment properties (IFRS 16)	45.3	45.7
Transfer into investment properties held for sale	-	-150.9
Acquisition cost of properties acquired during the last quarter of the year	-	-
Fair value of investment properties per 31 December	**4,040.1**	**4,189.2**

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

Fair value definition and hierarchy
In accordance with IFRS 13, the fair value is defined as the price that would be received from the sale of an asset in an orderly transaction between market participants at the measurement date.

Citycon uses valuation techniques that are appropriate under the existing circumstances, and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Input data used in valuation method to determine the fair value is categorized into three fair value hierarchy levels in accordance with IFRS 13. Investment property measured at fair value is categorised to the same fair value hierarchy level as the lowest level input, which is significant to the fair value measurement as a whole.

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

Fair value measurement of investment properties, fair value measurement hierarchy

MEUR	31 December 2022	31 December 2021
Quoted prices (Level 1)	-	-
Observable inputs (Level 2)	-	-
Unobservable inputs (Level 3)	3,956.4	4,268.2
Total	**3,956.4**	**4,268.2**

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

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

The valuation of on-going (re)development projects is based on a cash flow analysis, in which the capital expenditure on the (re)development project and the property's future cash flows are taken into account according to the (re) development project's schedule.

Inputs

31 December 2022	Finland & Estonia	Norway	Sweden & Denmark	Average
Yield requirement (%)	5.4	5.7	5.6	5.5
Market rents (EUR/sq.m./month)	28.6	21.3	26.2	26.0
Operating expenses (EUR/sq.m./month)	6.7	5.2	6.8	6.2
Vacancy during the cash flow period (%)	4.3	3.6	4.1	4.1
Market rent growth assumption (%)	2.3	2.0	2.2	-
Operating expense growth assumption (%)	2.2	2.0	2.2	-

31 December 2021	Finland & Estonia	Norway	Sweden & Denmark	Average
Yield requirement (%)	5.3	5.4	5.5	5.4
Market rents (EUR/sq.m./month)	27.8	21.8	26.6	25.4
Operating expenses (EUR/sq.m./month)	6.1	5.4	7.0	6.0
Vacancy during the cash flow period (%)	4.7	3.8	4.4	4.3
Market rent growth assumption (%)	2.1	2.1	2.0	-
Operating expense growth assumption (%)	1.9	2.1	2.0	-

Sensitivity analysis

	Fair value (EUR million)				
Change %	**-10%**	**-5%**	**±0%**	**+5%**	**+10%**
Market rents	3,450.1	3,703.2	3,956.4	4,209.6	4,462.8
Operating expenses	4,089.9	4,023.2	3,956.4	3,889.7	3,823.0
Change, basis points	**-50**	**-25**	**±0**	**+25**	**+50**
Vacancy	4,077.4	4,016.9	3,956.4	3,895.9	3,835.4
Yield requirement	4,388.4	4,161.0	3,956.4	3,771.3	3,603.0

Inputs

The segments' inputs used by the external appraisers in the cash flow analysis per 31 December 2022 and 31 December 2021 are presented in the following tables.

The weighted average yield requirement increased in all segments compared to the comparison period.

The weighted average market rent for the whole property portfolio was 26.0 EUR/sq.m./month (25.4). The weighted average vacancy assumption for the cash flow period was 4.1% (4.3).

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 3,956.4 million defined by the external appraiser at 31 December 2022 as the starting value. Sensitivity analysis indicates that the market value is most sensitive to changes in market rents and yield requirement. A 10% increase in market rents increases the market value of the investment properties by approximately 13%. Correspondingly, a 50 bps decrease in the yield requirement results in an approximately 11% increase in market value.

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

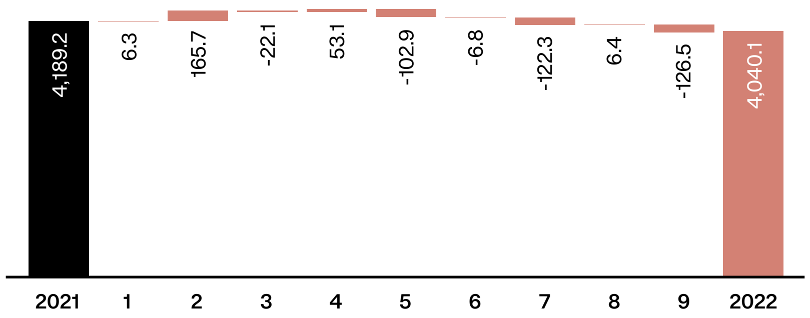
Investment property changes and classification

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

31 December 2021 EUR million	Investment properties under construction	Operative investment properties	Investment properties total
Balance at 1 January 2021	**271.5**	**3,880.7**	**4,152.2**
Acquisitions	-	-0.6	-0.6
Investments	141.0	43.1	184.1
Disposals	-9.1	0.0	-9.1
Capitalised interest	6.5	0.4	6.9
Fair value gains on investment property	-	106.1	106.1
Fair value losses on investment property	-27.7	-18.0	-45.7
Valuation gains and losses from Right-of-Use-Assets	-	-11.8	-11.8
Exchange differences	-	55.1	55.1
Transfer between operative investment properties, joint ventures and transfer into investment properties held for sale	-	-260.5	-260.5
Changes in right-of-use assets classified as investment properties (IFRS 16)	-	12.6	12.6
Balance at 31 December 2021	**382.3**	**3,807.0**	**4,189.2**

Investment properties 2022

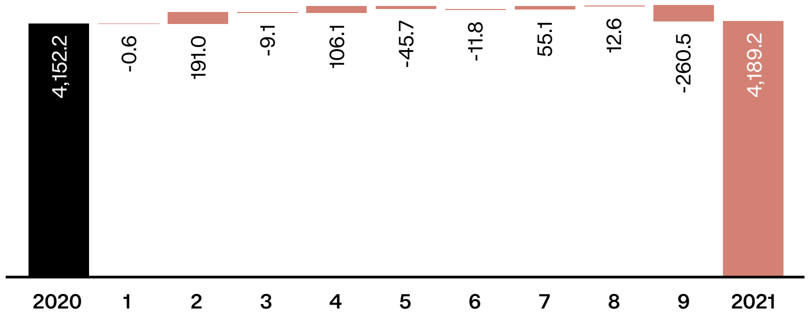
MEUR



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

Investment properties 2021

MEUR



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

Citycon divides its investment properties into two categories: Investment Properties Under Construction (IPUC) and Operative Investment Properties. On reporting date, the first mentioned category included Lippulaiva in Finland and Barkarby residentials in Sweden, and on comparable period 31 December 2021 Lippulaiva.

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

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

Contingent liabilities related to investment properties

EUR million	2022	2021
Capital commitments	76.9	81.7
VAT refund liabilities	103.8	108.2

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

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

2.2. Investment properties held for sale

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

MEUR	2022	2021
Acquisition cost January 1	**150.9**	**149.7**
Disposals	-269.9	-256.3
Investments	0.0	-
Exchange differences	-7.5	-3.2
Transfers from investment properties	126.5	260.5
Accumulated acquisition cost December 31	**0.0**	**150.9**

On 31 December 2022 Citycon had no property held for sale properties. Transfer from investment properties, comprising of two properties in Norway segment, increased investment properties held for sale by EUR 126.5 million. These properties were sold during Q4/2022. On 31 December 2021 Investment properties held for sale comprised of two properties in Norway segment, which were sold during Q1/2022.

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

An investment property is reclassified in the financial statement in cases where the investment property is divested or permanently withdrawn from use, and no future economic benefits are expected.

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

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

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

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

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

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

2.3. Right-of-use assets

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

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

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

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

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

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

The impact from the standard to Citycon's reporting in 2022 is as follows:

Consolidated income statement

MEUR	2022	2021
Property operating expenses	7.4	6.8
Net rental income	7.4	6.8
Administrative expenses	0.0	0.0
Net fair value losses on investment property[1]	-6.8	-11.8
Other operating income and expenses	0.0	0.0
Operating profit	0.7	-5.0
Net financial income and expenses	-1.5	-1.5
Loss before taxes	-0.8	-6.5
Deferred taxes	0.2	0.1
Loss/profit for the period	-0.6	-6.4

[1] In 2021, a one-off amortization of EUR 5.6 million to the contract value of rented centers was included.

Consolidated statement of financial position

MEUR	Investment properties	Tangible assets	Total Right-of-use assets	Lease liabilities
1 January 2022	45.7	2.1	47.7	43.2
31 December 2022	45.3	1.2	46.5	42.8
1 January 2021	45.0	2.4	47.4	48.8
31 December 2021	45.7	2.1	47.7	43.2

Consolidated cash flow statement

MEUR	2022	2021
Net cash flows from operating activities	5.9	5.3
Net cash flows from financing activities	-5.9	-5.3

The effect of IFRS 16 to calculation of key figures

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

Depreciations of right-of-use assets by asset class

MEUR	2022	2021
Valuation gains/losses	-6.8	-11.8
Depreciation of right-of use assets	-0.8	-0.8

Impact of recognition exemptions permitted by the standard

MEUR	2022	2021
Short-term leases	0.0	0.0
Low-value assets	0.1	0.1
Variable rents	0.0	0.0

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

MEUR	2022	2021
Less than 1 month	0.5	0.6
1 to 12 months	6.0	5.9
1–5 years	22.0	23.4
over 5 years	14.4	13.3
Total	42.8	43.2

2.4. Investments in joint ventures and associates

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

A) Investments in joint ventures

	2022			2021		
MEUR	Kista Galleria Group	Norwegian joint ventures	Joint ventures total	Kista Galleria Group	Norwegian joint ventures	Joint ventures total
Investment property	421.4	0.0	421.4	504.4	3.1	507.5
Other non-current assets	11.7	15.8	27.5	5.4	6.8	12.2
Cash and cash equivalents	6.6	0.9	7.5	7.5	0.8	8.3
Other current assets	8.2	0.0	8.2	9.3	0.4	9.7
Long-term loans	449.9	7.0	456.9	474.5	0.0	474.5
Deferred tax liabilities	14.8	0.0	14.8	22.2	0.0	22.2
Short-term liabilities	16.9	4.5	21.4	16.9	1.9	18.8
Equity	**-33.7**	**5.2**	**-28.5**	**12.9**	**9.2**	**22.1**
Portion of the Group's ownership, %	50%	50%		50%	50%	
Share of joint venture's equity	-16.9	2.6	-14.3	6.5	4.6	11.1
Share of loans of joint ventures	117.8	-	117.8	118.4	-	118.4
Investments in joint ventures	**100.9**	**2.6**	**103.5**	**124.8**	**4.6**	**129.3**
Gross rental income	18.8	-	18.8	19.5	-	19.5
Net rental income	13.7	-	13.7	12.8	-	12.8
Administrative expenses	-0.1	0.0	-0.1	-0.2	0.0	-0.2
Other operating income/expenses	-0.3	-0.1	-0.3	-0.4	-0.1	-0.5
Net fair value losses/gains on investment property	-50.9	0.0	-50.9	-2.8	0.0	-2.8
Operating profit	-37.6	-0.1	-37.7	9.4	0.0	9.4
Financial income	10.2	0.0	10.2	1.3	0.0	1.3
Financial expenses	-20.8	0.0	-20.8	-20.4	0.0	-20.4
Taxes	6.0	0.0	6.0	-2.9	0.0	-2.9
Loss / Profit for the period	**-42.3**	**-0.1**	**-42.3**	**-12.5**	**0.0**	**-12.5**
Other items in Share of loss/profit of joint ventures[1]	-	-3.4	-3.4	-	-	-
Share of loss/profit of joint ventures	**-21.1**	**-3.5**	**-24.6**	**-6.3**	**0.0**	**-6.3**
Other comprehensive income for the period, net of tax	0.0	0.0	0.0	0.0	0.0	0.0
Exchange losses/gains on translating foreign operations	3.4	0.0	3.4	7.1	0.0	7.1
Share of other comprehensive income of associated companies and joint ventures	**1.7**	**0.0**	**1.7**	**3.5**	**0.0**	**3.5**
Total comprehensive loss/profit for the period	**-38.8**	**-3.5**	**-42.4**	**-5.4**	**0.0**	**-5.4**

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

Investments in Associates and Joint Ventures

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

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

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

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

Kista Galleria shopping centre

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

Joint ventures in Norway

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

B) Investments in associated companies

MEUR	2022	2021
Investment properties	0.0	0.0
Current assets	0.5	1.3
Short-term liabilities	0.4	1.2
Long-term liabilities	0.0	0.0
Total shareholders' equity	**0.1**	**0.1**
Portion of the Group's ownership, %	38%	38%
Share of associated companies' equity	0.0	0.0
Share of loans of associated companies	0.0	0.0
Investments in associated companies	**0.0**	**0.1**
Gross rental income	2.2	2.1
Net rental income	0.2	0.4
Administrative expenses	-0.2	-0.4
Net financial income and expenses	0.0	0.0
Taxes	0.0	0.0
Profit for the period	**-0.1**	**0.1**
Share of loss/profit of associated companies	**0.0**	**0.0**
Share of other comprehensive income of associated companies and joint ventures	**0.0**	**0.0**
Total comprehensive loss/profit for the period	**-0.1**	**0.1**

Associated companies in Norway

On the reporting date 31.12.2022 and the comparison period 31.12.2021 Citycon has only one associated company, Torvbyen Drift AS in Norway, from which the group owns 38%.

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

3. Financing

3.1. Equity

A) Description of funds and reserves included in the equity

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

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

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

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

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

Hybrid bond
Citycon has two EUR 350 million hybrid bonds, issued in November 2019 and in June 2021. The hybrid bond is treated as a part of shareholder's equity in the IFRS financial statements. The hybrid bonds are unsecured, subordinated to all debt and senior only to ordinary share capital. A holder of hybrid bond notes has no shareholder rights. The hybrid bonds have fixed coupons until the first reset date 10 September 2026, and thereafter coupons are reset every five years with applicable 5 year swap rate plus margin. Citycon has the right to postpone interest payment if it does not distribute dividend or any other equity to its shareholders. The bonds have no set maturity date, but the company has the right to redeem them after five years from the issue date and thereafter on every yearly interest payment date. Fees related to the hybrids are amortised in retained earnings and interest is recorded in retained earnings upon payment or when the commitment to payment arises. Earnings per share includes the interests. The hybrid loans have an off-balance sheet accrued interest of EUR 17.3 million as of 31 December 2022.

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

End of the year 2021 Citycon Oyj held a total of 296,463 trasury shares. During year 2022, Company repurchased 232,278 treasury shares. A total of 39,156 own shares held by the company was used for payment of rewards under the Company's share-based incentive plan to key persons. The rest of repurchased shares, 489,585 shares, were cancelled on 14 January 2022. Purchase price of cancelled shares recorded as a deduction of retained earnings. On 31 December 2022 Citycon does not hold own shares.

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

The Board of Directors proposes that based on the balance sheet to be adopted for the financial period ended on 31 December 2022, no dividend is distributed by a resolution of the Annual General Meeting. Nonetheless, the Board of Directors proposes that the Board of Directors be authorized to decide in its discretion on the distribution assets from the invested unrestricted equity fund in the manner set forth below.

Based on this authorization, the maximum total amount of equity repayment distributed from the invested unrestricted equity fund shall not exceed EUR 0.50 per share. Based on the current total number of issued shares in the company, the authorization would equal to a maximum of EUR 84,004,470 in equity repayment.

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

3.2. Net financial income and expenses

A) Recognised in the consolidated income statement

MEUR	2022	2021
Interest income on loans	6.6	6.9
Interest income on derivatives and other items	0.4	-
Foreign exchange gains	83.0	18.0
Fair value gain from derivatives	-	-
Other financial income	9.7	0.1
Financial income, total	**99.6**	**25.0**
Interest expenses on loans	-45.8	-49.5
Interest expenses on derivatives and other items	-2.7	-3.0
Foreign exchange losses	-82.9	-17.9
Fair value loss from derivatives	-9.2	-0.8
Development interest capitalised	4.3	8.1
Other financial expenses	-9.9	-15.4
Interest expenses on IFRS 16 lease liabilities	-1.5	-1.5
Financial expenses, total	**-147.7**	**-80.0**
Net financial income and expenses	**-48.0**	**-55.0**
Of which attributable to financial instrument categories:		
Interest-bearing loans and receivables	-28.0	-67.0[1]
Lease liabilities (IFRS 16)	-1.5	-1.5
Derivative financial instruments	-17.1	14.3[1]
Other liabilities and receivables	-1.5	-0.8
Net financial income and expenses	**-48.0**	**-55.0**

[1] Includes retrospective correction of classification of currency differences between loans and derivatives EUR 17.9 million.

Net financial expenses decreased compared to last year mainly following one-off indirect gains related to bond buy-backs. Indirect net gains of EUR 8.1 million (Q1–Q4/2021: EUR 7.3 million losses) were recorded related to cost for bond tenders and non-cash write downs of unamortized fees on the prepaid bonds. In addition, EUR 9.2 million indirect losses (Q1–Q4/2021: EUR 0.8 million losses) related to fair value changes of cross-currency swaps not under hedge accounting was booked.

In 2022, foreign exchange gains of EUR 15.5 million (Q1–Q4/2021: EUR 0.0 million) and foreign exchange losses of EUR 0.0 million (Q1–Q4/2021: EUR 17.9 million) were recognised in the consolidated income statement from debt instruments.

Citycon's weighted average interest rate was 2.43% (2.47%) and the weighted average interest excluding derivatives was 2.57% (2.48%) as at 31 December 2022. Interest on development expenditure is capitalised at a rate of 2.88% (2.74%) as at 31 December 2022.

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

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

B) Recognised in the other consolidated comprehensive income

MEUR	2022	2021
Gains/losses arising during the period from cash flow hedges	0.5	1.2
Added (Less): interest income (expenses) recognised in the consolidated income statement on cash flow hedges	0.9	-0.1
Net gains/losses on cash flow hedges	**1.4**	**1.1**

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

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

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

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

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

3.3. Classification of financial instruments

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

MEUR	Note	Carrying amount 2022	Fair value 2022	Carrying amount 2021	Fair value 2021
Financial assets					
I Financial assets amortised at cost					
Financial assets within Rent, trade and other receivables	4.4.	13.5	13.5	19.7	19.7
Cash and cash equivalents	3.8.	69.2	69.2	34.7	34.7
II Financial assets at fair value through profit and loss					
Money market funds	3.8.	-	-	19.9	20.0
Derivative financial instruments	3.6.	19.5	19.5	14.8	14.8
III Derivative contracts under hedge accounting					
Derivative financial instruments	3.6.	1.9	1.9	1.4	1.4
Financial liabilities					
I Financial liabilities amortised at cost					
I.I Loans					
Commercial paper	3.4.	49.2	49.5	-	-
Bonds	3.4.	1,715.7	1,732.5	1,835.3	1,860.3
Lease liabilities (IFRS 16)	2.3.	42.8	42.8	43.2	43.2
I.II Other liabilities					
Financial liabilities within Trade and other payables	4.5.	36.9	36.9	52.4	52.4
II Financial liabilities at fair value through profit and loss					
Derivative financial instruments	3.6.	0.6	0.6	16.7	16.7
III Derivative contracts under hedge accounting					
Derivative financial instruments	3.6.	-	-	-	-

Financial assets and liabilities

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

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

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

Assets classified at amortised cost include financial assets which the company has created by providing money, goods or services directly to the debtor. Initially recognised at fair value these assets under current and non-current assets are carried at amortised cost. Their balance sheet value is impaired by the amount of any credit loss. In the company's consolidated statements of financial position as at 31 December 2022 and 31 December 2021, financial assets held at amortised cost include rent and trade receivables, interest receivables and cash and cash equivalents, which are reported in the balance sheet within the following items "Trade and other receivables" and "Cash and cash equivalents".

In the company's consolidated statements of financial position as at 31 December 2021 financial assets at fair value through profit or loss cost include cash investments into highly liquid money market funds which are reported in the balance sheet within "Current financial investments".

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

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

Financial liabilities are initially recognised at fair value. Afterwards, financial liabilities excluding derivative debt are recognised at amortised cost using the effective interest method. In the company's consolidated statement of financial position, on 31 December 2022 and 31 December 2021, financial liabilities at amortised cost include loans, trade payables and interest payables which are reported in the balance sheet under the items "Loans" and "Trade payables and other payables". On 31 December 2022 and 31 December 2021 Citycon had foreign exchange derivative contracts and cross currency interest rate swaps classified as financial assets and liabilities at fair value through profit or loss.

Financial assets and liabilities are recognised in the statement of financial position on the basis of the settlement date.

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

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

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

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

Cash investments into highly liquid money market funds are EUR 0.0 million (Q1–Q4/2021: EUR 19.9 million). The fair value of cash investments corresponds to level 2 of the fair value hierarchy according to IFRS13.72–90.

Derivative financial instruments

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

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

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

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

Loans from financial institutions

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

Bonds

All bonds are loans which have fair values equal to the nominal amount of the loans. The difference between the fair value and carrying amount is the unamortised capitalised arrangement fees for the bonds, and for fixed rate bonds also the unamortised reoffer discount. The fair value of the bonds corresponds to level 1 according to IFRS13.72–90.

According to Citycon's accounting policy the fair value of bonds differs from the secondary market price.
As of 31 December 2022 the secondary market price was EUR 263.4 million lower (Q1–Q4/2021: EUR 48.2 million higher) than the nominal value of the bonds and EUR 246.5 million lower (Q1–Q4/2021: EUR 73.3 million higher) than the carrying amount of bonds.

3.4. Loans

All Citycon loans were interest-bearing liabilities on 31 December 2022 and 31 December 2021. These interest-bearing loans are explained here in detail.

Breakdown of interest-bearing liabilities

	Maturity	Effective interest rate (%)	Carrying amount 2022	Carrying amount 2021
Long-term interest-bearing liabilities				
Bonds				
Eurobond 1/2014	10/2024	2.64	313.2	348.1
NOK Bond 2/2015	9/2025	3.90	123.3	129.7
Eurobond 1/2016	9/2026	1.26	349.0	348.7
NOK Bond 1/2017	9/2025	2.77	94.8	99.6
Eurobond 1/2018	1/2027	2.50	241.8	297.1
Eurobond 1/2020 (1/2014 bond tap)	10/2024	4.50	172.7	188.1
NOK Bond 2/2020	11/2023	3M Nibor + 2.80	-	79.8
Eurobond 1/2021	3/2028	1.79	345.0	344.2
Syndicated revolving credit facilities				
EUR 250 million unsecured revolving credit facility	6/2024	Reference rate + 2.40[1]	-	-
EUR 250 million secured revolving credit facility	6/2024	Reference rate + 1.90[1]	-	-
Lease liabilities (IFRS 16)	-	-	36.4	36.7
Total long-term interest-bearing liabilities			**1,676.1**	**1,871.9**
Short-term interest-bearing liabilities				
NOK Bond 2/2020	11/2023	3M Nibor + 2.80	75.9	
Commercial paper	1–2/2023	-	49.2	-
Lease liabilities (IFRS 16)	-	-	6.5	6.5
Total short-term interest-bearing liabilities			**131.6**	**6.5**

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

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

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

MEUR	2022	2021
1–2 years	485.9	79.8
2–3 years	218.1	536.2
3–4 years	349.0	229.4
4–5 years	241.8	348.7
over 5 years	345.0	641.3
Total	**1,639.7**	**1835.3**

Long-term interest-bearing liabilities by currency

MEUR	2022	2021
EUR	1,122.9	1,202.0
NOK	218.1	309.2
SEK	298.8	324.2
Total	**1,639.7**	**1,835.3**

Short-term interest-bearing liabilities by currency

MEUR	2022	2021
EUR	49.2	-
NOK	75.9	-
SEK	-	-
Total	**125.2**	**-**

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

3.5. Financial risk management

A) Financial risk management

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

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

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

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

Interest rate risk

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

During recent years, the amount of fixed rate debt has increased, so now a relatively small part of Citycon's debt is floating rate. This floating rate debt has been converted to fixed rate using interest rate swaps. Under the company's interest rate risk management policy, the target debt portfolio is one in which a minimum of 70% and a maximum of 90% of interest bearing liabilities are based on fixed interest rates over time. At year-end the ratio of fixed rate debt was 93.0%.

The interest sensitivity of Citycon's loan portfolio at the end of 2022 is described by the fact that a one-percentage point rise in money market interest rates would increase its interest expenses by EUR 0.5 million on a yearly basis, while a fall of one-percentage point in such rates would decrease them by EUR 0.5 million.

Interest rate sensitivity

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

Effect on interest expenses of an increase of 100 basis points

MEUR	2022	2021
Euro	0.5	-
Norwegian crown	-	-
Swedish crown	-	-
Total	**0.5**	**-**

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

Effect on shareholders equity of an increase of 100 basis points

MEUR	2022	2021
Euro	-	-
Norwegian crown	0.1	1.7
Swedish crown	-	-
Total	**0.1**	**1.7**

Liquidity risk

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

Citycon's financing policy states that all maturing debt, committed capital expenditures and committed acquisitions for the coming rolling 12 months period, not covered by Operating cash flow in approved budget or forecast or by committed disposals of assets must be covered by available liquidity consisting of cash and long-term committed credit limit facilities. On 31 December 2022, unused committed credit limits amounted to EUR 500.0 million, in addition Citycon had unused cash pool limits of EUR 15.0 million and unrestricted cash and cash equivalents of EUR 62.7 million.

In February, Citycon sold two non-core shopping centers in Norway, Buskerud centre and Magasinet centre. The gross purchase price for the assets was approximately EUR 145.4 million and the company decided to deploy part of the cash from the Norwegian asset sales to repurchase bonds in the open market at an attractive price and strenghten its balance sheet. In 2022 Citycon has completed EUR 112.3 million notional amount of bond repurchases by using approximately EUR 102.5 million of cash. As of year end 2022 Citycon had no significant short term refinancing needs and the next refinancing need is in November 2023 for NOK 800 million.

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

Maturity profile of financial liabilities including interest flows

MEUR	Less than 1 month	1 to 12 months	1–5 years	Over 5 years	Total
31 December 2022					
Commercial paper	19.0	30.5	-	-	49.5
Bonds	5.8	110.7	1,392.7	355.7	1,864.9
Derivative financial instruments	0.1	2.7	1.0	-	3.8
Financial liabilities within Trade and other payables	22.6	14.3	-	-	36.9
31 December 2021					
Commercial paper	-	-	-	-	-
Bonds	7.1	34.6	1,645.8	355.7	2,043.2
Derivative financial instruments	0.3	1.1	0.3	-	1.7
Financial liabilities within Trade and other payables	31.2	21.2	-	-	52.4

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

MEUR	Less than 1 month	1 to 12 months	1–5 years	Over 5 years	Total
31 December 2022					
Undrawn committed credit facilities	-	-	500.0	-	500.0
31 December 2021					
Undrawn committed credit facilities	-	-	500.0	-	500.0

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

Changes in liabilities from financing activities

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

MEUR	1 January 2021	Cash flow	Foreign exchange movement	Change in fair values	Amortized fees	Other changes	31 December 2022
Long term interest bearing liabilities	1,820.9	-7.9	17.9	-	4.4	-	1,835.3
Short-term interest bearing liabilities	251.5	-251.9	0.4	-	-	-	-
Derivatives	26.8	-	-10.0	-0.2	-	-	16.7
Total in liabilities from financing activities.	**2,099.2**	**-259.7**	**8.3**	**-0.2**	**4.4**	**-**	**1,851.9**

Credit risk

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

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

Exchange rate risk

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

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

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

MEUR	2022	2021
Swedish crown	0.2	0.2
Norwegian crown	-0.6	-0.6
Total	**-0.4**	**-0.4**

B) Capital management and financial covenants

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

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

Equity ratio

MEUR	2022	2021
Total shareholders' equity (A)	2,310.3	2,489.5
Total assets	4,460.7	4,803.0
Less advances received	3.5	17.7
./. (Total assets - advances received) (B)	4,457.2	4,785.3
Equity ratio, % (A/B)	**51.8%**	**52.0%**

LTV (Loan to value) -%

MEUR	2022	2021
Interest-bearing debt total (Note 3.4.)	1,807.7	1,878.5
Less lease liabilities (IFRS 16, Note 2.3)	42.8	43.2
Less cash and cash equivalents (Note 3.8.)	69.2	54.7
Interest-bearing net debt (A)	1,695.7	1,780.6
Fair value of investment properties including properties held for sale and investments in joint ventures (Notes 2.1 and 2.2)	4,143.6	4,469.4
Less right-of-use assets classified as investment properties (IFRS 16, Note 2.3)	-45.3	-45.7
Fair value of investment properties (B)	4,098.3	4,423.7
LTV, % (A/B)	**41.4%**	**40.3%**[1]

[1] LTV Q4/2021 changed due to correction related to presentation of IFRS 16 assets. Previously reported LTV for Q4/2021 was 40.7.

LTV increased in 2022 mainly as a result of decreased property values partially due to weakened NOK and SEK currency rates. Loan to value is calculated excluding both hybrid debt and IFRS16 lease liabilities.

Financial covenants
Under a commitment given in the terms of the revolving credit facilities, the Group undertakes to maintain its net debt to total assets ratio under 0.60 and its interest coverage ratio at a minimum of 1.8. The net debt to total assets ratio is calculated by dividing the Group's consolidated net debt with total assets excluding advances received. The interest coverage ratio is calculated by dividing the EBITDA adjusted by extraordinary gains/losses, provisions and non-cash items, by net financial expenses. In addition, the loan-to-value in loan drawn under the secured RCF shall not exceed 55 per cent.

Accordingly, net debt to total asset ratio on 31 December 2022 stood at 0.39 (Q1–Q3/2021: 0.38) and interest coverage ratio stood at 4.0 (Q1–Q4/2021: 4.1).

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

Accordingly, the solvency ratio on 31 December 2022 stood at 0.40 (Q1–Q4/2021: 0.39) and the secured solvency ratio at 0.00 (Q1–Q4/2021: 0.00).

3.6. Derivative financial instruments

Derivative contracts and hedge accounting
Derivative financial instruments are used in accordance with Citycon's Treasury Policy to hedge the interest rate risk of interest bearing liabilities and foreign currency risk.

Derivatives are initially measured at fair value (if available) and re-measured at fair value on each statement of financial position date.

Citycon uses interest rate swaps to hedge the interest rate cash flow risk. These interest rate swaps hedge against volatility in future interest payment cash flows (cash flow hedging) resulting from interest rate fluctuations, and the resulting profit fluctuations. Hedged instruments consist of long term floating rate debt, which is expected to be refinanced upon maturity on similar terms. Starting 1 January 2018 Citycon applies hedge accounting according to IFRS 9 to its interest rate swaps. Before 1 January 2018 Citycon applied hedge accounting according to IAS 39 to its interest rate swaps. Hedge accounting for Citycon's interest rate swaps did not change in practice when implementing IFRS 9, even though IFRS 9 sets out different requirements for applying hedge accounting than IAS 39. Subsequently, the fair value change of the effective part of the derivative hedge is recognised in the fair value reserve in equity and correspondingly under other consolidated comprehensive income. Any significant fair value change resulting from an ineffective part of the derivative hedge is recognised in the statement of consolidated comprehensive income under financial income and expenses. The amount in the fair value reserve is recognised in the statement of consolidated comprehensive income during the period when the cash flow from the hedged item is realised and affects earnings. If the criteria for hedge accounting are not met, changes in fair value are recognised in full through profit or loss. At the moment Citycon has one interest rate swap under hedge accounting with a nominal of NOK 800 million, corresponding to EUR 76.1 million.

Interest payments based on interest rate swaps are included in interest expenses. Fair value changes that are booked through profit or loss are recognised as financial expenses or income, if hedge accounting is not applied. The fair value of interest rate swaps is shown in current or non-current receivables or current and non-current liabilities in the statement of financial position. As of 31 December 2022 Citycon's interest rate swap was under hedge accounting.

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

As at 31 December 2022 Citycon does not apply hedge accounting to any of its cross-currency swaps.

A) Nominal amounts and fair values of derivative financial instruments

MEUR	Nominal amount 2022	Fair value 2022	Nominal amount 2021	Fair value 2021
Interest rate swaps				
Maturity:				
less than 1 year	76.1	1.9	-	-
1–5 years	-	-	80.1	1.4
over 5 years	-	-	-	-
Subtotal	**76.1**	**1.9**	**80.1**	**1.4**
Cross-currency swaps				
Maturity:				
less than 1 years	-	-	-	-
1–5 years	314.8	18.5	314.8	2.3
over 5 years	-	-	-	-
Subtotal	**314.8**	**18.5**	**314.8**	**2.3**
Foreign exchange forward agreements				
Maturity:				
less than 1 year	83.2	0.5	322.1	-4.1
Total	**474.0**	**20.9**	**717.0**	**-0.4**

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

The fair values include a foreign exchange gain of EUR 16.7 million (Q1–Q4/2021: EUR 12.5 million loss) from foreign exchange rate derivatives and cross-currency swaps, which is recognised in the consolidated income statement.

The average fixed interest rate of the interest rate swaps and cross-currency swaps as at 31 December 2022 was 1.07% (1.07%).

B) Derivatives under hedge accounting

Interest rate swaps MEUR	Assets 2022	Liabilities 2022	Assets 2021	Liabilities 2021
Interest rate swaps, fair value	1.9	-	1.4	-

The Group applies hedge accounting in accordance with IFRS 9 to all of its interest rate swaps valid as at 31 December 2022, according to which the amount of financial instruments' fair value change from effective hedging is recognised under other consolidated comprehensive income. Fair value gains and losses are transferred to the statement of consolidated income when the forecasted cash flows realize and affect the statement of consolidated income. Citycon also has cross-currency swaps to effectively convert EUR debt into SEK debt, for these, hedge accounting is currently not applied as of 31 December 2022.

Hedge accounting is applied to an interest derivative which has a nominal amount of EUR 76.1 million (Q1–Q4/2021: 80.1). The fixed interest rate in this derivative is 0.525%.

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

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

At 31 December 2022 and at 31 December 2021, derivatives under hedge accounting were assessed as highly effective. The fair values of these derivatives were EUR 1.9 million (Q1–Q4/2021: EUR 1.4 million) and the change of these fair values EUR 0.5 million (Q1–Q4/2021: EUR 1.2 million) is recognised under other consolidated comprehensive income.

C) Impact of hedging instruments on the financial statements

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

MEUR	Nominal amount	Carrying amount	Line item in statement of financial position	Change in fair value used for measuring effectiveness for the period
As at 31 December 2022				
Interest rate swaps	76.1	1.9	Current assets, Derivative financial instruments	0.5
As at 31 December 2021				
Interest rate swaps	80.1	1.4	Non-current assets and short-term liabilitites, Derivative financial instruments	1.2

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

MEUR	Total hedging gain/loss recognised in OCI	Ineffectiveness recognised in profit or loss	Line item in statement of profit and loss	Amount recycled from OCI to profit or loss	Line item in statement of profit and loss
Year ended 31 December 2022					
Interest rate swaps	1.9	-	-	-	-
Year ended 31 December 2021					
Interest rate swaps	1.4	-	-	-	-

3.7. Commitments and contingent liabilities

Pledges and other contingent liabilities

MEUR	2022	2021
Loans, for which mortgages are given in security and shares pledged		
Loans from financial institutions	-	-
Contingent liabilities for loans		
Mortgages on land and buildings	250.0	250.0
Bank guarantees and parent company guarantees	64.4	92.8

Mortgages on land and buildings
Mortgages relates to the revolving credit facility of the parent company where the group has given security on the loan via mortgages from certain subsidiaries. Citycon owns 50% of Kista Galleria joint venture. Shares in the joint venture have been pledged as security for the loans of the joint venture.

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

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

3.8. Cash and cash investments

MEUR	2022	2021
Cash in hand and at bank	62.7	26.8
Restricted cash	6.5	7.9
Total cash	**69.2**	**34.7**
Current financial investments	-	19.9
Total cash and cash investments	**69.2**	**54.7**

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

Cash and cash equivalents
Cash and cash equivalents consist of cash, bank deposits withdrawable on call, and other short-term, highly liquid investments. A maximum maturity of three months from the date of acquisition applies to cash and cash equivalents. Current financial investments consist of cash invested into highly liquid money market funds.

4. Other notes to the accounts

4.1. Income taxes

MEUR	2022	2021
Current taxes	-2.1	-3.3
Taxes for prior periods	0.0	0.0
Deferred taxes	-7.9	-32.2
Income tax	**-10.0**	**-35.5**

Citycon did not recognise any current taxes directly in the equity during 2022 and 2021.

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

MEUR	2022	2021
Profit before taxes	15.1	156.5
Taxes at Finnish tax rate	-3.0	-31.3
Share of result of joint-ventures	-4.9	-1.2
Fair value of investment properties	-8.5	-8.8
Difference in foreign subsidiaries' tax rate	3.9	4.6
Utilisation of tax losses	1.6	0.8
Other	1.0	0.5
Income taxes	**-10.0**	**-35.5**

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

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

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

4.2. Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities in 2022:

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

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

Changes in deferred tax assets and liabilities in 2021:

MEUR	1 January 2021	Recognised in income statement	Recognised in income statement in gain/loss on sale of investment properties	Items recognised in equity	Exchange rate differences	31 December 2021
Deferred tax assets						
Tax losses	13.8	2.1	-	-	-	15.9
Other items	0.4	0.1	-	-	-	0.5
Deferred tax assets, total	**14.2**	**2.2**	**-**	**-**	**0.0**	**16.4**
Deferred tax liabilities						
Measurement of investment property at fair value[1]	274.2	34.7	-	-	-14.0	295.0
Contract values of managed and rented centers	1.0	-0.3	-	-	0.0	0.8
Temporary difference in financial expenses	0.5	-	-	0.5	-	1.0
Deferred tax liabilities, total	**275.7**	**34.5**	**-**	**0.5**	**-13.9**	**296.7**

[1] Deferred tax liabilities are net of EUR 16.1 million of deferred tax assets arising from confirmed tax losses.

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

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

On 31 December 2022, Group companies had confirmed losses of EUR 66.6 million for which deferred tax assets were not recognised, since these Group companies are unlikely to record a taxable profit, before the expiration of carry forwards of these losses, against which loss carry forwards can be utilised.

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

4.3. Intangible assets

MEUR	2022	2021
Acquisition cost January 1.	**28.4**	**36.4**
Additions during the period	4.3	3.7
Transfers between items	-1.4	-12.7
Exchange rate differences	-1.1	0.9
Accumulated acquisition cost December 31.	**30.2**	**28.4**
Accumulated depreciation and impairment losses, January 1.	**-20.8**	**-18.8**
Amortization during the period	-1.5	-1.6
Transfers between items	1.8	-
Exchange rate differences	1.2	-0.4
Accumulated depreciation and impairment losses, Dec 31.	**-19.2**	**-20.8**
Net carrying amount January 1.	**7.6**	**17.6**
Net carrying amount December 31.	**11.0**	**7.6**

Intangible assets consist of computer software and licenses. The contract values of managed and rented centers were transferred to Right-of-use assets according to IFRS16.

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

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

The following depreciation periods apply:
- Contract value of rented centers is amortized on a straight-line basis over the contract period.
- Contract value of managed centers is amortized on a straight-line basis over the contract period.
- Software is amortised over their useful life on a straight-line basis over three to seven years.

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

4.4. Trade and other receivables

MEUR	2022	2021
Rent and trade receivables	14.7	20.6
Expected credit losses	-7.0	-6.7
Rent and trade receivables (net)	7.7	13.9
Interest receivables	5.8	5.9
Financial assets total	**13.5**	**19.7**
Accrued income and prepaid expenses	17.4	43.6
VAT-receivables	16.0	13.5
Other receivables	12.6	12.3
Total	**59.5**	**89.1**

Ageing structure of rent and trade receivables:

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

Ageing structure of rent and trade receivables:

MEUR	2021	Expected credit loss rate	Expected credit loss
NOT past due	1.5	4.2%	0.1
Past due, less than 1 month	2.9	1.1%	0.0
Past due, 1–3 months	2.4	30.9%	0.7
Past due, 3–6 months	2.2	45.6%	1.0
Past due, 6–12 months	4.6	59.5%	2.8
Past due, 1–5 years	7.1	29.6%	2.1
Total	**20.6**		**6.7**

Movement in expected credit loss

MEUR	2022	2021
At the beginning of the year	-6.7	-9.6
Charge for the year	-3.2	-3.1
Utilised	2.6	2.6
Unused amounts reversed	0.4	3.3
Expected credit loss at the end of the year	**-7.0**	**-6.7**

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

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

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

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

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

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

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

4.5. Trade and other payables

Trade and other payables

MEUR	2022	2021
Trade payables	19.2	33.0
Interest liabilities	17.7	19.4
Financial liabilities total	**36.9**	**52.4**
Short-term advances received	3.4	17.6
VAT-liabilities	9.5	13.0
Accrued expenses and other short-term payables	22.9	35.9
Non-interest bearing short-term liabilities total	**35.8**	**66.5**
Total	**72.8**	**118.9**

Due dates of future payments of trade and other payables:

MEUR	2022	2021
Due in less than 1 month	37.2	101.1
Due in 1–3 months	24.0	16.1
Due in 3–6 months	0.9	0.4
Due in 6–12 months	9.2	0.9
Due in 1–2 years	1.3	0.4
Total	**72.8**	**118.9**

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

5. Consolidation

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

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

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

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

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

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

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

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

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

5.1. Business combinations and goodwill

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

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

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

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

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

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

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

A) Business combinations and goodwill

MEUR	2022	2021
Acquisition cost January 1.1.	**145.4**	**141.1**
Change from exchange rate	-4.7	4.3
Reduction in goodwill resulting from sales of assets in Norway	-25.3	0.0
Accumulated acquisition cost December 31.12.	**115.4**	**145.4**

Goodwill at the end of 2022 results fully from the acquisition of Norwegian business unit on 14.7.2015. The goodwill is allocated to the Norway business unit as a whole. During financial year 2022 4 (0) shopping centres were sold from the business unit.

Citycon did not acquire any businesses during financial years 2022 and 2021.

B) Impairment testing of goodwill

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

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

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

MEUR	2022	2021
Total goodwill	115.4	145.4
Residual balance of deferred tax liability, in excess of the fair value, initially provided on acquisition	-65.7	-84.8
Goodwill tested for impairment	**49.7**	**60.6**

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

Total carrying value including goodwill to be tested was approximately EUR 1,229.5 million (1,568.1) .The pre-tax discount rate applied to the cash flow projections was 5,86% (4.94%). The recoverable amount of Norway amounted to EUR 1,244.2 million (1,679.1) with an impairment cushion of EUR 14.7 million (111.0) to balance value, hence there is no need for goodwill impairment.

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

The discount rate calculation is based on weighted average cost of capital (WACC). Terminal value is capitalized with external appraiser's yield assumption 5.67% (5.45%) which reflects property specific risks and market risks.

Sensitivity to changes in assumptions
The implications of the key assumptions for the recoverable amount are net rental income and yield requirement as presented in Note 2.1. Sensitivity has been analysed regarding net rental income and yield assumptions seperately. Asset's total recoverable amount would fall below total carrying value if net rental income decreased more than 1.02% (5.74) from current level. If both WACC determined by the company 5.86% (4.94) and yield assumption determined by external appraiser 5.67% (5.45) would increase more than 0.06% points (0.38), then total recoverable amount of asset would fall below total carrying value.

5.2. Acquisition of non-controlling interests

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

On 29th 2021 of April Citycon bought the remaining 7% minority interest in Heikintori Oy. After the transaction Citycon now owns 100% of Heikintori Oy.

5.3. Related party transactions and changes in group structure

A) Related parties

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

In total, G City and its wholly owned subsidiaries own 52.12% (31 December 2021: 51.96%) of the total shares and votes in the company (87,559,016 shares as of 31 December 2022).

Group companies and changes in group structure

Group companies on 31 December 2022	Country	Group holding, %	Parent company holding, %
Parent company: Citycon Oyj	Finland		
Albertslund Centrum ApS	Denmark	100	
Asematie 3 Koy	Finland	100	
Asunto Oy Espoon Huukkari	Finland	100	
Asunto Oy Espoon Jolla	Finland	100	
Asunto Oy Lippulaivan Loiste	Finland	100	
Asunto Oy Lippulaivan Luoto	Finland	100	
Asunto Oy Lippulaivan Lysti	Finland	100	
Big Apple Top Oy	Finland	100	
Citycon AB	Sweden	100	100
Citycon Denmark ApS	Denmark	100	100
Citycon Development AB	Sweden	100	
Citycon Eiendomsmegling AS	Norway	100	
Citycon Finland Oy	Finland	100	100
Citycon Herkules Eiendom AS	Norway	100	
Citycon Holding AS	Norway	100	100
Citycon Jakobsbergs Centrum AB	Sweden	100	
Citycon Kilden Eiendom AS	Norway	100	
Citycon Kolbotn Torg Eiendom AS	Norway	100	
Citycon Kolbotn Torg Næring AS	Norway	100	
Citycon Kongssenteret Eiendom AS	Norway	100	
Citycon Kremmertorget Eiendom AS	Norway	100	
Citycon Liertoppen Eiendom AS	Norway	100	
CityconLiljeholmen Bostad AB	Sweden	100	
Citycon Liljeholmstorget Galleria AB	Sweden	100	
Citycon Linderud Eiendom AS	Norway	100	
Citycon Norway AS	Norway	100	
Citycon Oasen Eiendom AS	Norway	100	
Citycon Oasen Kontoreiendom AS	Norway	100	
Citycon Residentials Finland Oy	Finland	100	
Citycon Residentials Oy	Finland	100	100
Citycon Residentials Norway AS	Norway	100	
Citycon Senterdrift AS	Norway	100	
Citycon Services AB	Sweden	100	
Citycon Shopping Centers AB	Sweden	100	

Group companies on 31 December 2022	Country	Group holding, %	Parent company holding, %
Citycon Solsiden Eiendom AS	Norway	100	
Citycon Stopp Eiendom AS	Norway	100	
Citycon Storbyen Eiendom AS	Norway	100	
Citycon Strædet Cinema ApS	Denmark	100	
Citycon Strædet Pedestrian Street ApS	Denmark	100	
Citycon Innovation Sweden Ab	Sweden	100	
Citycon Treasury B.V.	The Netherlands	100	100
Citycon Trekanten Eiendom AS	Norway	100	
Kauppakeskus Isokarhu Oy	Finland	100	
Kristiina Management Oy	Finland	100	
Kristiine Keskus Oü	Estonia	100	
Lahden Hansa Koy	Finland	100	
Lippulaiva Koy	Finland	100	
Lippulaivan Palvelutilat Koy	Finland	100	
Manhattan Acquisition Oy	Finland	100	
Montalbas B.V.	The Netherlands	100	
Myyrmanni Koy	Finland	100	
Mölndals Galleria AB	Sweden	100	
Mölndals Galleria Fastighets AB	Sweden	100	
Riddarplatsen Fastigheter HB	Sweden	100	
Rocca al Mare Kaubanduskeskuse AS	Estonia	100	
Sektor Stovner Eiendom AS	Norway	100	
Sektor Torvbyen Eiendom AS	Norway	100	
Stenungs Torg Fastighets AB	Sweden	100	
Tampereen Koskikeskus Koy	Finland	100	
Torvbyen Utvikling AS	Norway	100	
Åkersberga Centrum AB	Sweden	100	
Lahden Trio Koy	Finland	89.5	
Myyrmäen Kauppakeskus Koy	Finland	78.8	
Heikintori Oy	Finland	100	
Myyrmäen Autopaikoitus Oy	Finland	62.7	
Holding Big Apple Housing Oy	Finland	50	
Lappeenrannan Villimiehen Vitonen Oy	Finland	50	
Kista Galleria JV AB	Sweden	50	
Kista Galleria Kommanditbolag	Sweden	50	

Group companies on 31 December 2022	Country	Group holding, %	Parent company holding, %
Kista Galleria Holding AB	Sweden	50	
Kista Galleria LP AB	Sweden	50	
Klosterfoss Utvikling AS	Norway	50	
Retail Park Oy	Finland	50	
Sandstranda Bolig AS	Norway	50	
Tikkurilan Kassatalo As Oy	Finland	39	
Hansaparkki Koy	Finland	36	
Liesikujan Autopaikat Oy	Finland	35.7	
Branch offices:			
Citycon Oyj filial	Sweden		

Companies sold (Group holding % on the time of sale)		
Citycon Buskerud Eiendom AS (100%)	Norway	28 February 2022
Citycon Buskerud Invest AS (100%)	Norway	28 February 2022
Citycon Buskerud Invest KS (100%)	Norway	28 February 2022
Citycon Magasinet Drammen Eiendom AS (100%)	Norway	28 February 2022
Citycon Magasinet Drammen Invest AS (100%)	Norway	28 February 2022
Citycon Magasinet Drammen Invest I ANS (100%)	Norway	28 February 2022
Citycon Magasinet Drammen Invest II ANS (100%)	Norway	28 February 2022
Citycon Down Town Eiendom AS (100%)	Norway	20 December 2022
Citycon Sjøsiden Eiendom AS (100%)	Norway	20 December 2022
Espoonlahden Bussiterminaali Koy (100%)	Finland	16 December 2022
Espoonlahden Metroasema Koy (100%)	Finland	16 December 2022
Magasinet Drammen AS (50%)	Norway	28 February 2022

Companies established		
Citycon Residentials Norway AS	Norway	22 December 2022

Liquidated companies	
Dr Juells Park AS	Norway

B) Related party transactions

Group companies

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

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

Management remuneration

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

Transactions with G City Ltd.

Purchases of services and expenses charged forward

Over the period, Citycon paid expenses to G City Ltd and its subsidiaries 0.0 EUR and invoiced EUR 0.0 million expenses forward to G City Ltd and its subsidiaries (0.0)

Reporting to G City Ltd.

The company's main shareholder is G City Ltd. In total, G City and its wholly owned subsidiaries own 52.12% of the shares in the company. G City has announced that it has been applying IFRS in its financial reporting starting from 2007. G City Ltd. holds the view that it exercises a controlling interest, as defined in IFRS, in Citycon Oyj based on the fact that it has been able to exercise controlling interest in Citycon's shareholders' meetings pursuant to its shareholding. In accordance with an agreement concluded between the companies, Citycon will provide G City Ltd. with a more detailed breakdown of the accounting information it discloses in its interim and full-year reports, so that G City Ltd. can consolidate Citycon Group figures into its own IFRS financial statements.

5.4. Changes in IFRS and accounting policies

New standards as well as interpretations and amendments applied in 2022

No relevant new IFRS standards or interpretations issued. No changes in accounting policies during 2022.

New standards as well as interpretations and amendments applied in 2021

In April 2021, IFRS Interpretations Committee published their final agenda decision on the accounting of configuration and customization costs in a cloud computing arrangement (IAS 38 Intangible Assets). In this agenda decision, the Committee considered when an intangible asset can be recognized in relation to configuration and customization of an application software. As the IFRIC agenda decisions do not have a date when they enter into force, they are expected to be applied as soon as possible.

Citycon has analyzed the effects of the agenda decision to its accounting principles and the IFRIC decision did not have significant impact to Citycon's financial reporting.

5.5. Events after the reporting date

In January 2023, Citycon executed a tender offers of outstanding notes due 2024 of Citycon Treasury B.V. and capital securities issued by it in November 2019 and June 2021. On 16 January, Citycon announced that it will accept for purchase EUR 57,393,000 in aggregate principal amount of securities validly tendered pursuant to the offers. The total purchase consideration for securities validly tendered and accepted for purchase pursuant to the Offers was EUR 41,429,025.08.

Parent company financial statements, FAS

Parent company income statement, FAS

MEUR	Note	1 January – 31 December 2022	1 January – 31 December 2021
Service charge income		2.4	3.5
Turnover	**2**	**2.4**	**3.5**
Administrative expenses	3,4	-16.3	-13.4
Other operating income and expenses	5	0.0	-0.1
Operating profit		**-13.9**	**-10.0**
Financial income		112.2	84.5
Financial expenses		-147.6	-106.6
Net financial income and expenses	6	-35.4	-22.1
Profit/loss before appropriations and taxes		**-49.4**	**-32.1**
Group contributions		0.8	24.4
Income tax expense	7	0.0	0.0
Profit/loss for the period		**-48.6**	**-7.7**

Parent company balance sheet, FAS

MEUR	Note	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Intangible assets	8	9.7	7.4
Tangible assets	9	0.4	0.3
Investments			
Shares in subsidiaries	10	1,275.0	1,350.4
Loan receivables and derivative contracts	11	1,980.3	2,197.5
Total investments		3,255.3	3,547.9
Total non-current assets		**3,265.4**	**3,555.7**
Current assets			
Short-term receivables	13	84.4	128.1
Current financial investments		-	19.9
Cash and cash equivalents		0.1	7.0
Total current assets		**84.5**	**155.1**
Total assets		**3,349.9**	**3,710.8**

MEUR	Note	31 December 2022	31 December 2021
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity	14		
Share capital		259.6	259.6
Share premium fund		133.1	133.1
Invested unrestricted equity fund		676.0	760.0
Holds of treasury shares		-	-2.0
Retained earnings		-17.3	-6.2
Profit for the period		-48.6	-7.7
Total shareholders' equity		**1,002.8**	**1,136.7**
Liabilities	15		
Long-term liabilities			
Hybrid bond		692.3	690.1
Other long-term liabilities		1,533.3	1,657.3
Total long-term liabilities		**2,225.6**	**2,347.5**
Short-term liabilities			
Short-term liabilities		121.5	226.6
Total short-term liabilities		**121.5**	**226.6**
Total liabilities		**2,347.1**	**2,574.1**
Total liabilities and shareholders' equity		**3,349.9**	**3,710.8**

Parent company cash flow statement, FAS

MEUR	1 January – 31 December 2022	1 January – 31 December 2021
Cash flow from operating activities		
Profit before taxes	-49.4	-32.1
Adjustments:		
Depreciation and impairment loss	1.6	1.8
Net financial income and expenses	35.4	22.1
Cash flow before change in working capital	-12.3	-8.1
Change in working capital	-1.9	31.2
Cash generated from operations	**-14.3**	**23.1**
Interest expense and other financial expenses paid	-76.1	-65.7
Interest income and other financial income received	64.8	58.2
Realised exchange rate gains and losses	-3.9	-18.2
Net cash flow from operating activities	**-29.5**	**-2.6**
Cash flow used in investing activities		
Investment in tangible and intangible assets	-3.9	-3.6
Loans granted	-375.4	-605.6
Repayments of loans receivable	558.7	721.8
Purchase of current financial investments	-64.8	-285.0
Repayment of current financial investments	84.2	264.9
Net cash from investing activities	**198.7**	**92.6**
Cash flow from financing activities		
Proceeds from short-term loans	367.9	810.8
Repayments of short-term loans	-328.2	-1,033.2
Repayments of long-term loans	-	-94.7
Proceeds from hybrid bond	-	342.5
Received group contributions	-	1.7
Dividends paid and return from the invested unrestricted equity fund	-84.0	-87.8
Purchase and costs of purchase of treasury shares	-1.6	-68.6
Net cash used in financing activities	**-45.9**	**-129.3**
Net change in cash and cash equivalents	**123.3**	**-39.3**
Cash and cash equivalents at period-start	-129.3	-90.0
Cash and cash equivalents at period-end[1]	**-6.0**	**-129.3**

[1] Cash and cash equivalents of Citycon Oyj EUR -6.0 million consist of EUR 0.1 million cash and bank receivables in the balance sheet and Group cash pool account EUR -6.1 million. Cash pool balance of EUR -6.1 million has been recognised in the parent company's balance sheet under short-term liabilities.

Notes to the parent company's financial statements, FAS

1. Accounting policies

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

Income statement format

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

Non-current assets

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

Intangible assets

Intangible assets include IT software and other non-current assets, including office improvement expenses. IT software is depreciated over 3–7 years as straight line basis and office improvement expenses are depreciated over the term of the lease agreement.

Tangible assets

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

Pension schemes

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

Foreign currency receivables and payables

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

Income taxes

Current taxes are recognised on an accrual basis.

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

Derivatives

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

Important note

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

2. Turnover

MEUR	2022	2021
Turnover by country:		
Finland	0.5	1.0
Other countries	1.9	2.5
Total	**2.4**	**3.5**

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

MEUR	2022	2021
Administrative fees from Group companies	2.4	3.5

3. Personnel expenses

MEUR	2022	2021
Average number of employees during period	52	46
Personnel expenses		
Wages and salaries	-8.0	-6.9
Pension charges	-0.8	-1.0
Other social charges	-1.1	-0.3
Total	**-9.9**	**-8.2**

Personnel expenses include the following management wages and salaries:

MEUR	2022	2021
CEO's wages and salaries	-1.2	-1.1
Board remuneration	-0.8	-0.7
Total	**-1.9**	**-1.9**

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

4. Depreciation and amortisation and impairments

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

MEUR	2022	2021
Amortisation on intangible assets	-1.5	-1.6
Depreciation on machinery and equipment	-0.2	-0.2
Total	**-1.6**	**-1.8**

5. Other operating income and expenses

MEUR	2022	2021
Other operating income	0.0	-0.1
Total	**0.0**	**-0.1**

6. Net financial income and expenses

MEUR	2022	2021
Interest and other financial income		
From Group companies	76.3	62.2
Foreign exchange gains	35.1	20.9
Other interest and financial income	0.8	1.4
Total	**112.2**	**84.5**
Total financial income	**112.2**	**84.5**
Interest and other financial expenses		
To Group companies	47.1	56.8
Foreign exchange losses	55.1	17.4
Interest and other financial expenses	45.4	32.3
Total financial expenses	**147.6**	**106.6**
Net financial income and expenses	**-35.4**	**-22.1**

7. Income tax expense

MEUR	2022	2021
Income tax expense	0.0	0.0
Total	**0.0**	**0.0**

The parent company has taxable losses (including not yet confirmed year 2022) of EUR 120.1 million from which the parent company has not recognized deferred tax asset of EUR 24.0 million.

8. Intangible assets

MEUR	2022	2021
Intangible rights		
Acquisition cost 1 January	15.3	11.8
Additions during the period	3.6	3.5
Accumulated acquisition costs 31 December	18.9	15.3
Accumulated depreciation 1 January	-8.7	-7.2
Depreciation for the period	-1.3	-1.5
Accumulated depreciation 31 December	-10.0	-8.7
Net carrying amount 31 December	**8.9**	**6.6**
Other non-current assets		
Acquisition cost 1 January	2.6	2.6
Additions during the period	0.1	0.0
Accumulated acquisition costs 31 December	2.7	2.6
Accumulated depreciation 1 January	-1.8	-1.7
Depreciation for the period	-0.2	-0.2
Accumulated depreciation 31 December	-2.0	-1.8
Net carrying amount 31 December	**0.7**	**0.8**
Total intangible assets 31 December	**9.7**	**7.5**

9. Tangible assets

MEUR	2022	2021
Machinery and equipment		
Acquisition cost 1 January	2.1	2.1
Additions during the period	0.2	0.1
Accumulated acquisition costs 31 December	2.3	2.1
Accumulated depreciation 1 January	-1.8	-1.6
Depreciation for the period	-0.2	-0.2
Accumulated depreciation 31 December	-2.0	-1.8
Net carrying amount 31 December	**0.4**	**0.3**
Construction in progress		
Acquisition cost 1 January	0.0	0.0
Net carrying amount 31 December	**0.0**	**0.0**
Total tangible assets 31 December	**0.4**	**0.3**

10. Shares in subsidiaries

MEUR	2022	2021
Acquisition cost 1 January	1,350.4	1,350.4
Additions during the period	0.0	-
Decreases	-75.4	0.0
Net carrying amount 31 December	**1,275.0**	**1,350.4**

11. Long-term loan receivables and derivative contracts

MEUR	2022	2021
Loan receivables from Group companies	1,961.7	2,182.3
Derivative financial instruments, from outside the Group	18.6	15.2
Total other investments 31 December	**1,980.3**	**2,197.5**
Total investments 31 December	**3,255.3**	**3,547.9**

12. Subsidiaries and associated companies

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

13. Short-term receivables and cash and cash equivalents

MEUR	2022	2021
Receivables from outside the Group		
Trade receivables	0.1	0.1
Derivative financial instruments	2.8	1.0
Other receivables	0.0	0.1
Cash and cash equivalents	0.1	7.0
Current financial investments	-	19.9
Accrued income and prepaid expenses	4.7	4.3
Total	**7.7**	**32.5**
Receivables from Group companies		
Trade receivables	1.4	0.0
Loan receivables	59.0	84.1
Other receivables	1.1	-
Total other receivables	60.1	84.1
Interest receivables	14.4	14.0
Group contributions receivables	0.8	24.4
Total	**76.7**	**122.6**
Total short-term receivables	**84.5**	**155.1**

14. Shareholders' equity

MEUR	2022	2021
Share capital at 1 January	**259.6**	**259.6**
Share capital at 31 December	**259.6**	**259.6**
Share premium fund at 1 January	**133.1**	**133.1**
Share premium fund at 31 December	**133.1**	**133.1**
Invested unrestricted equity fund at 1 January	**760.0**	**838.9**
Equity return from the invested unrestricted equity fund	-84.0	-78.9
Invested unrestricted equity fund at 31 December	**676.0**	**760.0**
Retained earnings at 1 January	**-15.9**	**68.6**
Dividends	-	-8.9
Profit for the period	-48.6	-7.7
Reversed repurchased Shares	-1.4	-65.8
Repurchase of treasury shares	-	-2.0
Retained earnings at 31 December	**-65.9**	**-15.9**
Total shareholders' equity at 31 December	**1,002.8**	**1,136.7**

End of the year 2021 Citycon Oyj held a total of 296,463 treasury shares. During year 2022, Company repurchased 232,278 treasure shares. A total of 39 156 own shares held by the company was used for payment of rewards under the Company's share-based incentive plan to key persons. The rest of repurchased shares, 489,585 shares, were cancelled on 14 January 2022. Purchase price of cancelled shares recorded as a deduction of retained earnings. On 31 December 2022 Citycon does not hold own shares.

15. Liabilities

A) Long-term liabilities

MEUR	2022	2021
Long-term interest-bearing liabilities		
Hybrid bond	692.3	690.1
Loans from Group companies	1,533.2	1,644.4
Total	**2,225.5**	**2,334.5**
Derivative financial instruments	0.1	11.5
Derivative financial instruments, from Group companies	-	1.4
Total long-term liabilities	**2,225.6**	**2,347.5**
Loans maturing later than 5 years	**350.0**	**1,350.0**

B) Short-term liabilities

MEUR	2022	2021
Short-term interest-bearing liabilities		
Commercial paper	49.2	0.0
Loans from Group companies	10.1	158.4
Total	**59.4**	**158.4**
Short-term non-interest-bearing liabilities		
Payables to outside the Group		
Accounts payable	0.2	0.8
Derivative financial instruments	0.1	5.1
Total other payables	0.1	5.1
Interest liability	17.8	17.5
Other accrued expenses and deferred income	6.5	9.8
Total accrued expenses and deferred income	24.3	27.3
Total	**24.5**	**33.2**
Payables to Group companies		
Accounts payable	16.8	15.0
Derivative financial instruments	1.9	-
Other payables	0.5	0.0
Interest liability	18.4	20.1
Total accrued expenses and deferred income	18.4	20.1
Total	**37.6**	**35.0**
Total short-term liabilities	**121.5**	**226.6**
Total liabilities	**2,347.1**	**2,574.1**

The company has a syndicated revolving credit facility, which matures in 2024. In addition, the company has a hybrid bond issued in November 2019, which is reported under long term liabilities. The hybrid bond is unsecured, subordinated to all debt and senior only to ordinary share capital. A holder of hybrid bond notes has no shareholder rights. Citycon has the right to postpone interest payment on its hybrid bonds if it does not distribute dividend or any other equity to its shareholders. The hybrids has no set maturity date, but the company has the right to redeem it after five years from the issue date and thereafter on every yearly interest payment date.

Derivative financial instruments are used in Citycon group in accordance with the Treasury Policy to hedge the interest rate risk of interest bearing liabilities and foreign currency risk. All Group external derivative financial instruments in Citycon are executed by the parent company Citycon Oyj. Citycon Oyj values derivatives according to the Finnish bookkeeping act KPL 5.2a fair value model and fair value changes are booked through profit and loss. The fair value definition of derivatives are presented in note 3.6 of the consolidated Financial Statements. In addition Citycon Oyj had group internal derivatives as of 31 December 2022 with a fair value of EUR -1.9 million (-1.4) and a nominal amount of EUR 76.1 million (80.1).

16. Contingent liabilities

The parent company does not have any mortgages nor given securities.

A) Lease liabilities

MEUR	2022	2021
Payables on lease commitments		
Maturing next financial year	0.4	0.4
Maturing later	1.3	1.6
Total	**1.7**	**2.0**

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

B) Guarantees given

MEUR	2022	2021
Guarantees	1,801.7	1,956.6
Of which on behalf of Group companies	1,801.7	1,956.6

Guarantees in 2022 and in 2021 mainly relate to issued bonds of subsidiaries which Citycon Oyj has guaranteed via parent guarantee or alternatively third party bank guarantees.

Signatures to the financial statements

Signatures to the Financial Statements 1 January–31 December 2022

Helsinki, 16 February 2023

Chaim Katzman
Chairman

Alexandre Koifman
Vice Chairman

Judah Agnster
Member

Zvi Gordon
Member

David Lukes
Member

Per-Anders Ovin
Member

Ljudmila Popova
Member

F. Scott Ball
CEO, deputy Chairman of the Board

We have today submitted the report on the conducted audit.

Helsinki, 16 February 2023

Ernst & Young Oy
Authorized Public Accountant Firm

Antti Suominen
Authorized Public Accountant

Auditor’s report

(Translation of the Finnish original)

To the Annual General Meeting of Citycon Oyj

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Citycon Oyj (business identity code 0699505-3) for the year ended 31 December, 2022. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company’s balance sheet, income statement, statement of cash flows and notes.

In our opinion

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

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

Basis for Opinion

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

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

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of Investment Properties We refer to the note 2.1 At the balance sheet date, the fair value of investment properties amounted to 4.040 million euro representing 91% of the total assets and 175% of the total equity Fair value measurement of investment properties is a key audit matter because the fair value measurement involves judgment and assumptions. Market rents, yield requirement, vacancy rate and operating expenses form the key variables used in investment property's fair-value measurement. The evaluation of these variables involves judgment and assumptions of Citycon management. This matter is a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).	Our audit procedures to address the risk of material misstatement in respect of valuation of Investment Properties included among others: • Our valuation specialists assisted us in evaluating the assumptions and methodologies used. • We assessed the competence and objectivity of the external appraiser engaged by the management of Citycon as well as historical accuracy of management's judgment and assumptions. • We focused audit on the market rents, yield requirement, vacancy rate and operating expenses. The methodologies and key inputs used in the valuation and sensitivity analysis are presented in note 2.1. We assessed the adequacy of these disclosures.
Valuation of Goodwill We refer to the note 5.1 At the balance sheet date, the carrying amount of goodwill amounted to 115 million euro representing 3% of the total assets and 5% of the total equity Valuation of goodwill was a key audit matter because the assessment process is complex and is based on numerous judgmental estimates and because the amount of goodwill is significant to the financial statements. Citycon's management uses assumptions in respect of discount rate, net rental income projections and other operating income and expenses. This matter is a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).	Our audit procedures to address the risk of material misstatement in respect of valuation of Investment Properties included among others: • Our valuation specialists assisted us in evaluating the methodologies and assumptions used, in particular those relating to net rental income and the weighted average cost of capital. • We assessed the competence and objectivity of the external appraiser engaged by the management of Citycon as well as historical accuracy of management's judgment and assumptions. • We focused audit on how much the recoverable amount exceeds the carrying amount of goodwill, and whether any reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount. The key assumptions used in the impairment test of goodwill are presented in note 5.1. We assessed the adequacy of these disclosures.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or,

if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement
We were first appointed as auditors by the Annual General Meeting on 5 April 2005, and our appointment represents a total period of uninterrupted engagement of 18 years.

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

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

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

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

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

Helsinki, 16 February 2023

Ernst & Young Oy
Authorized Public Accountant Firm

Antti Suominen
Authorized Public Accountant

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