



Q1/2023

Interim report

January–March

Operational performance Q1/2023

+9.4%

Like-for-like NRI growth
in Q1/2023¹
(vs. Q1/2022)

+8.7%

Standing NRI growth
in Q1/2023¹
(vs. Q1/2022)

+9.0%

Adjusted Standing EPRA EPS growth
in Q1/2023¹
(vs. Q1/2022)

+7.6%

Like-for-like footfall increase
(vs. Q1/2022)

95.4%

Retail occupancy

+6.2%

Like-for-like tenant sales
(vs. Q1/2022)

+1.6EUR¹ &
24.4EUR

Increase & avg. rent / sq.m.
(vs. Q4/2022)

+44.7MEUR

Fair value change of investment
properties (excl. Kista)

82.8MEUR

IFRS operating profit Q1/2023

¹ With comparable FX rates.

CEO F. Scott Ball:

The first quarter of 2023 provided strong operational results, which were impacted by the translation of both SEK and NOK FX -rates to euro. The strong operating results included like-for-like net rental income, which increased 9.4% in Q1/2023 over the same time last year. This was a result of indexation (6.8% on average) and bolstered by strong tenant sales and footfall as like-for-like metrics improved 6.2% and 7.6%, respectively. Our retail occupancy climbed to 95.4% (Q1/2022: 95.1%), while leasing spreads kept pace with indexation. The combination of these factors resulted in an increase in average rent per sqm, with comparable FX, of EUR 1.6 to EUR 24.4. Our tenants, the majority of whom are grocery, necessity-based and municipal tenants, benefitted from the growth in sales and footfall, while providing our portfolio with consistency and stability due to their high credit worthiness.

In comparable FX, standing NRI was up 8.7% in Q1/2023 compared to Q1/2022, while Direct Operating Profit improved 7.5% and adjusted EPRA EPS 9.0% in the first quarter. The decline in NOK and SEK versus the EUR are near historical lows and negatively impacted our net rental income by 2.4 million. However, the underlying business of our assets remain strong as evidenced by our operational results and increased asset values during the quarter, resulting in a EUR 44.7 million fair value gain in our investment properties over Q4/2022.

As it relates to the balance sheet, we are very pleased to announce the refinancing and expansion of our credit facility, which was due in June 2024. This new, sustainability-linked facility matures in 2026 with the potential for an extension to 2027 and has expanded from EUR 500 million to EUR 650 million, consisting of a EUR 400 million revolver and EUR 250 million term loan, the proceeds of which will be used to continue to address our near-term maturities.

The facility is secured by Iso Omena and four Norwegian assets at current market valuations and carries attractive terms that provide for continued financial flexibility. All five current Nordic lenders increased their commitments, while a sixth international bank was added to further strengthen the banking group. This credit facility expansion is an important milestone for our financing plan and commitment to remaining investment grade as it confirms lender understanding of the stability of our business model, provides a transaction record to support current valuations, and provides ample liquidity to continue to improve our maturity schedule and our balance sheet.

To that end, we continued to remain active in repurchasing debt in the first quarter. As noted in our year-end 2022 update, we executed a tender to repurchase a combination of senior and hybrid bonds. In that transaction, we deployed EUR 41.4 million of cash to repurchase EUR 57.4 million of notional bonds. In addition, we continued repurchasing bonds in the open market in the first quarter and repurchased EUR 22.5 million of notional 2024 bond for approx. EUR 21.7 million of cash and a yield of approx. 4%. Through these actions, we continue to mitigate the earnings impact of higher current market interest rates, while also improving our overall balance sheet. We were encouraged that the rating agencies took note of our balance sheet activities as S&P reaffirmed our investment grade credit rating and outlook of BBB-/stable in April.

In addition, we continue our efforts on our remaining, non-core asset sale target of approx. EUR 380 million – reflecting the EUR 120 million of assets we sold in December 2022 – and have confidence that we will meet that target by the end of 2024, particularly as the debt markets improve for potential buyers and as evidenced by the success of the placement of the term loan we have just announced.

We opened the remaining three residential towers in Lippulaiva in the first quarter of 2023 and are pleased with their leasing progress. These residential units will create additional demand for the property and diversify Citycon's revenue streams. In addition, and subsequent to quarter end, we have decided to temporarily close Torvbyen, a small non-core asset in Norway, as a precautionary measure due to an investigation into movement in the building. While we do not have the full scope of the remediation plan or timeline for the asset to remain closed, our team is working diligently on the ground to address the issue.

In summary, the first quarter was one of the strongest operationally in the company's history and the underlying business continues to perform exceptionally well, despite negative impacts from both the NOK and SEK currencies in the first quarter. While macroeconomic uncertainties remain, our strategy of owning necessity-based, mixed-use assets with excellent access to transportation in the largest and fastest Nordic cities will continue to produce solid results for the rest of 2023 and in the years to come. As a result of this outlook and our Q1/2023 performance, we are reaffirming our 2023 guidance.

Citycon results summary:

Strong operational performance

- Like-for-like rental income increased by 9.4% compared to the previous year, led by the indexation.
 - In comparable FX rates, standing net rental income increased by 8.7%
- The weakening NOK and SEK FX-rates negatively impacted total net rental income by EUR 2.4 million.
- Average rent per sq.m. increased by EUR 1.6 with comparable FX to EUR 24.4 per sq.m.
 - With actual FX the average rent per sq.m. increased by EUR 0.7.
- Retail occupancy 95.4% vs 95.1% in Q1/2022.
- Like-for-like footfall increased 7.6%.
- Like-for-like tenant sales increased 6.2%; 7.9% higher than Q1/2019 (pre-pandemic level).
- Leasing spreads increased 0.5%.
- Fair value change of investment properties in Q1/2023 EUR 44.7 million, excluding Kista.

Continued balance sheet strengthening

- In Q1, Citycon repurchased EUR 22.5 million of notional bonds in the open market with approx. EUR 21.7 million of cash.
 - Additionally, 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.
- S&P affirmed Citycon's investment grade credit rating (BBB-/stable outlook) highlighting Citycon's strong operating performance and stable credit metrics.

Refinancing and expansion of revolving credit facility

- New EUR 650 million credit facility signed to replace and expand existing EUR 500 million facility maturing June 2024.
 - Consists of EUR 400 million revolving credit facility and EUR 250 million term loan.
- Matures in 2026 with a 1-year extension to 2027.
- Bank group expanded to six; existing five Nordic lenders plus additional international lender.
- Term loan proceeds will be used to repay near-term maturities.

Key figures

Citycon Group ¹		Q1/2023	Q1/2022	%	FX Impact	FX Adjusted % ²	Q1-Q4/2022
Net rental income	MEUR	47.8	49.1	-2.7%	-2.4	2.2%	203.6
Like-for-like net rental income development	%	9.4%	3.5%	-	-	-	6.6%
Direct operating profit ³	MEUR	38.3	40.2	-4.9%	-2.0	0.1%	175.2
IFRS Earnings per share (basic) ⁴	EUR	0.32	0.13	-	0.00	-	-0.15
Fair value of investment properties	MEUR	3,996.7	4,278.2	-6.6%	-	-	4,040.1
Loan to Value (LTV) ^{3,6}	%	42.9	40.4	6.2%	-	-	41.4
EPRA based key figures³							
EPRA Earnings	MEUR	25.3	28.1	-10.2%	-1.7	-4.6%	122.6
Adjusted EPRA Earnings ⁵	MEUR	17.9	20.6	-13.4%	-1.7	-5.8%	92.1
EPRA Earnings per share (basic)	EUR	0.150	0.167	-10.2%	-0.010	-4.6%	0.730
Adjusted EPRA Earnings per share (basic) ⁵	EUR	0.106	0.123	-13.4%	-0.010	-5.8%	0.548
EPRA NRV per share ⁷	EUR	10.78	12.24	-12.0%	-	-	11.01

¹ The numbers include the sale of four investments properties during the last year.

² Change from previous year (comparable exchange rates). Change-% is calculated from exact figures.

³ Citycon presents alternative performance measures according to the European Securities and Markets Authority (ESMA) guidelines. More information is presented in Basis of Preparation and Accounting Policies in the notes to the accounts.

⁴ The key figure includes hybrid bond coupons, amortized fees and gains and expenses on hybrid bond repayments.

⁵ The key figure includes hybrid bond coupons and amortized fees.

⁶ Highly liquid cash investments has been taken into account in net debt.

⁷ The effect of currency rates to EPRA NRV/share was EUR -0.61.

Standing portfolio key figures ¹		Q1/2023	Q1/2022	%	FX Impact	FX Adjusted %	Q1-Q4/2022
Net rental income	MEUR	47.9	46.1	3.8%	-2.1	8.7%	195.1
Direct operating profit ²	MEUR	38.3	37.4	2.4%	-1.8	7.5%	166.2
EPRA based key figures²							
EPRA Earnings	MEUR	25.3	25.3	-0.2%	-1.4	5.7%	113.6
Adjusted EPRA Earnings ³	MEUR	17.9	17.8	0.4%	-1.4	9.0%	83.1
EPRA Earnings per share (basic)	EUR	0.150	0.151	-0.1%	-0.008	5.7%	0.676
Adjusted EPRA Earnings per share (basic) ³	EUR	0.106	0.106	0.4%	-0.008	9.0%	0.495

¹ Standing portfolio key figures include only income and expenses from investment properties that were on group balance sheet on 31 March 2023. The portfolio is the same in the reporting period and in the comparison period, hence the numbers are comparable. Lippulaiva (opened on the 31st of March 2022) is included in the standing portfolio.

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.

Outlook (unchanged)

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

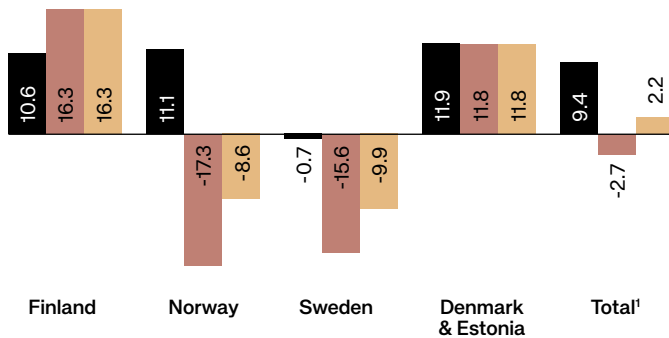
The outlook assumes that there are no major changes in macroeconomic factors and that there will not be another wave of COVID-19 with restrictions resulting in significant store closures and no major disruptions from the war in Ukraine. These estimates are based on the existing property portfolio as well as year-end 2022 estimates of inflation, EUR–SEK and EUR–NOK exchange rates, and interest rates.

1. Net rental income

The like-for-like net rental income in Q1 increased 9.4% compared to Q1/2022. Total net rental income was EUR 47.8 million (Q1/2022: EUR 49.1 million) mainly due to the divestment of non-core assets and weaker SEK- and NOK-rates. Divestments decreased total net rental income by EUR 2.8 million and FX rates by EUR 2.4 million.

Like-for-like and total net rental income development, Q1/2023 vs. Q1/2022

%



- █ Like-for-like NRI Development (at comparable FX rates)
- █ Total NRI Development (at actual FX rates)
- █ Total NRI Development (at comparable FX rates)

¹ Total NRI impacted by disposals executed in 2022.

Like-for-like net rental income from the Finnish operations increased by 10.6%. Like-for-like net rental income from Norwegian operations increased by 11.1%. Like-for-like net rental income from the Swedish operations decreased by 0.7%. Like-for-like net rental income from the Danish&Estonian operations increased by 11.9%.

Net rental income and gross rental income breakdown

MEUR	Net rental income					Gross rental income	
	Finland	Norway ²	Sweden	Denmark & Estonia	Other	Total	Total
2022	15.7	20.0	6.9	6.6	0.0	49.1	56.4
(Re)development projects	1.4	-0.2	-0.7	-	-	0.5	0.9
Divestments	-	-2.8	-	-	-	-2.8	-3.1
Like-for-like properties ¹	1.3	1.4	0.0	0.8	-	3.5	3.6
Other (incl. exchange rate differences)	-0.2	-1.9	-0.4	0.0	-0.1	-2.6	-2.7
2023	18.2	16.5	5.8	7.3	-0.1	47.8	55.1

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

² NRI impacted by four assets sold in 2022.

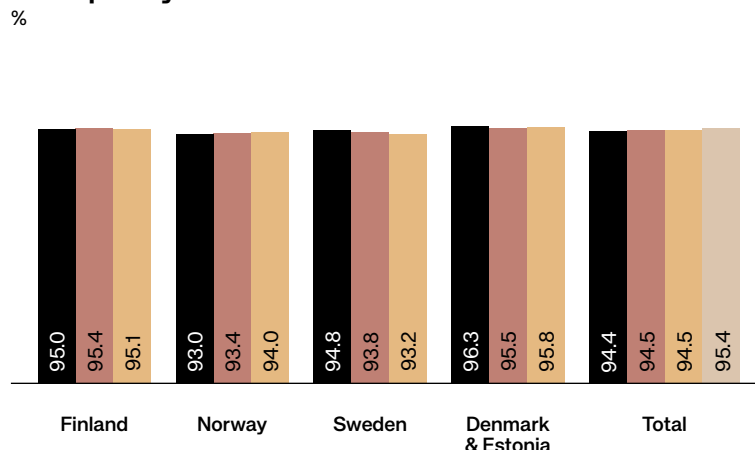
2. Occupancy, sales and footfall

The retail occupancy rate remained stable in Q1/2023 from the previous quarter at 95.4% (Q4/2022: 95.4%). Also, the economic occupancy remained stable at 94.5% (Q4/2022: 94.5%). Furthermore, the average rent per sq.m. increased by 0.7 EUR to 24.4 EUR (Q4/2022: 23.7) as we leased over 30,000 sq.m. during the first quarter. With comparable FX rates, average rent per sq.m. increased by 1.6 EUR.

In Q1/2023 like-for-like tenant sales increased 6.2% compared to the same time last year. Notably, like-for-like tenant sales are up 7.9% compared to pre-pandemic Q1/2019.

Like-for-like footfall increased by 7.6% compared to the same period last year.

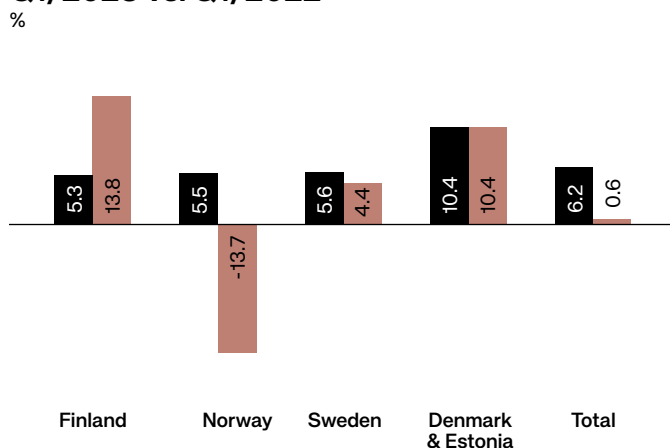
Occupancy rate¹



- Economic occupancy rate 31 March 2022
- Economic occupancy rate 31 December 2022
- Economic occupancy rate 31 March 2023
- Retail economic occupancy rate 31 March 2023

¹ Kista Galleria 50% not included.

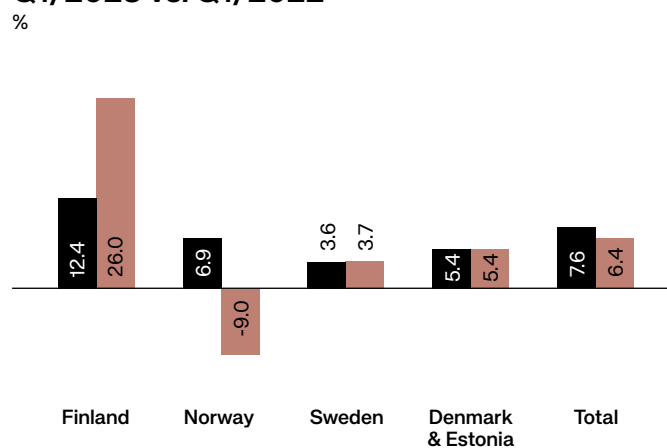
Tenant sales development, Q1/2023 vs. Q1/2022¹



- Like-for-like sales
- Total sales (including impact of divested assets)

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

Footfall development, Q1/2023 vs. Q1/2022¹



- Like-for-like footfall
- Total footfall (including impact of divested assets)

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

Lease portfolio summary¹

		31 March 2023	31 March 2022	31 December 2022
Number of leases	pcs	3,198	3,211	3,191
Average rent	EUR/sq.m./month	24.4	23.4	23.7
Average remaining length of lease portfolio	years	3.6	3.2	3.4
Occupancy cost ratio ²	%	9.2%	8.2%	9.2%
Leasing Spread	%	0.5%	-0.8%	2.0%

¹ Kista Galleria 50% not included.

² The rolling twelve month occupancy cost ratio for like-for-like shopping centres.

Leasing activity¹

		Q1/2023	Q1/2022	Q1-Q4/2022
Total area of leases started	sq.m.	81,900	82,931	262,772
Total area of leases ended	sq.m.	93,419	119,319	302,490

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

3. Financial result

Operating profit improved to EUR 82.8 million (Q1/2022: EUR 41.3 million) due to positive investment property fair value change of EUR 44.7 million.

Administrative expenses were EUR 9.7 million (Q1/2022: EUR 8.7 million). At the end of the reporting period, Citycon Group employed a total of 251 (31 March 2022: 259) full-time employees (FTEs) of whom 44 worked in Finland, 80 in Norway, 47 in Sweden, 14 in Denmark & Estonia, and 66 in Group functions.

Net financial expenses (IFRS) increased to EUR 12.1 million (Q1/2022: EUR 6.7 million) mainly due to reduced capitalized interest on development projects, partially offset by lower interest cost following repayments of debt. In addition, an amount of EUR 1.3 million indirect losses were booked related to fair value changes of cross-currency swaps not under hedge accounting, whereas the corresponding period of Q1/2022 carried a EUR 3.8 million profit from fair value changes of swaps.

Share of loss of joint ventures and associated companies totalled EUR -15.6 million (Q1/2022: EUR -0.7 million) mainly due to weaker development of property fair values in joint venture Kista.

Profit for the period was EUR 44.7 million (Q1/2022: EUR 29.8 million).

4. Property portfolio value development

The asset value of investment properties decreased by EUR 43.4 million from year-end to EUR 3,996.7 million (31 December 2022: 4,040.1). Net investments, including both acquisitions and disposals and development projects increased the value by EUR 13.2 million, fair value gains by EUR 44.7 million and changes in right-of-use -assets by EUR 0.4 million. These increases were offset by changes in FX rates, which decreased value by EUR 101.7 million.

Property portfolio summary

31 March 2023	No. of properties	Gross leasable area	Fair value, MEUR	Properties held for sale, MEUR	Portfolio, %
Shopping centres, Finland ¹	9	334,550	1,717.9	-	43%
Other properties, Finland	1	2,240	3.8	-	0%
Finland, total	10	336,790	1,721.6	-	43%
Shopping centres, Norway	13	348,300	1,131.2	-	28%
Rented shopping centres, Norway ²	1	14,500	-	-	-
Norway, total	14	362,800	1,131.2	-	28%
Shopping centres, Sweden	5	173,400	627.6	-	16%
Other properties, Sweden	1	-	6.1	-	0%
Sweden, total	6	173,400	633.7	-	16%
Shopping centres, Denmark & Estonia	4	139,200	466.1	-	12%
Other properties, Denmark & Estonia	-	-	-	-	-
Denmark & Estonia, total	4	139,200	466.1	-	12%
Shopping centres, total	32	1,009,950	3,942.8	-	99%
Other properties, total	2	2,240	9.9	-	0%
Investment properties, total	34	1,012,190	3,952.7	-	99%
Right-of-use assets classified as investment properties (IFRS 16)	-	-	44.1	-	1%
Investment properties in the statement of financial position, total	34	1,012,190	3,996.7	-	100%
Kista Galleria (50%)	1	46,350	193.1	-	-
Investment properties and Kista Galleria (50%), total	35	1,058,540	4,189.8	-	-

¹ Includes Lippulaiva residential development project.

² Value of rented properties is recognised within IFRS 16 investment properties based on IFRS rules.

The fair value change of investment properties amounted to EUR 44.7 million (Q1/2022: EUR 14.2 million). The company recorded a total value increase of EUR 73.7 million (Q1/2022: EUR 31.4 million) and a total value decrease of EUR -27.3 million (Q1/2022: EUR -15.6 million). In addition, the application of IFRS 16 standard had an impact of EUR -1.6 million (Q1/2022: EUR -1.7 million) to the fair value change of investment properties during the January-March reporting period.

Fair value changes

MEUR	Q1/2023	Q1/2022	Q1-Q4/2022
Finland	3.5	3.7	-15.3
Norway	23.6	8.0	-26.5
Sweden	3.6	1.7	-5.0
Denmark & Estonia	15.6	2.5	-3.0
Investment properties, total	46.4	15.9	-49.8
Right-of-use assets classified as investment properties (IFRS 16)	-1.6	-1.7	-6.8
Investment properties in the statement of financial position, total	44.7	14.2	-56.5
Kista Galleria (50%)	-14.8	-2.1	-25.5
Investment properties and Kista Galleria (50%), total	29.9	12.1	-82.0

Citycon measures the fair values of the properties internally in the first and third quarters, except for Kista Galleria, the value of which has been determined by an external appraiser. For the Financial Statement 2022 the fair value of Citycon's investment properties has been measured by CBRE (Norway, Denmark, Estonia) and JLL (Finland, Sweden).

JLL's and CBRE's Market commentary reports are available on Citycon's website below Investors.

5. Capital recycling

No transaction activity occurred in Q1/2023.

Strengthening the balance sheet remains a key priority for the company. In November 2022, Citycon announced its goal to sell EUR 500 million of non-core assets in the next 24 months. Following the transaction executed in December 2022 the remaining target is EUR 380 million.

6. (Re)development projects

Following the completion of Lippulaiva centre and the residential towers, Citycon has no significant ongoing development projects and capex requirements are expected to be significantly lower in 2023 compared to the previous years.

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

(Re)development projects in progress on 31 March 2023

	Location	Area before/after, sq.m.	Expected gross-investment, MEUR	Actual gross investment by 31 March 2023, MEUR	Completion
Herkules, residential (50%)	Skien, Norway	-/7,600	28.0	8.6	2024
Barkarby, residential	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 Q1/2023

	Location	Area before/after, sq.m.	Actual investment by 31 March 2023, MEUR	Completion
Lippulaiva residential	Helsinki metropolitan area, Finland	-/12,800	60.7	Q1/2023

7. Shareholders' equity

Equity per share was EUR 13.23 (31 December 2022: 13.75). Equity return, translation losses and hybrid bond repayments decreased equity per share. The decrease was partly offset by the positive result for the period.

At period-end, **shareholders' equity** attributable to parent company's shareholders was EUR 1,573.2 million (31 December 2022: 1,618.8).

8. Financing

Key financing figures

		31 March 2023	31 March 2022	31 December 2022
Nominal debt outstanding ³	MEUR	1,767.9	1,864.5	1,781.7
Interest bearing liabilities, carrying value ¹	MEUR	1,793.8	1,887.9	1,807.7
Available liquidity	MEUR	528.3	604.3	577.7
Average loan maturity	years	2.9	4.0	3.2
Loan to Value (LTV) ²	%	42.9	40.4	41.4
Interest cover ratio (financial covenant > 1.8)	x	4.0	4.0	4.0
Net debt to total assets (financial covenant < 0.60)	x	0.40	0.37	0.39
Solvency ratio (financial covenant < 0.65)	x	0.42	0.38	0.40
Secured solvency ratio (financial covenant < 0.25)	x	0.00	0.00	0.00

¹ Including EUR 41.0 million (Q1/2022: EUR 46.6 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 Starting 1.1.2023 the company no longer defines the fair value of debt as the nominal outstanding, instead market value of debt is used as definition of fair value of debt.

In January, 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 accepted an aggregate amount of EUR 57.4 million of the principal amounts outstanding on the three tendered securities for repurchase, for a total purchase consideration of EUR 41.4 million.

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

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 was mainly financed by operative cash flow.

Interest-bearing debt

The outstanding amount of interest-bearing debt decreased during the quarter by EUR 13.9 million to EUR 1,767.9 million, due to weakening of the NOK FX rate. The carrying amount of interest-bearing liabilities in the balance sheet was EUR 1,793.8 million including IFRS 16 liabilities of EUR 41 million.

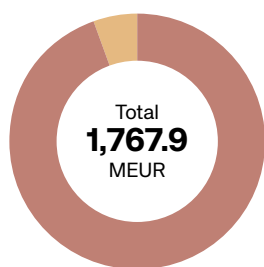
The weighted average loan maturity decreased slightly during the quarter and was 2.9 years.

LTV (IFRS) increased during the quarter to 42.9% as a result of decreased property values following weaker currency rates, despite fair value gains on properties recognised during the quarter. This was coupled with higher net debt as the company deployed cash to repurchase a portion of its hybrid bonds.

Citycon does not have any significant debt maturities until October 2024 when EUR 458 million unsecured senior notes matures.

Breakdown of loans

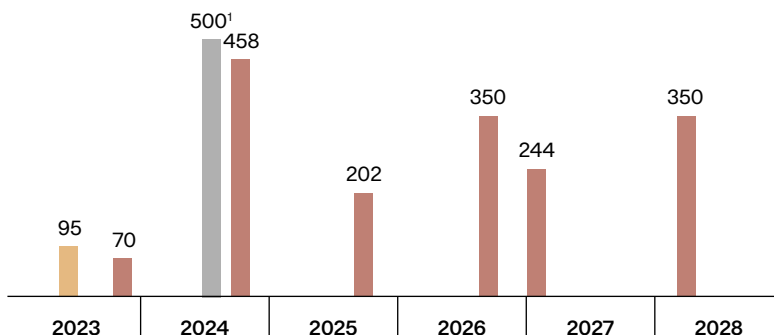
%



- Bank loans **0.0**
- Bonds **94.7**
- Commercial papers **5.3**

Debt maturities

MEUR



- Bank loans **0.0**
- Bonds **1,673.4**
- Commercial papers **94.5**
- Undrawn committed credit facilities **500.0**

¹ Post quarter closing the company signed a refinancing of the committed credit facility with a EUR 650 million facility maturing in May 2026. The facility consists of a EUR 400 million committed credit facility and a EUR 250 million term loan and carries a one year extension option to May 2027.

Financial expenses

Key figures

		Q1/2023	Q1/2022	2022
Financial expenses ¹	MEUR	-14.7	-12.3	-64.7
Financial income ¹	MEUR	2.6	5.7	16.7
Net financial expenses (IFRS)	MEUR	-12.1	-6.7	-48.0
Direct net financial expenses (EPRA)	MEUR	-11.5	-10.3	-47.0
Weighted average interest rate ²	%	2.46	2.47	2.43
Weighted average interest rate excluding derivatives	%	2.59	2.50	2.57
Year-to-date weighted average interest rate ²	%	2.36	2.49	2.42

¹ The foreign exchange differences are netted in the financial expenses

² Including interest rate swaps and cross-currency swaps

The direct net financial expenses (EPRA) were EUR 1.2 million higher than last year despite lower interest cost following debt repayments, mainly due to decreased capitalized interest on development projects following the finalization of Lippulaiva in March 2022.

Net financial expenses (IFRS) increased to EUR 12.1 million (Q1/2022: EUR 6.7 million) mainly due to less capitalized interest on development projects, partially offset by lower interest cost following repayments of debt. In addition, indirect one-off net gains related to prepayment of debt of EUR 0.6 million were recorded during the year. Furthermore, an amount of EUR 1.3 million indirect losses was booked related to fair value changes of cross-currency swaps not under hedge accounting, whereas the corresponding period Q1/2022 carried a EUR 3.8 million profit from fair value of swaps.

The financial income mainly consisted of interest income on a loan to Kista Galleria.

The period-end weighted average interest rate was 2.46%.

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.

Financial risk management

		31 March 2023	31 March 2022	31 December 2022
Average interest-rate fixing period	years	2.9	4.0	3.2
Fixed interest rate ratio	%	90.7	100.0	93.0

9. Business environment

Business environment key figures

	Finland	Norway	Sweden	Denmark	Estonia	Euro area
GDP growth forecast 2023	0.0%	2.1%	-0.5%	0.0%	-1.2%	0.8%
Inflation, forecast 2023	5.3%	4.9%	6.8%	4.8%	9.7%	5.3%
Unemployment, 2023	7.5%	3.5%	7.8%	5.1%	6.1%	6.8%
Retail sales growth, 2/2023 ¹	-3.3%	-8.5%	-3.9%	-4.3%	-6.3%	-3.0%

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

Sources: IMF, SEB Nordic Outlook, European Commission, Eurostat, Statistics Finland/Norway/Sweden/Estonia/Denmark

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

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

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

10. 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.

11. General meeting

Citycon's Annual General Meeting 2023 (AGM) was held on 21 March 2023. The Annual General Meeting was held without a meeting venue using remote connection in real time, in accordance with Section 11 of the Articles of Association of the Company and Chapter 5, Section 16 Subsection 3 of the Finnish Limited Liability Companies Act. A total of 291 shareholders were presented in the meeting either having voted in advance or via remote connection in person, or by statutory representative or by proxy, representing 51.0% of shares and votes in the company.

The General Meeting approved all the proposals made by the Board of Directors to the General Meeting. The AGM adopted the company's Financial Statements and discharged the members of the Board of Directors and the CEO from liability for the financial year 2022 and decided to adopt the Remuneration Report for the governing bodies.

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

The AGM 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.

Ernst & Young Oy, a firm of authorised public accountants, was re-elected as the auditor of the company for 2023.

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

12. 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 March 2023, the total number of shares outstanding in the company was 168,008,940. The shares have no nominal value.

At the end of March 2023, Citycon had a total of 28,594 (28,898) registered shareholders, of which 11 were account managers of nominee-registered shares. Holders of the nominee-registered shares held approximately 117.0 million (115.9) shares, or 69.7% (69.0%) of shares and voting rights in the company. The most significant registered shareholders at period-end can be found on company's website citycon.com/major-shareholders.

Shares and share capital

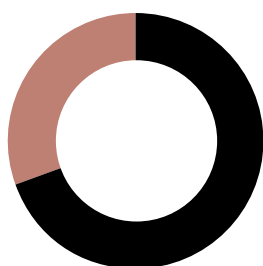
		Q1/2023	Q1/2022	Q1-Q4/2022
Share capital at period-start	MEUR	259.6	259.6	259.6
Share capital at period-end	MEUR	259.6	259.6	259.6
Number of shares at period-start		168,008,940	168,498,525	168,498,525
Number of shares at period-end		168,008,940	168,008,940	168,008,940

Share price and trading

		Q1/2023	Q1/2022	%	Q1-Q4/2022
Low	EUR	6.04	6.60	-8.5%	5.96
High	EUR	7.01	7.39	-5.1%	7.57
Average	EUR	6.65	7.04	-5.6%	6.81
Latest	EUR	6.30	6.86	-8.2%	6.26
Market capitalisation at period-end	MEUR	1,057.6	1,152.5	-8.2%	1,050.9
Number of shares traded	million	15.1	27.5	-45.1%	84.4
Value of shares traded	MEUR	100.5	192.8	-47.9%	575.0

Shareholders 31 March 2023

% of shares and voting rights



- Nominee-registered shareholders **69.7** (117.0 million shares)
- Directly registered shareholdings **30.3** (51.0 million shares)

Dividend and equity repayment

Dividends and equity repayments paid on 31 March 2023¹

	Record date	Payment date	EUR / share
Equity repayment Q1	24 March 2023	31 March 2023	0.125
Total			0.125

Remaining Board authorisation for equity repayment²

	Preliminary record date	Preliminary payment date	EUR / share
Equity repayment Q2	23 June 2023	30 June 2023	0.125
Equity repayment Q3	22 September 2023	29 September 2023	0.125
Equity repayment Q4	20 December 2023	29 December 2023	0.125
Total			0.375

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

² The AGM 2023 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 distributed from the invested unrestricted equity fund shall not exceed EUR 0.50 per share. Unless the Board of Directors decides otherwise for a justified reason, the authorisation will be used to distribute equity repayment four times during the period of validity of the authorisation. In this case, the Board of Directors will make separate resolutions on each distribution of the equity repayment so that the preliminary record and payment dates will be as stated above. Citycon shall make separate announcements of such Board resolutions.

Board authorisations

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

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

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

Restricted Share Plan 2020–2022

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

Performance Share Plan 2020–2022

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

Own shares

During the reporting period, the company held a total of 17,000 of the company's own shares, which were conveyed to implement payments of rewards earned under the company's share plans as described in the section Board authorisations. At the end of the period, the company or its subsidiaries held no shares in the company.

Flagging notices

In Q1/2023, Citycon received in total five flagging notifications (between 24 February and 10 March 2023) due to a share purchase agreement entered into by Gazit Europe Netherlands B.V. and its parent G City Ltd. on 22 February 2023, according to which Gazit Europe Netherlands B.V. purchased a total of 19,000,000 shares in Citycon from G City Ltd. The share purchase agreement was published by flagging notification on 24 February 2023 and separate flagging notifications for the partial executions were published on 3 March, 7 March, 9 March and 10 March 2023.

The completion of the share purchase agreement did not affect the aggregate total direct and indirect holdings of G City Ltd. in Citycon.

Incentive plans

Long-term Share-based Incentive Plans

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

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

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

Further information on Citycon's share-based incentive plans is available on the company's website at [citycon.com/remuneration](https://www.citycon.com/remuneration).

13. Events after the reporting period

In April, Citycon signed a new EUR 650 million credit facility to replace and expand existing EUR 500 million credit facility maturing in June 2024.

For more investor information, please visit the company's website at www.citycon.com.

Helsinki, 4 May 2023

Citycon Oyj

Board of Directors

For further information, please contact:

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Citycon is a leading owner, manager and developer of mixed-use real estate featuring modern, necessity-based retail with residential, office and municipal service spaces that enhance the communities in which they operate. Citycon is committed to sustainable property management in the Nordic region with assets that total approximately EUR 4.2 billion. Our centres are located in urban hubs in the heart of vibrant communities with direct connections to public transport and anchored by grocery, healthcare and other services that cater to the everyday needs of customers.

Citycon has investment-grade credit ratings from Moody's (Baa3) and Standard & Poor's (BBB-). Citycon Oyj's shares are listed on Nasdaq Helsinki.

www.citycon.com

EPRA performance measures

Citycon applies to the best practices policy recommendations of EPRA (European Public Real Estate Association) for financial reporting. More information about EPRA's performance measures is available in Citycon's Financial Statements 2022 in section "EPRA performance measures". These tables include actual FX rates and include the sale of four investments properties during the last year.

EPRA performance measures

		Q1/2023	Q1/2022	%	Q1-Q4/2022
EPRA Earnings	MEUR	25.3	28.1	-10.2%	122.6
Adjusted EPRA Earnings ¹	MEUR	17.9	20.6	-13.4%	92.1
EPRA Earnings per share (basic)	EUR	0.150	0.167	-10.2%	0.730
Adjusted EPRA Earnings per share (basic) ¹	EUR	0.106	0.123	-13.4%	0.548
EPRA NRV per share	EUR	10.78	12.24	-12.0%	11.01

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

The following tables present how EPRA performance measures are calculated.

1) EPRA earnings

MEUR	Q1/2023	Q1/2022	%	Q1-Q4/2022
Earnings in IFRS Consolidated Statement of Comprehensive Income	44.7	29.8	50.0%	5.1
+/- Net fair value losses/gains on investment property	-44.7	-14.2	-	56.5
-/+ Net gains/losses on sale of investment property	0.2	-1.0	-	4.3
+ Indirect other operating expenses	0.0	14.2	-99.9%	26.7
+/- Early close-out costs/gains of debt and financial instruments	-0.6	0.0	-	-8.1
-/+ Fair value gains/losses of financial instruments	1.1	-3.6	-	9.2
+/- Indirect losses/gains of joint ventures and associated companies	14.6	-0.5	-	21.0
-/+ Change in deferred taxes arising from the items above	9.9	3.5	-	8.0
+ Non-controlling interest arising from the items above	0.0	0.0	-	0.0
EPRA Earnings	25.3	28.1	-10.2%	122.6
-/+ Hybrid bond coupons and amortized fees	-7.4	-7.5	1.6%	-30.5
Adjusted EPRA Earnings	17.9	20.6	-13.4%	92.1
Weighted average number of ordinary shares, million	168.0	168.0	0.0%	168.0
EPRA Earnings per share (basic), EUR	0.150	0.167	-10.2%	0.730
Adjusted EPRA Earnings per share (basic), EUR	0.106	0.123	-13.4%	0.548

The table below presents an alternative calculation of EPRA Earnings from the statement of comprehensive income from top to bottom.

MEUR	Q1/2023	Q1/2022	%	Q1-Q4/2022
Net rental income	47.8	49.1	-2.7%	203.6
Direct administrative expenses	-9.7	-8.7	-10.6%	-28.7
Direct other operating income and expenses	0.1	-0.2	-	0.2
Direct operating profit	38.3	40.2	-4.9%	175.2
Direct net financial income and expenses	-11.5	-10.3	-11.9%	-47.0
Direct share of profit/loss of joint ventures and associated companies	-1.0	-1.2	15.8%	-3.6
Direct current taxes	-0.7	-0.7	7.2%	-2.1
Direct deferred taxes	0.2	0.0	-	0.2
Direct non-controlling interest	0.0	0.0	-	0.0
EPRA Earnings	25.3	28.1	-10.2%	122.6
-/+ Hybrid bond coupons and amortized fees	-7.4	-7.5	1.6%	-30.5
Adjusted EPRA Earnings	17.9	20.6	-13.4%	92.1
EPRA Earnings per share (basic), EUR	0.150	0.167	-10.2%	0.730
Adjusted EPRA Earnings per share (basic), EUR	0.106	0.123	-13.4%	0.548

2) EPRA NRV, NTA and NDV per share

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 NNAV starting from financial statement 2020.

Citycon considers EPRA NRV to be the most relevant measure for its business.

The EPRA NRV scenario, aims to represent the value required to rebuild the entity and assumes that no selling of assets takes place.

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.

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

	31 March 2023			31 December 2022			31 March 2022		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
Equity attributable to parent company shareholders	1,573.2	1,573.2	1,573.2	1,618.8	1,618.8	1,618.8	1,818.8	1,818.8	1,818.8
Deferred taxes from the difference of fair value and fiscal value of investment properties ³	264.8	132.4	-	264.9	132.5	-	284.9	142.5	-
Fair value of financial instruments	-1.4	-1.4	-	-1.9	-1.9	-	-0.2	-0.2	-
Goodwill as a result of deferred taxes	-60.7	-	-	-65.7	-	-	-80.0	-	-
Goodwill as per the consolidated balance sheet	-	-110.6	-110.6	-	-115.4	-115.4	-	-133.5	-133.5
Intangible assets as per the consolidated balance sheet	-	-10.0	-	-	-11.0	-	-	-8.8	-
The difference between the secondary market price and carrying value of bonds ¹	-	-	254.0	-	-	246.5	-	-	91.9
Real estate transfer taxes ²	34.5	-	-	34.2	-	-	33.4	-	-
Total	1,810.3	1,583.6	1,716.7	1,850.3	1,622.8	1,749.9	2,056.9	1,818.8	1,777.1
Number of ordinary shares at balance sheet date, million	168.0	168.0	168.0	168.0	168.0	168.0	168.0	168.0	168.0
Net Asset Value per share	10.78	9.43	10.22	11.01	9.66	10.42	12.24	10.83	10.58

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 254.0 million (secondary market price lower) as of 31 March 2023. In the comparison period 31 March 2022, the difference was EUR 91.9 million (secondary market price lower). 31 March 2022 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.

Condensed consolidated interim financial statements 1 January – 31 March 2023

Condensed consolidated statement of comprehensive income, IFRS

MEUR	Note	Q1/2023	Q1/2022	%	Q1–Q4/2022
Gross rental income	3	55.1	56.4	-2.2%	222.3
Service charge income	3.4	19.0	16.5	15.1%	79.2
Property operating expenses		-25.4	-23.1	-10.3%	-94.7
Other expenses from leasing operations		-0.9	-0.7	-24.2%	-3.1
Net rental income	3	47.8	49.1	-2.7%	203.6
Administrative expenses		-9.7	-8.7	-10.6%	-28.7
Other operating income and expenses		0.1	-14.3	-	-26.5
Net fair value gains/losses on investment property	3	44.7	14.2	-	-56.5
Net gains/losses on sale of investment properties and subsidiaries		-0.2	1.0	-	-4.3
Operating profit	3	82.8	41.3	-	87.7
Net financial income and expenses		-12.1	-6.7	-80.3%	-48.0
Share of profit/loss of joint ventures and associated companies		-15.6	-0.7	-	-24.6
Result before taxes		55.1	33.9	62.3%	15.1
Current taxes		-0.7	-0.7	7.2%	-2.1
Deferred taxes		-9.6	-3.4	-	-7.9
Result for the period		44.7	29.8	50.0%	5.1
Profit/loss attributable to					
Parent company shareholders		44.7	29.8	50.0%	5.3
Non-controlling interest		0.0	0.0	-	-0.3
Earnings per share attributable to parent company shareholders					
Earnings per share (basic), EUR ¹	5	0.32	0.13	-	-0.15
Earnings per share (diluted), EUR ¹	5	0.31	0.13	-	-0.15
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Net gains/losses on cash flow hedges		-0.5	0.8	-	0.5
Exchange gains/losses on translating foreign operations		-67.7	26.1	-	-73.5
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		-68.2	26.8	-	-73.0
Other comprehensive income for the period, after taxes		-68.2	26.8	-	-73.0
Total comprehensive profit/loss for the period		-23.4	56.7	-	-67.9
Total comprehensive profit/loss attributable to					
Parent company shareholders		-23.4	56.7	-	-67.6
Non-controlling interest		0.0	0.0	-	-0.3

¹ The key figure includes hybrid bond coupons, amortized fees and gains and expenses on hybrid bond repayments.

Condensed consolidated statement of financial position, IFRS

MEUR	Note	31 March 2023	31 March 2022	31 December 2022
Assets				
Non-current assets				
Investment properties	6	3,996.7	4,278.2	4,040.1
Goodwill		110.6	133.5	115.4
Investments in joint ventures and associated companies		92.2	135.6	103.5
Intangible and tangible assets, and other non-current assets		28.5	12.5	30.8
Derivative financial instruments	10, 11	21.4	19.8	18.6
Deferred tax assets		16.6	16.4	16.4
Total non-current assets		4,266.0	4,596.0	4,324.9
Investment properties held for sale	8	0.0	0.0	0.0
Current assets				
Derivative financial instruments	10, 11	3.4	0.8	2.8
Trade receivables and other current assets		69.3	102.0	63.9
Cash, cash equivalents and current financial investments	9	18.8	96.8	69.2
Total current assets		91.5	199.6	135.9
Total assets	3	4,357.5	4,795.6	4,460.7
Shareholders' equity and liabilities				
Equity attributable to parent company shareholders				
Share capital		259.6	259.6	259.6
Share premium fund		131.1	131.1	131.1
Fair value reserve		1.4	2.2	1.9
Invested unrestricted equity fund	12	639.2	723.2	660.2
Retained earnings	12	541.8	702.7	565.9
Total equity attributable to parent company shareholders		1,573.2	1,818.8	1,618.8
Hybrid bond		649.0	689.7	691.5
Non-controlling interest		0.0	0.3	0.0
Total shareholders' equity		2,222.2	2,508.8	2,310.3
Long-term liabilities				
Loans		1,622.8	1,881.2	1,676.1
Derivative financial instruments and other non-interest bearing liabilities	10, 11	0.3	9.1	0.4
Deferred tax liabilities		266.0	286.6	266.3
Total long-term liabilities		1,889.1	2,176.9	1,942.8
Short-term liabilities				
Loans		171.0	6.7	131.6
Derivative financial instruments	10, 11	0.1	4.6	0.4
Trade and other payables		75.1	98.6	75.6
Total short-term liabilities		246.2	109.9	207.6
Total liabilities	3	2,135.3	2,286.8	2,150.5
Total liabilities and shareholders' equity		4,357.5	4,795.6	4,460.7

Condensed consolidated cash flow statement, IFRS

MEUR	Note	Q1/2023	Q1/2022	Q1-Q4/2022
Cash flow from operating activities				
Profit before taxes		55.1	33.9	15.1
Adjustments to profit before taxes		-16.9	7.9	166.5
Cash flow before change in working capital		38.2	41.8	181.5
Change in working capital		1.0	-34.0	-22.7
Cash generated from operations		39.2	7.8	158.8
Paid interest and other financial charges		-15.6	-17.3	-53.9
Interest income and other financial income received		0.2	0.1	0.2
Current taxes paid		-2.6	0.0	-5.4
Net cash from operating activities		21.2	-9.4	99.7
Cash flow from investing activities				
Acquisition of investment properties and subsidiaries, less cash acquired	6,7,8	-	-	-6.5
Capital expenditure on investment properties, investments in joint ventures, intangible assets and tangible assets	6,7,8	-21.2	-35.7	-173.9
Sale of investment properties and subsidiaries	6,7,8	1.3	139.2	270.8
Purchase of current financial investments		-	-62.5	-64.8
Repayment of current financial investments		-	7.5	84.2
Net cash used in investing activities		-19.8	48.5	109.8
Cash flow from financing activities				
Proceeds from short-term loans		154.3	61.0	356.5
Repayments of short-term loans		-110.1	-65.0	-318.7
Repayments of long-term loans		-35.0	-4.8	-102.5
Hybrid bond repayments		-26.8	-	-
Hybrid bond interest and expenses		-15.9	-15.7	-28.4
Repurchase and costs of treasury shares		-	-1.6	-1.6
Dividends and return from the invested unrestricted equity fund	12	-21.0	-21.0	-84.0
Realized exchange rate gains/losses		5.0	-5.6	6.8
Net cash from financing activities		-49.5	-52.7	-172.0
Net change in cash and cash equivalents		-48.2	-13.6	37.5
Cash and cash equivalents at period-start	9	69.2	34.7	34.7
Effects of exchange rate changes		-2.1	0.9	-3.1
Cash and cash equivalents at period-end	9	18.8	22.0	69.2

Condensed consolidated statement of changes in shareholders' equity, IFRS

MEUR	Share capital	Share premium fund	Fair value reserve	Invested unrestricted equity fund	Translation reserve	Retained earnings	Equity attributable to parent company shareholders	Hybrid bond	Non-controlling interest	Shareholders' equity, total
Balance at 1 January 2022	259.6	131.1	1.4	744.2	-114.8	778.6	1,800.1	689.1	0.3	2,489.5
Total comprehensive profit/loss for the period			0.8		26.1	29.8	56.7		0.0	56.7
Hybrid bond interest and expenses						-16.3	-16.3	0.6		-15.6
Repurchase and costs of Treasury shares						-1.6	-1.6			-1.6
Dividends paid and equity return (Note 12)				-21.0			-21.0			-21.0
Share-based payments						0.7	0.7			0.7
Other changes						0.2	0.2			0.2
Balance at 31 March 2022	259.6	131.1	2.2	723.2	-88.7	791.4	1,818.8	689.7	0.3	2,508.8
Balance at 1 January 2023	259.6	131.1	1.9	660.2	-188.3	754.3	1,618.8	691.5	0.0	2,310.3
Total comprehensive profit/loss for the period			-0.5		-67.7	44.7	-23.4			-23.4
Hybrid bond repayments							0.0	-42.8		-42.8
Gains on hybrid bond repayments						16.1	16.1			16.1
Hybrid bond interest and expenses						-16.3	-16.3	0.4		-15.9
Dividends paid and equity return (Note 12)				-21.0			-21.0			-21.0
Share-based payments						-1.0	-1.0			-1.0
Other changes						0.0	0.0			0.0
Balance at 31 March 2023	259.6	131.1	1.4	639.2	-256.0	797.8	1,573.2	649.0	0.0	2,222.2

Notes to the condensed consolidated interim financial statements

1. Basic company data

Citycon is a leading owner, manager and developer of mixed-use centres for urban living including retail, office space and housing. Citycon operates in the business units Finland, Norway, Sweden and Denmark & Estonia. Citycon is a Finnish public limited liability company established under the Finnish law and domiciled in Helsinki. The Board of Directors has approved the interim financial statements on 4th of May 2023.

2. Basis of preparation and accounting policies

Citycon prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). Additional information on the accounting policies are available in Citycon's annual financial statements 2022. Citycon's interim report for the reporting period have been prepared in accordance with same accounting policies as in annual financial statements 2022 and in accordance with IAS 34 Interim Financial Reporting standard. The figures are unaudited.

Citycon also presents alternative performance measures according to the European Securities and Markets Authority (ESMA) guidelines. These alternative performance measures, such as EPRA performance measures and loan to value, are used to present the underlying business performance and to enhance comparability between financial periods. Alternative performance measures presented in this report should not be considered as a substitute for measures of performance in accordance with the IFRS.

3. Segment information

Citycon changed its operating segments and segment reporting starting from 1.1.2023. The new segments are Finland, Norway, Sweden and Denmark & Estonia. Previously the segments were Finland&Estonia, Norway and Sweden & Denmark. Comparison period numbers have been updated according to the new segments.

In Citycon's reporting, Kista Galleria is treated as a joint venture and the shopping centre's result or fair value will not impact on the gross rental income, net rental income or fair value of investment properties of the group. Kista Galleria is consolidated in Citycon's financial statements based on the equity method, meaning that Citycon's share of Kista Galleria's profit for the period is recognised in the line 'Share of result in joint ventures and associated companies' in the statement of comprehensive income and Citycon's share of Kista Galleria's shareholder's equity is recognised in the line 'Investments in joint ventures and associated companies' in the statement of financial position. In addition, the management fee received by Citycon is reported in the line 'other operating income and expenses' and the interest income on the shareholder loan is reported in 'net financial income and expenses'. Kista Galleria contributed to the IFRS based profit for the period Q1/2023 by EUR -15.7 million (Q1/2022: EUR -0.7 million).

In addition to IFRS segment results, the Board of Directors follows Kista Galleria's financial performance separately, and therefore, segment information includes both IFRS segment results and Kista Galleria's result.

MEUR	Q1/2023	Q1/2022	%	Q1-Q4/2022
Gross rental income				
Finland	20.2	17.8	13.6%	74.2
Norway	18.0	22.1	-18.5%	83.0
Sweden	8.9	9.2	-3.8%	35.8
Denmark & Estonia	8.0	7.2	10.4%	29.3
Total Segments	55.1	56.4	-2.2%	222.3
Kista Galleria (50%)	2.4	2.3	1.9%	9.4
Service charge income				
Finland	7.0	5.4	30.5%	24.3
Norway	6.3	6.0	5.0%	31.3
Sweden	2.7	2.7	0.8%	12.7
Denmark & Estonia	2.9	2.4	21.7%	10.9
Total Segments	19.0	16.5	15.1%	79.2
Kista Galleria (50%)	0.9	0.8	8.1%	3.8
Net rental income				
Finland	18.2	15.7	16.3%	68.6
Norway	16.5	20.0	-17.3%	78.9
Sweden	5.8	6.9	-15.6%	30.4
Denmark & Estonia	7.3	6.6	11.8%	26.0
Other	-0.1	0.0	-	-0.3
Total Segments	47.8	49.1	-2.7%	203.6
Kista Galleria (50%)	1.6	1.4	12.6%	6.8
Direct operating profit				
Finland	17.5	14.8	18.0%	66.3
Norway	15.3	18.6	-17.9%	76.0
Sweden	4.9	5.7	-14.4%	26.4
Denmark & Estonia	7.2	6.4	12.2%	25.9
Other	-6.6	-5.4	-23.6%	-19.3
Total Segments	38.3	40.2	-4.9%	175.2
Kista Galleria (50%)	1.5	1.3	12.4%	6.6
Net fair value gains/losses on investment property				
Finland	3.3	3.5	-5.5%	-16.3
Norway	22.5	6.8	-	-30.9
Sweden	3.3	1.3	-	-6.3
Denmark & Estonia	15.6	2.5	-	-3.0
Total Segments	44.7	14.2	-	-56.5
Kista Galleria (50%)	-14.8	-2.1	-	-25.5
Operating profit/loss				
Finland	20.6	22.0	-6.4%	53.2
Norway	37.8	8.0	-	10.6
Sweden	8.2	7.7	6.9%	20.2
Denmark & Estonia	22.7	8.9	-	22.9
Other	-6.6	-5.4	-23.6%	-19.3
Total Segments	82.8	41.3	-	87.7
Kista Galleria (50%)	-13.3	-0.8	-	-18.8

MEUR	31 March 2023	31 March 2022	%	31 December 2022
Assets				
Finland	1,738.6	1,715.1	1.4%	1,723.2
Norway	1,248.8	1,583.9	-21.2%	1,320.3
Sweden	660.4	702.9	-6.1%	660.1
Denmark & Estonia	482.0	462.2	4.3%	465.6
Other	227.8	331.5	-31.3%	291.5
Total Segments	4,357.5	4,795.6	-9.1%	4,460.7
Kista Galleria (50%)	205.6	262.4	-21.6%	223.9
Liabilities				
Finland	9.3	21.2	-55.9%	7.0
Norway	16.4	25.6	-35.8%	20.8
Sweden	14.1	14.9	-5.4%	12.0
Denmark & Estonia	8.1	7.2	11.4%	9.0
Other	2,087.4	2,217.9	-5.9%	2,101.7
Total Segments	2,135.3	2,286.8	-6.6%	2,150.5
Kista Galleria (50%)	224.7	256.6	-12.4%	240.8

The change in segment assets was mainly due to acquisitions and disposals of investment properties and the fair value changes in investment properties as well as investments.

4. Revenue from contracts with customers

MEUR	Q1/2023	Q1/2022	%	Q1-Q4/2022
Service charges ¹	15.0	13.2	13.7%	59.9
Utility charges ¹	2.4	1.7	40.7%	11.0
Other service income ¹	1.5	1.6	-1.1%	8.3
Management fees ²	0.1	0.1	-59.8%	0.6
Revenue from contracts with customers	19.0	16.6	14.4%	79.8

¹ Is included in the line item 'Service charge income' in the Consolidated statement of comprehensive income.

² Is included in the line item 'Other operating income and expenses' in the Consolidated statement of comprehensive income.

5. Earnings per share

Earnings per share, basic		Q1/2023	Q1/2022	%	Q1-Q4/2022
Profit attributable to parent company shareholders	MEUR	44.7	29.8	50.0%	5.3
Hybrid bond interests and expenses	MEUR	-7.4	-7.5	1.6%	-30.5
Gains and expenses on hybrid bond repayments	MEUR	16.1	-	-	-
Weighted average number of ordinary shares ¹	million	168.0	168.0	0.0%	168.0
Earnings per share (basic)¹	EUR	0.32	0.13	-	-0.15

Earnings per share, diluted		Q1/2023	Q1/2022	%	Q1-Q4/2022
Profit attributable to parent company shareholders	MEUR	44.7	29.8	50.0%	5.3
Hybrid bond interests and expenses	MEUR	-7.4	-7.5	1.6%	-30.5
Gains and expenses on hybrid bond repayments	MEUR	16.1	-	-	-
Weighted average number of ordinary shares ¹	million	168.0	168.0	0.0%	168.0
Adjustment for share-based incentive plans	million	2.4	2.9	-	2.5
Weighted average number of ordinary shares, diluted ¹	million	170.4	170.9	-0.3%	170.5
Earnings per share (diluted)¹	EUR	0.31	0.13	-	-0.15

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

6. Investment properties

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

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

31 March 2023

MEUR	Investment properties under construction (IPUC)	Operative investment properties	Investment properties, total
Balance at 1 January 2023	435.4	3,604.7	4,040.1
Investments	0.0	12.9	12.9
Capitalized interest	-	0.3	0.3
Fair value gains on investment property	-	73.7	73.7
Fair value losses on investment property	-	-27.3	-27.3
Valuation gains and losses from Right-of-Use-Assets	-	-1.6	-1.6
Exchange differences	-0.1	-101.6	-101.7
Transfer between investment properties under construction and operative investment properties	-429.2	429.2	0.0
Changes in right-of-use assets classified as investment properties (IFRS 16)	-	0.4	0.4
Balance at 31 March 2023	6.1	3,990.6	3,996.7

31 March 2022

MEUR	Investment properties under construction (IPUC)	Operative investment properties	Investment properties, total
Balance at 1 January 2022	382.3	3,807.0	4,189.2
Investments	22.2	10.7	32.9
Capitalized interest	2.6	0.0	2.6
Fair value gains on investment property	-	31.4	31.4
Fair value losses on investment property	-1.1	-14.5	-15.6
Valuation gains and losses from Right-of-Use-Assets	-	-1.7	-1.7
Exchange differences	-	34.1	34.1
Changes in right-of-use assets classified as investment properties (IFRS 16)	-	5.2	5.2
Balance at 31 March 2022	406.0	3,872.2	4,278.2

31 December 2022

MEUR	Investment properties under construction (IPUC)	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
Capitalized 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 and 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

The fair value of Citycon's investment properties for the Q1/2023 reporting has been measured internally. The fair value of Citycon's investment properties has been measured by CBRE (Norway, Denmark, Estonia) and JLL (Finland, Sweden) for the Financial statement 2022.

The fair value is calculated by a net rental income based cash flow analysis. Market rents, the yield requirement, the occupancy rate and operating expenses form the key variables used in the cash flow analysis. The segments' yield requirements and market rents used in the cash flow analysis were as follows:

	Weighted average yield requirement, %			Weighted average market rents, EUR/sq.m./mo		
	31 March 2023	31 March 2022	31 December 2022	31 March 2023	31 March 2022	31 December 2022
Finland	5.1	5.1	5.1	28.8	30.0	29.8
Norway	5.7	5.4	5.7	20.6	22.5	21.3
Sweden	5.5	5.4	5.5	23.7	27.7	27.5
Denmark & Estonia	6.8	6.4	6.8	24.0	20.4	21.8
Investment properties, average	5.5	5.4	5.5	24.3	26.0	26.0
Investment properties and Kista Galleria (50%), average	5.5	5.3	5.5	24.4	26.0	26.1

7. Capital expenditure

MEUR	Q1/2023	Q1/2022	Q1-Q4/2022
Acquisitions of properties ¹	-	-	6.3
Acquisitions of and investments in joint ventures	0.1	-	0.4
Property development ²	13.2	35.5	165.7
Goodwill and other investments	0.5	1.3	4.6
Total capital expenditure incl. acquisitions	13.7	36.8	177.0
Capital expenditure by segment			
Finland	7.9	28.4	111.6
Norway	2.3	4.4	32.1
Sweden	2.0	2.6	19.8
Denmark & Estonia	1.2	0.1	9.7
Group administration	0.3	1.3	3.9
Total capital expenditure incl. acquisitions	13.7	36.8	177.0
Divestments^{3,4}	-	155.2	292.0

¹ Capital expenditure takes into account deduction in the purchase price calculations and FX rate changes.

² Comprised mainly of investments in Lippulaiva in 2022.

³ Excluding transfers into 'Investment properties held for sale' -category.

⁴ Divestments in 2022 comprise of sale of four non-core centres in Norway and two companies included in Lippulaiva centre in Finland.

8. Investment properties held for sale

On 31 March 2023 Citycon had no property held for sale properties.

Transfer from investment properties includes also fair value changes of properties in Investment properties held for sale.

MEUR	31 March 2023	31 March 2022	31 December 2022
At period-start	0.0	150.9	150.9
Disposals	-	-155.2	-269.9
Exchange differences	-	4.3	-7.5
Investments	-	0.0	0.0
Transfer from investment properties	-	0.0	126.5
At period-end	0.0	0.0	0.0

9. Cash and cash equivalents

MEUR	31 March 2023	31 March 2022	31 December 2022
Cash in hand and at bank	13.3	14.6	62.7
Restricted cash	5.5	7.5	6.5
Total cash	18.8	22.0	69.2
Current financial investments	-	74.7	-
Total cash and cash investments	18.8	96.8	69.2

Cash and cash equivalents in the cash flow statement comprise of Total cash presented above. Restricted cash mainly relates to gift cards, tax and rental deposits. Current financial investments consists of cash invested into highly liquid money market funds.

10. Fair values of financial assets and liabilities

Classification of financial instruments and their carrying amounts and fair values.

MEUR	31 March 2023		31 March 2022		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
I Financial assets at fair value through profit and loss						
Money Market Funds	-	-	74.7	75.0	-	-
Derivative financial instruments	23.4	23.4	18.5	18.5	19.5	19.5
II Derivative contracts under hedge accounting						
Derivative financial instruments	1.4	1.4	2.2	2.2	1.9	1.9
Financial liabilities						
I Financial liabilities amortised at cost						
Commercial paper	94.2	94.5	-	-	49.2	49.5
Bonds ¹	1,658.7	1,404.6	1,841.3	1,749.4	1,715.7	1,469.2
Lease liabilities (IFRS 16)	41.0	41.0	46.6	46.6	42.8	42.8
II Financial liabilities at fair value through profit and loss						
Derivative financial instruments	0.1	0.1	13.4	13.4	0.6	0.6

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

11. Derivative financial instruments

MEUR	31 March 2023		31 March 2022		31 December 2022	
	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swaps						
Maturity:						
less than 1 year	70.2	1.4	-	-	76.1	1.9
1-5 years	-	-	82.4	2.2	-	-
over 5 years	-	-	-	-	-	-
Subtotal	70.2	1.4	82.4	2.2	76.1	1.9
Cross-currency swaps						
Maturity:						
less than 1 year	-	-	-	-	-	-
1-5 years	314.8	21.4	314.8	8.8	314.8	18.5
over 5 years	-	-	-	-	-	-
Subtotal	314.8	21.4	314.8	8.8	314.8	18.5
Foreign exchange forward agreements						
Maturity:						
less than 1 year	96.4	1.9	178.1	-3.8	83.2	0.5
Total	481.5	24.8	575.3	7.2	474.0	20.9

Derivative financial instruments are used in hedging the interest rate and foreign currency risk.

Hedge accounting is applied for interest swaps which have a nominal amount of EUR 70.2 million (Q1/2022: EUR 82.4 million). The change in fair values of these derivatives is recognised under other comprehensive income.

Citycon also has cross-currency swaps to convert EUR debt into SEK debt and currency forwards. Changes in fair values of these are reported in the profit and loss statement as hedge accounting is not applied.

Furthermore, changes in fair values of interest rate caps hedging Kista Galleria's loans are recognised under 'Share of profit of joint ventures and associated companies'.

12. Dividend and equity repayment

Citycon's AGM 2023 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.

On the basis of the authorisation mentioned above and explained in interim report sections 12 and 13 the Board of Directors decided in March 2023 to distribute equity repayment of EUR 0.125 per share, or EUR 21.0 million. Following the equity repayment paid on 31 March 2023, the remaining authorisation for equity repayment is EUR 0.375 per share.

Preliminary payment dates for equity repayments to be distributed on basis of the authorization are 30 June 2023, 29 September 2023 and 29 December 2023. The Board of Directors will make separate resolutions on each distribution of the equity repayment and the company shall make separate announcements of such Board resolutions.

Total amount of equity repayment EUR 84.0 million were distributed during the financial year 2022, of which EUR 21.0 million equity repayment were distributed during the first quarter of 2022.

13. Contingent liabilities

MEUR	31 March 2023	31 March 2022	31 December 2022
Mortgages on land and buildings	250.0	250.0	250.0
Bank guarantees and parent company guarantees	63.5	93.3	64.4
Capital commitments	71.6	72.0	76.9

The mortgage relates to the secured Revolving Credit Facility, which is currently fully undrawn. At period-end, Citycon had capital commitments of EUR 71.6 million (Q1/2022: EUR 72.0 million) relating mainly to on-going (re)development projects.

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.

14. Related party transactions

Citycon Group's related parties comprise the parent company Citycon Oyj and its subsidiaries, associated companies, joint ventures, Board members, the CEO and other Corporate Management Committee members and the company's largest shareholder G City Ltd. In total, G City and wholly-owned subsidiary Gazit Europe Netherlands BV own 52.12% (51.96%) of the total shares and votes in the company.

Over the reporting period and in the comparable period, Citycon paid no expenses to G City Ltd and its subsidiaries. Citycon invoiced EUR 0.0 million expenses forward to G City Ltd and its subsidiaries. Citycon invoiced no expenses to G City Ltd and its subsidiaries in the comparable period.

Report on Review of Citycon Oyj's Interim Financial Information for the period 1.1.–31.3.2023 (Translation)

To the Board of Directors of Citycon Oyj

Introduction

We have reviewed the condensed interim financial information for Citycon Oyj, comprising the consolidated condensed balance sheet as of 31.3.2023, consolidated condensed statement of comprehensive income, condensed statement of changes in shareholders' equity, condensed cash flow statement and explanatory notes for the three-month period then ended.

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of Citycon Oyj has not been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

Helsinki, May 4th, 2023

Ernst & Young Oy
Authorized Public Accountant Firm

Antti Suominen
Authorized Public Accountant