



Financial
Statements
2009

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SUMMARY OF THE LAST QUARTER OF 2009

- Turnover grew to EUR 48.9 million (Q3/2009: EUR 45.9 million).
- Net rental income declined by 2.7 per cent to EUR 31.6 million (EUR 32.5 million), mainly due to higher operating expenses than in the previous quarter, reflecting common seasonal fluctuation.
- Net cash from operating activities per share was EUR 0.06 (EUR 0.05).
- Earnings per share were EUR -0.11 (EUR 0.06).
- Direct result per share (diluted) was EUR 0.06 (EUR 0.06).
- The fair value change of investment properties was EUR -38.6 million (EUR -1.2 million). The fair value change was mainly due to slightly reduced net rental income growth in the appraisal assumptions and higher valuation yield in the Baltic Countries. The fair value of investment properties was EUR 2,147.4 million (EUR 2,162.7 million).
- The average net yield requirement for investment properties remained at the previous quarter's level and was 6.6 per cent (6.6%) at the end of the period, according to an external appraiser.
- Net financial expenses totalled EUR 1.2 million (EUR 1.7 million).
- On the basis of its loan agreement covenants, Citycon's interest cover ratio improved to 2.3x (2.2x) and equity ratio fell to 40.6 per cent (42.4%).
- Citycon issued new bonds with a total, aggregate value of EUR 40 million directed at domestic retail investors. The proceeds thereof will be used to finance (re)development projects.
- During the last quarter of 2009, the Liljeholmstorget shopping centre construction

KEY FIGURES

	Q4/2009	Q4/2008	Q3/2009	2009	2008	Change-% ¹⁾
Turnover, EUR million	48.9	45.2	45.9	186.3	178.3	4.5%
Net rental income, EUR million	31.6	30.2	32.5	125.4	121.8	3.0%
Operating loss/profit, EUR million	-12.4	-27.9	27.4	10.3	-105.0	-
% of turnover	-	-	59.6%	5.5%	-	-
Loss/profit before taxes, EUR million	-24.4	-40.9	15.6	-37.5	-162.3	-76.9%
Loss/profit attributable to parent company shareholders, EUR million	-23.8	-30.7	13.3	-34.3	-124.1	-72.4%
Direct operating profit, EUR million	26.3	25.6	28.6	107.7	105.3	2.3%
% of turnover	53.9%	56.7%	62.2%	57.8%	59.1%	-
Direct result, EUR million	12.5	11.8	14.2	50.9	43.8	16.3%
Indirect result, EUR million	-36.3	-42.5	-0.9	-85.2	-167.9	-49.3%
Earnings per share (basic), EUR	-0.11	-0.14	0.06	-0.16	-0.56	-72.4%
Earnings per share (diluted), EUR	-0.11	-0.14	0.06	-0.16	-0.56	-72.4%
Direct result per share (diluted), (diluted EPRA EPS), EUR	0.06	0.05	0.06	0.23	0.20	15.2%
Net cash from operating activities per share, EUR	0.06	0.07	0.05	0.30	0.21	42.4%
Fair value of investment properties, EUR million ²⁾			2,162.7	2,147.4	2,111.6	1.7%
Equity per share, EUR			3.41	3.31	3.62	-8.5%
Net asset value (EPRA NAV) per share, EUR			3.64	3.54	3.88	-8.8%
EPRA NNNAV per share, EUR			3.46	3.35	3.80	-11.8%
Equity ratio, %			35.9	34.2	38.5	-
Gearing, %			159.5	169.5	141.3	-
Net interest-bearing debt (fair value), EUR million			1,272.3	1,312.2	1,194.6	9.8%
Net rental yield, %			6.1	6.1	5.8	-
Net rental yield, like-for-like properties, %			6.6	6.7	6.0	-
Occupancy rate, %			94.7	95.0	96.0	-
Personnel (at the end of the period)			117	119	113	5.3%
Dividend per share, EUR				0.04 ³⁾	0.04	-
Return from invested unrestricted equity fund per share, EUR				0.10 ³⁾	0.10	-
Dividend and return from invested unrestricted equity fund per share total, EUR				0.14 ³⁾	0.14	-

1) Change-% is calculated from exact figures and refers to the change between 2009 and 2008.

2) Due to the adoption of amended IAS 40 Investment property -standard, the fair value of investment properties also includes development properties.

3) Proposal by the Board.

Five-year key figures are available on page 41 in the Financial Statements.

Corporate Governance Statement of the Citycon Group for the financial year 2009 has been published simultaneously with the Financial Statements and the Report by the Board of Directors and is available on the corporate website at www.citycon.com.

REPORT BY THE BOARD OF DIRECTORS

project in Stockholm and the redevelopment and extension project of the Rocca al Mare shopping centre in Tallinn, Estonia were completed.

- The Board of Directors proposes a per-share dividend of EUR 0.04 (EUR 0.04) and, additionally, a return of equity from invested unrestricted equity fund of EUR 0.10 (EUR 0.10) per share.

SUMMARY OF THE YEAR 2009

- Turnover increased by 4.5 per cent to EUR 186.3 million (2008: EUR 178.3 million). This increase was due to the growth in gross leasable area and active development of the retail properties. Turnover growth was adversely impacted by slightly higher vacancy rates.
- Profit/loss before taxes was EUR -37.5 million (EUR -162.3 million), including a EUR -97.4 million (EUR -216.1 million) change in the fair value of investment properties.
- Net rental income increased by 3.0 per cent to EUR 125.4 million (EUR 121.8 million). If the impact of the weakened Swedish krona (SEK) is excluded, net rental income increased by 5.0 per cent.
- Net rental income from like-for-like properties rose by 0.8 per cent.
- The company's direct result increased to EUR 50.9 million (EUR 43.8 million).
- Direct result per share (diluted) rose to EUR 0.23 (EUR 0.20).
- Earnings per share were EUR -0.16 (EUR -0.56). Changes in the fair value of investment properties have a substantial impact on earnings per share.

- The occupancy rate was 95.0 per cent (96.0%). The decrease in the occupancy rate resulted from a slight increase in the vacancy rate in Finland, Sweden and in the Baltic Countries.
- Net cash from operating activities per share increased to EUR 0.30 (EUR 0.21). This growth was mainly due to one-off exchange rate gains, lower interest expenses, and positive changes in working capital as well as increased operating profit.
- The equity ratio was 34.2 per cent (38.5%). This decrease resulted mainly from fair value changes in investment properties and higher debt due to investments.
- The company's financial position remained good during the period. Total available liquidity at the end of the reporting period was EUR 205.6 million, including unutilised committed debt facilities amounting to EUR 185.8 million and EUR 19.8 million in cash. The available liquidity will cover the authorised investments and scheduled debt interest and repayments at least until the end of 2010, without any additional financing sources.
- In June, an agreement was concluded on the sale of the apartments under construction in Liljeholmen, Sweden, totalling SEK 176 million (approximately EUR 16.3 million).
- In July, Citycon agreed on the sale of the 181 apartments in Åkersberga Centrum in Greater Stockholm area, Sweden, for approximately EUR 16.7 million. Concurrently, it was decided to redevelop the Åkersberga Centrum shopping centre. The estimated total investment amounts to EUR 46 million with Citycon accounting for 75 per cent.

CEO PETRI OLKINUORA'S COMMENTS ON THE YEAR 2009: SUCCESSFUL COMPLETION OF TWO (RE)DEVELOPMENT PROJECTS

"The company's net cash from operating activities per share and direct result per share were among the best in the company's history. Direct result increased to EUR 50.9 million, thanks to growth in rental income and lower interest costs. Citycon's financial position is stable and we have sufficient committed, non-utilized credit facilities to finance the projects under construction.

Over the year, the occupancy rate showed only a slight decrease and was 95 per cent. Total sales of all of Citycon's shopping centres remained at almost their previous year's levels, although the retail environment continued to deteriorate.

At the end of 2009, the largest development projects in the history of Citycon were completed in Stockholm and in Tallinn where Liljeholmstorget and Rocca al Mare were opened to the public very successfully. These completed projects strengthen the company's market position within the Swedish and the Estonian shopping centre business.

Citycon continues to have several (re) development projects under planning in all of its operating countries. The company's investments mainly aim at improving the long-term competitiveness of its existing property portfolio. The extension and redevelopment of the Åkersberga Centrum shopping centre in Sweden, the thorough redevelopment of the Espoonatori shopping centre in Finland, and the construction of the new Helsinki Myllypuro shopping centre are some of the latest projects. Significant development projects currently under planning in Finland include the extension of Iso Omena above the future metro station, a new shopping centre to be constructed in Vantaa Martinlaakso, and the redevelopment of

the shopping centre Forum in Jyväskylä. These projects are targeted to meet the quality standards of the international LEED (Leadership in Energy and Design) certification."

BUSINESS ENVIRONMENT

The year 2009 had a challenging start in all of Citycon's operating countries. The global recession turned into a depression most visibly in the Baltic countries, also the Finnish and the Swedish economies contracted. During 2009, developments in the real economy were reflected in retailing.

In 2009, Finnish retail sales shrank by 1.6 per cent but grocery sales grew by 1.9 per cent in January-November. In Sweden, retail sales grew by 2.8 per cent and grocery sales by 1.9 per cent. Trade slowed down most in the Baltic countries. Retail sales reduced by 15.0 per cent and grocery sales by 8.0 per cent in Estonia, and by 18.3 per cent and 10.3 per cent in Lithuania. (Sources: Statistics Finland, Statistics Sweden, Statistics Estonia) Affordable clothing sales grew in Finland and Sweden, whereas furniture and car sales suffered most (Newsec Property Report, Autumn 2009). The year 2009 was the second successive year for weakened retail trade profitability in Finland (source: Statistics Finland).

In Sweden, retail sales took an upward swing in the summer, but in Finland and in the Baltic countries they continued on a downward trend throughout 2009. The economic situation continues to be difficult in the Baltic countries. (Sources: Statistics Finland, Statistics Sweden, Statistics Estonia)

Consumer confidence in economic development weakened in the summer, but slowly began to recover, especially in Finland and in Sweden. Inflation turned into a consumer price decline, and interest rates remained at record low levels

in all of Citycon's operating countries. (Sources: Statistics Finland, Statistics Sweden, Statistics Estonia)

The instability of the global financial market has impacted the price and availability of financing throughout the year. Toward the end of 2009, availability did improve but the margins on debt financing remained rather high.

BUSINESS AND PROPERTY PORTFOLIO SUMMARY

Citycon is an active owner, operator and long-term developer of shopping centres, laying the foundation for a successful retail business. The company aims to increase its net yield from shopping centres over the long term through active retail property management and systematic redevelopment efforts. Citycon's retail properties serve both consumers and retailers.

Citycon is the market leader in the Finnish shopping centre business, holds a strong position in Sweden and a firm foothold in the Baltic countries. It assumes responsibility for the business operations and the administration of its investment properties.

Citycon is involved in the day-to-day operations of its shopping centres and, in co-operation with its tenants, aims to increase the attractiveness, footfall, sales and profits of its shopping centres on a continuous basis.

Citycon is a pioneer in the Nordic shopping centre market, seeking to factor environmental considerations into its shopping centre management and its redevelopment and development projects. The Trio shopping centre in Lahti, Finland, was the first project in the Nordic countries to be awarded the LEED certification in 2009. The Trio project was one of Citycon's three pilot projects for sustainable construction.

Citycon operates in Finland, Sweden and the Baltic countries, and the company's invest-

ments are focused on areas with expected population and purchasing power growth.

At the end of 2009, Citycon owned 33 (33) shopping centres and 51 (52) other properties. Of the shopping centres, 22 (22) were located in Finland, eight (8) in Sweden and three (3) in the Baltic countries. The market value of the company's entire property portfolio totalled EUR 2,147.4 million (EUR 2,111.6 million) with Finnish properties accounting for 67.2 per cent (70.7%), Swedish properties for 25.6 per cent (21.9%) and Baltic properties for 7.3 per cent (7.4%) of the portfolio. The gross leasable area at the end of the period was 961,150 square metres.

CHANGES IN THE FAIR VALUE OF INVESTMENT PROPERTIES

Citycon measures its investment properties at fair value, under the IAS 40 standard, according to which changes in the fair value of investment properties are recognised through profit or loss. Due to the amendment to IAS 40 standard on 1 January 2009, Citycon also measures its development properties at fair value instead of at cost, and no longer presents development properties separately from investment properties on the statement of financial position.

In accordance with the International Accounting Standards (IAS) and the International Valuation Standards (IVS), an external professional appraiser conducts a valuation of Citycon's property portfolio on a property-by-property basis at least once a year. In 2009, however, Citycon had its properties valued on a quarterly basis by an external appraiser, due to market volatility.

Citycon's property portfolio is valued by Realia Management Oy, part of the Realia Group. Realia Management Oy is the preferred apprais-

al service provider of CB Richard Ellis in Finland. A summary of Realia Management Oy's Property Valuation Statement at the end of 2009 can be found at www.citycon.com/valuation. The valuation statement includes a description of the valuation process and the factors contributing to the valuation, as well as the results of the valuation, and a sensitivity analysis.

In 2009, the fair value of Citycon's property portfolio decreased. This decrease was due to changes in the general conditions in the property and financial market and to higher yield requirements resulting from the general economic recession. The period saw a total value increase of EUR 5.5 million and a total value decrease of EUR 102.9 million. The net effect of these changes on the company's profit was EUR -97.4 million (EUR -216.1 million).

On 31 December 2009, the average net yield requirement defined by Realia Management Oy for Citycon's property portfolio came to 6.6 per cent (31 December 2008: 6.4%, and 30 September 2009: 6.6%).

LEASE PORTFOLIO AND OCCUPANCY RATE

At the end of the financial year, Citycon had a total of 4,235 (4,143) leases. The average remaining length of the lease agreements was 3.1 years (3.1 years).

Lease Portfolio Summary

	Q4/2009	Q4/2008	Q3/2009	2009	2008	Change-%
Number of leases started during the period	386	255	140	873	572	52.6
Total area of leases started, sq.m.	69,262	69,730	23,789	141,628	124,960	13.3
Occupancy rate at end of the period, %			94.7	95.0	96.0	-1.0
Average remaining length of lease portfolio at the end of the period, year			3.0	3.1	3.1 ¹⁾	0.0

1) Interpretation of the remaining length of a lease agreement has been revised.

REPORT BY THE BOARD OF DIRECTORS

to Citycon, of the tenant's sales, excluding VAT. The VAT percentage is an estimate.

ACQUISITIONS AND DIVESTMENTS

Citycon continues to focus on the development and redevelopment of the company's shopping centres, and monitors the developments in the shopping centre markets across its operating regions. No new shopping centres were acquired during 2009.

At the start of January, Citycon divested all shares in its subsidiary MREC Kiinteistö Oy Keijutie 15. The debt-free sales price of this non-core property in Lahti amounted to approximately EUR 3 million and the company booked a gain on sale of EUR 0.1 million. As part of its strategy, the company aims to continue divestments of non-core properties.

In June, Citycon agreed to sell the 72 apartments under construction within the Liljeholmstorget shopping centre in Stockholm, Sweden, for approximately SEK 176 million (approximately EUR 16.3 million). The gain on sale is estimated to be around SEK 30 million (around EUR 2.8 million), depending on the final construction expenditure. The gain on sale will be recognised under fair value changes in the statement of comprehensive income as the residential construction progresses.

In July, Citycon agreed on the sale of the 181 apartments within the Åkersberga Centrum, Sweden, for approximately SEK 181 million (approximately EUR 16.7 million). The intention was to execute the deal during the last quarter of 2009, but the closing is now expected to take place during the first half of 2010, due to a delay in the official property registration process. This transaction is not expected to generate any gain on sale.

Changes in the Group structure during the year 2009 are presented in greater detail in Note 33 of the Notes to the Consolidated Financial Statements.

DEVELOPMENT PROJECTS

Citycon is pursuing a long-term increase in the footfall and cash flow, as well as in the efficiency and return on its retail properties. The aim of the company's development activities is to keep its shopping centres competitive for both customers and tenants.

In the short term, redevelopment projects may weaken returns from some properties, as some retail premises may temporarily have to be vacated for refurbishment, which affects rental income. Citycon aims to carry out its redevelopment projects phase by phase, so that the whole shopping centre does not have to be closed during the works in question, thus ensuring a continuous cash flow.

Completed (Re)development Projects

Towards the year end 2009, Citycon completed two major development projects, the Liljeholmstorget shopping centre in Stockholm and the Rocca al Mare centre in Tallinn. Both projects were completed within the planned schedule and in an environmentally sustainable manner.

Liljeholmstorget Galleria

In October, Citycon opened the Liljeholmstorget Galleria shopping centre, the largest single development project in Citycon's history. The total investment in this redevelopment project was almost EUR 200 million, including the initial acquisition cost. The gross leasable area in this south-western Stockholm shopping centre is 28,000 square metres, and the premises are essentially fully let. The three storey shopping

centre houses some 90 tenants, including the ICA Kvantum and Willys Hemma grocery stores, Systembolaget, the well-known fashion stores KappAhl, H&M, Gina Tricot and Vero Moda, as well as numerous restaurants, sporting goods and interior decoration shops. Liljeholmstorget Galleria also houses an underground parking hall for 900 cars.

Liljeholmstorget Galleria has an excellent location at a busy transport node, in the middle of a developing residential and business district. Since a precondition for the building permit was that housing would also be constructed, 72 new rental flats will be built above the shopping centre. Apartments are not within Citycon's core business and therefore the company has already agreed to sell them.

Rocca al Mare

The three-stage and three-year Rocca al Mare redevelopment and extension project was completed in November. This shopping centre was built in the 1990s and Citycon acquired it in 2005, deciding at the time to redevelop it thoroughly and to substantially extend it. This shopping centre is located in a well-off district eight kilometres west of the heart of Tallinn. Today,

Rocca al Mare is the largest shopping centre in Estonia with a total of 53,500 square metres of leasable area. The premises are fully let. Rocca al Mare accommodates some 160 retail shops, including Ivo Nikkolo, New Yorker and the first Estonian Marks & Spencer, as well as the largest Baltic Prisma hypermarket.

Citycon's total investment in Rocca al Mare amounts to approximately EUR 120 million, including the initial acquisition cost. All authorised investments having been implemented, the Rocca al Mare shopping centre may still be extended by a further 4,000 square metres.

(Re)development Projects in Progress

During the period under review, Citycon initiated the redevelopment and extension project of the Åkersberga Centrum located in the Österåker district of Greater Stockholm area. The total budget for the project is about SEK 467 million (EUR 46 million), of which Citycon's share is 75 per cent.

The leasable area of the shopping centre will grow by about 13,000 square metres, the existing shopping centre will be redeveloped and additional parking facilities will be built for 350 vehicles. Construction work was initiated

(Re)development projects completed in 2009 and in progress on 31 December 2009 ¹⁾

Location	Estimated total investment (EUR million)	Actual gross capital expenditure by 31. Dec. 2009 (EUR million)	Estimated final year of completion
Liljeholmstorget	138 ²⁾	132.1	completed
Rocca al Mare	58.3	49.9 ³⁾	completed
Åkersberga Centrum	45.6	16.0	2011
Torikeskus	4	2.7	2010
Hansa (Trio)	8	0.5	2010
Myyrmanni	4.8	0.6	2010

1) Calculated at end of period exchange rates. 2) Does not include apartments to be sold.

3) Remaining capital expenditure payable in 2010.

in the summer of 2009 and the refurbished shopping centre will be completed in 2011. The shopping centre will remain open throughout the project.

The enclosed table lists the most significant development and redevelopment projects in progress and completed during 2009, as approved by the Board of Directors. Capital expenditure during 2009 on all development projects reached EUR 24.2 million in Finland, EUR 95.9 million in Sweden and EUR 13.9 million in the Baltic Countries.

(Re)development projects under planning

Citycon and the construction company NCC were jointly awarded a provisional contract for the design of a metro centre to be built for the western metro line at Matinkylä in Espoo, adjacent to the Iso Omena shopping centre. The aim of Citycon and NCC is to create a metro centre which combines excellent commercial services with smooth connections between the metro train and its feeder terminal. The western metro line connecting Helsinki and Espoo is due for completion in 2014. Other redevelopment projects under planning in Finland are the Martinlaakso shopping centre in Vantaa and the Forum shopping centre in Jyväskylä.

More information on planned projects can be found in the Annual Report 2009, to be published during week 9/2010.

BUSINESS UNITS

Citycon's business operations are divided into the business units Finland, Sweden and the Baltic Countries. The Swedish and Baltic business units are sub-divided into the business areas Retail Properties and Property Development. The Finnish business unit was reorganised at the end of 2009. The Finnish unit is sub-divided

into the business areas Retail Property Management (operative management of shopping centres), Asset Management (property management, investments and divestments), Leasing and Marketing and Property Development.

Finland

Citycon is the market leader in the Finnish shopping centre business. Citycon's market share was approximately 22 per cent of the Finnish shopping centre market in 2009 (source: Entrecor). During the period under review, the company's net rental income from its Finnish operations came to EUR 92.4 million (EUR 90.9 million). The business unit accounted for 73.7 per cent of Citycon's total net rental income.

The key figures of the Finnish property portfolio are presented on the following page. Development projects have been covered previously in this document.

Sweden

Citycon has strengthened its position in the Swedish shopping centre market, and has eight shopping centres and seven other retail properties in Sweden. They are located in the Greater Stockholm and Greater Gothenburg areas and in Umeå. The company's net rental income from Swedish operations decreased by 3.5 per cent and totalled EUR 23.2 million (EUR 24.1 million). Excluding the impact of the weakened Swedish krona, net rental income from Swedish operations would have increased by 6.5 per cent from the previous year. The business unit accounted for 18.5 per cent of Citycon's total net rental income.

The key figures of the Swedish property portfolio are presented on the following page. Development projects have been covered previously in this document.

Baltic Countries

At the end of 2009, Citycon owned three shopping centres in the Baltic countries: Rocca al Mare and Magistral in Tallinn, Estonia, and Mandarin in Vilnius, Lithuania. The difficult economic situation in the Baltic countries has affected the sales of Citycon's shopping centres and increased tenants' requests for rental rebates. At the same time, the risk of credit loss has increased. The Baltic vacancy rate has, however, not increased to any substantial degree during the period under review. Net rental income from the Baltic operations amounted to EUR 9.8 million (EUR 6.8 million). The business unit accounted for 7.8 per cent of Citycon's total net rental income.

The key figures of the Baltic property portfolio are presented on the following page. Ongoing development projects have been covered previously in this document.

TURNOVER AND PROFIT

Turnover for the financial year came to EUR 186.3 million (EUR 178.3 million), derived principally from the rental income generated by Citycon's retail premises. Gross rental income accounted for 95.5 per cent (97.0%) of turnover.

Operating profit came to EUR 10.3 million (EUR -105.0 million). Profit before taxes was EUR -37.5 million (EUR -162.3 million) and profit after taxes attributable to the parent company's shareholders was EUR -34.3 million (EUR -124.1 million). The increase in operating profit was mainly due to fair value changes of the property portfolio. The operating profit rose also due to the completion of (re)development projects, thanks to net rental income generated by new and refurbished premises. Credit losses remained modest at EUR 0.6 million.

REPORT BY THE BOARD OF DIRECTORS

Temporary rental rebates amounted to EUR 1.6 million in 2009.

The effect of changes in the fair value of the property portfolio, of gains on sale and other indirect items on the profit attributable to the parent company's shareholders was EUR -85.2 million (EUR -167.9 million), tax effects included. Taking this into account, the direct result after taxes was EUR 7.1 million above the reference period level (see Note 17. Reconciliation between direct and indirect result on page 26 of the Financial Statements). The growth in the direct result is mainly attributed to the increased net rental income and lower financing expenses due to lower interest rates and changes in exchange rates. In addition, a gain of EUR 0.4 million, including tax effects, from the buybacks of convertible bonds was recognised under the direct result.

Current taxes on the direct result were higher for the financial year than during the reference period, due to growth in the direct result and the buybacks of convertible bonds.

Earnings per share were EUR -0.16 (EUR -0.56). Direct result per share, diluted, (diluted EPRA EPS) was EUR 0.23 (EUR 0.20). Net cash flow from operating activities per share was EUR 0.30 (EUR 0.21).

HUMAN RESOURCES AND ADMINISTRATIVE EXPENSES

At the end of the period, Citycon Group employed a total of 119 (113) persons, of whom 78 worked in Finland, 33 in Sweden and eight in the Baltic countries. Administrative expenses increased to EUR 17.8 million (EUR 16.9 million), including EUR 0.4 million (EUR 0.3 million) of expenses related to employee stock options and the company's share-based incentive scheme.

REPORT BY THE BOARD OF DIRECTORS

Lease Portfolio Summary, Finland

	Q4/2009	Q4/2008	Q3/2009	2009	2008	Change-%
Number of leases started during the period	84	193	65	295	452	-34.7
Total area of leases started, sq.m.	18,420	31,930	20,530	57,220	79,130	-27.7
Occupancy rate at end of the period, %			94.1	94.6	95.7	-1.1
Average remaining length of lease portfolio at the end of the period, year			2.9	2.8	3.1	-9.7

Lease Portfolio Summary, Sweden

	Q4/2009	Q4/2008	Q3/2009	2009	2008	Change-%
Number of leases started during the period	245	19	71	449	58	674.1
Total area of leases started, sq.m.	42,163	9,060	2,995	59,351	15,340	286.9
Occupancy rate at end of the period, %			95.0	94.7	96.0	-1.3
Average remaining length of lease portfolio at the end of the period, year			2.2	3.0	2.4	25.0

Lease Portfolio Summary, Baltic Countries

	Q4/2009	Q4/2008	Q3/2009	2009	2008	Change-%
Number of leases started during the period	57	43	4	129	62	108.1
Total area of leases started, sq.m.	8,679	28,740	264	25,057	30,490	-17.8
Occupancy rate at end of the period, %			99.7	99.4	99.8	-0.4
Average remaining length of lease portfolio at the end of the period, year			5.4	5.2	5.4 ¹⁾	-3.7

1) Interpretation of the remaining length of a lease agreement has been revised.

Financial performance, Finland

	Q4/2009	Q4/2008	Q3/2009	2009	2008	Change-%
Gross rental income, EUR million	31.5	30.8	31.3	126.5	122.5	3.3
Turnover, EUR million	32.7	32.0	32.4	131.3	126.8	3.5
Net rental income, EUR million	23.0	22.6	23.4	92.4	90.9	1.7
Net fair value losses/gains on investment property, EUR million	-14.6	-48.6	-4.6	-65.1	-154.3	-57.8
Operating profit/loss, EUR million	6.8	-21.7	17.4	21.2	-62.9	-
Capital expenditure, EUR million	15.3	10.0	2.8	24.5	69.2	-64.6
Fair value of investment properties, EUR million ¹⁾			1,449.7	1,442.0	1,494.0	-3.5
Net rental yield, % ²⁾			6.4	6.5	6.0	-
Net rental yield, like-for-like properties, %			6.6	6.7	6.1	-

Financial performance, Sweden

	Q4/2009	Q4/2008	Q3/2009	2009	2008	Change-%
Gross rental income, EUR million	11.4	9.9	9.6	39.3	41.1	-4.5
Turnover, EUR million	12.4	10.1	9.9	41.0	41.9	-2.0
Net rental income, EUR million	6.1	5.3	6.4	23.2	24.1	-3.5
Net fair value losses/gains on investment property, EUR million	-17.0	-21.4	-1.3	-19.6	-70.1	-72.1
Operating loss/profit, EUR million	-12.0	-16.9	4.4	0.3	-49.1	-
Capital expenditure, EUR million	33.4	21.7	29.1	95.9	65.6	46.0
Fair value of investment properties, EUR million ¹⁾			551.0	548.8	462.4	18.7
Net rental yield, % ²⁾			4.8	4.7	5.0	-
Net rental yield, like-for-like properties, %			6.4	6.5	5.6	-

Financial performance, Baltic Countries

	Q4/2009	Q4/2008	Q3/2009	2009	2008	Change-%
Gross rental income, EUR million	2.3	3.0	3.4	12.0	9.3	29.1
Turnover, EUR million	3.8	3.1	3.6	14.0	9.6	45.5
Net rental income, EUR million	2.5	2.2	2.7	9.8	6.8	44.6
Net fair value losses/gains on investment property, EUR million	-7.1	10.6	4.7	-12.7	8.3	-
Operating loss/profit, EUR million	-4.9	12.6	7.2	-3.8	14.4	-
Capital expenditure, EUR million	1.7	6.1	1.2	13.9	22.7	-38.8
Fair value of investment properties, EUR million ¹⁾			162.0	156.6	155.3	0.8
Net rental yield, % ²⁾			6.7	6.4	6.2	-
Net rental yield, like-for-like properties, %			8.1	8.2	7.4	-

1) Due to the adoption of amended IAS 40 Investment property-standard, the fair value of investment properties also includes development properties.

2) Includes the lots for development projects.

The Citycon Group paid a total of EUR 8.2 million (EUR 7.6 million) in salaries and other remuneration, of which the share of the Group's managing directors's salaries and other remuneration was EUR 0.4 million (EUR 0.3 million) and the share of the Board of Directors EUR 0.6 million (EUR 0.6 million). The parent company paid a total of EUR 6.3 million (EUR 5.8 million) in salaries and other remuneration, of which the share of the CEO's salary and remuneration was EUR 0.4 million (EUR 0.3 million) and the share of the Board of Directors EUR 0.6 million (EUR 0.6 million).

Three-year key figures – Personnel

	2009	2008	2007
Average number of personnel in 2009	117	109	93
Salaries and other remuneration, EUR million	8.2	7.6	6.6

INVESTMENTS AND DIVESTMENTS

Citycon's reported gross capital expenditure during the year totalled EUR 134.6 million (EUR 157.8 million). Of this, property acquisitions accounted for EUR 0.0 million (EUR 17.4 million), property development for EUR 134.0 million (EUR 139.6 million) and other investments for EUR 0.6 million (EUR 0.8 million). The investments were financed through cash flow from operations and existing financing arrangements.

In July, Citycon agreed on the sale of the 181 apartments within the Åkersberga Centrum, Sweden, for approximately SEK 181 million (approximately EUR 16.7 million). In June, Citycon agreed to sell the apartments under construction within the Liljeholmstorget shopping centre in Stockholm, Sweden, for approximately SEK 176 million (approximately EUR 16.3 million). At the end of January, Citycon

divested all shares in its subsidiary MREC Kiinteistö Oy Keijutie 15. The debt-free sales price of this non-core property in Lahti amounted to approximately EUR 3 million.

STATEMENT OF FINANCIAL POSITION AND FINANCING

The total assets at the end of the financial year stood at EUR 2,253.2 million (EUR 2,178.5 million). Liabilities totalled EUR 1,485.3 million (EUR 1,341.2 million), with short-term liabilities accounting for EUR 227.4 million (EUR 109.5 million). The Group's financial position remained good. At the end of the period under review, Citycon's liquidity was EUR 205.6 million, of which EUR 185.8 million consisted of undrawn, committed credit facilities and EUR 19.8 million of cash and cash equivalents. At the end of the accounting period, Citycon's liquidity, excluding short-term credit limits and commercial papers, stood at EUR 172.9 million (31 December 2008: EUR 158.7 million).

For the purpose of short-term liquidity management, the company uses a EUR 100 million non-committed Finnish commercial paper programme and a non-committed Swedish commercial paper programme worth SEK one billion. During the second half of 2009, the domestic commercial papers market had picked up and by the end of the accounting period under review, Citycon had issued commercial papers to the value of EUR 32.6 million. Citycon's financing is mainly arranged on a long-term basis, with short-term interest-bearing debt constituting approximately 11 per cent of the Group's total interest-bearing debt at the end of the report period.

Year-on-year, reported interest-bearing debt increased by EUR 122.1 million, to EUR 1,321.7 million (EUR 1,199.5 million) in 2009.

The fair value of the Group's interest-bearing debt was EUR 1,332.0 million (EUR 1,211.3 million).

The Group's cash and cash equivalents totalled EUR 19.8 million (EUR 16.7 million). The fair value of the Group's interest-bearing net debt stood at EUR 1,312.2 million (EUR 1,194.6 million).

The year-to-date weighted average interest rate decreased compared to the previous year and was 4.16 per cent (4.85% during reference period). The average loan maturity, weighted according to the principal amount of the loans, stood at 3.6 years (4.6 years). The average interest-rate fixing period was 3.2 years (3.3 years).

Citycon's interest cover ratio covenant improved slightly due to lower interest costs and the improved direct result coming to 2.3 (Q3/2009: 2.2). Citycon's equity ratio covenant as defined in the loan agreements fell to 40.6 per cent (Q3/2009 42.4%) due to investments financed with debt and the fair value loss of the property portfolio.

The weighted interest rate, interest-rate swaps included, averaged 3.87 per cent on 31 December 2009.

At the end of the reporting period, the Group's equity ratio was 34.2 per cent (38.5%). Gearing stood at 169.5 per cent (141.3%).

Citycon's period-end interest-bearing debt included 75.1 per cent (75.8 per cent) of floating-rate loans, of which 73.7 per cent (66.4%) had been converted to fixed-rate ones by means of interest-rate swaps. Fixed-rate debt accounted for 80.2 per cent (74.5%) of the company's year-end interest-bearing debt, interest-rate swaps included. The debt portfolio's hedging ratio is in line with the Group's financing policy. In 2009, Citycon utilized the prevailing low in-

terest rates by making new interest-rate swaps and by extending maturing contracts, thereby increasing the debt portfolio's hedging ratio.

Citycon applies hedge accounting, whereby changes in the fair value of interest-rate swaps subject to hedge accounting are recognised under other comprehensive income. The year-end nominal amount of interest-rate swaps totalled EUR 737.6 million (EUR 591.7 million), with hedge accounting applied to interest-rate swaps whose nominal amount totalled EUR 713.2 million (EUR 568.7 million).

On 31 December 2009, the nominal amount of all of the Group's derivative contracts totalled EUR 759.7 million (EUR 614.8 million), and their fair value was EUR -29.2 million (EUR -9.8 million). The decline of market interest rates during 2009 decreased the fair value of Citycon's interest rate derivatives. Hedge accounting is applied for the majority of interest rate derivatives, meaning that any changes in their fair value will be recognised under other comprehensive income. Thereby, the fair value loss for these derivatives does not affect the profit for the period or the earnings per share, but the total comprehensive income. During the reporting period, the fair value loss recognised under other comprehensive income, taking account of the tax effect, totalled EUR -5.0 million (EUR -22.6 million).

Net financial expenses totalled EUR 47.7 million (EUR 57.3 million). This decrease was mainly attributable to lower interest rates and the buybacks of convertible bonds.

Net financial expenses in the statement of comprehensive income include EUR 0.6 million of non-recurring income for the buyback of the convertible bonds. In addition, net financial expenses in the statement of comprehensive income include EUR 1.4 million (EUR 1.8 mil-

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lion) in non-cash expenses related to the option component on convertible bonds.

LOAN MARKET TRANSACTIONS

Syndicated Loan

In March, Citycon signed an agreement for a EUR 75 million unsecured revolving credit facility with a group of three Nordic banks. The agreement is valid for three years.

The new syndicated loan will further strengthen the company's available liquidity and provide the means of financing Citycon's growth on a committed basis. The proceeds from the credit facility will be used to finance strategic investments such as shopping centre redevelopment projects. The credit margins of the loan are subject to a pricing grid based on Citycon's interest cover ratio covenant, as has been the case with the company's previous loan agreements.

Subordinated Convertible Bonds 2006

In July 2006, Citycon's Board of Directors decided to issue subordinated capital convertible bonds to the amount of EUR 110 million, directed at international institutional investors and consisting of 2,200 bonds, each with a face value of EUR 50,000. The issue of the convertible bonds waiving the shareholders' preemptive subscription rights was based on the authorisation given at Citycon's Annual General Meeting on 14 March 2006. These convertible bonds have been listed on the NASDAQ OMX Helsinki since 22 August 2006. The maturity of the bonds is 7 years and they will pay a coupon of 4.5 per cent annually in arrears. Furthermore, the conversion period is from 12 September 2006 to 27 July 2013, and the maturity date is 2 August 2013. The current conversion price is EUR 4.20.

In the autumn of 2008, Citycon began the buybacks of the convertible bonds as the market situation enabled the repurchases at a price clearly below the face value of the bonds, and as the repurchases enabled the company to strengthen its statement of financial position and cut its net financial expenses.

Citycon continued to repurchase the convertible bonds during the period under review, during which time the company repurchased a total of 128 bonds for EUR 3.6 million (including interest accrued). The repurchased bonds have been cancelled. The total number of bonds after the cancellations is 1,530, and they entitle to subscribe for a maximum of 18,214,285 shares and allow a maximum increase of EUR 24,589,284.75 in Citycon's share capital.

By the end of the accounting period under review, Citycon had repurchased a total principal amount of EUR 33.5 million of the 2006 convertible bonds, corresponding to approximately 30.5 per cent of the aggregate amount of the convertible bonds. The weighted average repurchase price was 53.5 per cent of the face value of the bonds.

The terms and conditions of the convertible bonds in more detail as well as the accrued interest are presented in the Notes to the Consolidated Financial Statements under Note 26, Interest-bearing Debt. The terms and conditions and the accrued interest of Citycon's capital loan are presented in the Note 26 as well.

Bond 2009

On 30 November 2009, the Board of Directors of Citycon decided to issue an unsecured domestic bond and offer it for subscription for domestic retail investors. The total nominal amount of the unsecured bond issued is EUR 40 million. Unless the loan is prior to that re-

deemed or repurchased on the secondary market, the loan period is 17 December 2009-17 December 2014. The bond will pay a coupon of 5.1 per cent annually on 17 December until 17 December 2014. This bond is listed on the NASDAQ OMX Helsinki exchange.

The proceeds from the issue of the bond will be used to finance redevelopment and extension projects and to finance potential acquisitions in line with Citycon's investment strategy.

SHORT-TERM RISKS AND UNCERTAINTIES

For risk management purposes, Citycon has a holistic Enterprise Risk Management (ERM) programme in place. The purpose of risk management is to ensure that the company meets its business targets. The ERM's purpose is to generate updated and consistent information for the company's senior executives and Board of Directors on any risks threatening the targets set in the strategic and annual plans.

Citycon's Board of Directors estimates that major short-term risks and uncertainties are associated with economic developments in the company's operating regions, the cost of debt financing, changes in the fair value of investment properties and execution of redevelopment projects.

Economic fluctuations and trends have a significant influence on demand for leasable premises as well as rental levels. These constitute one of the key near-term risks for the company. Economic growth has decelerated distinctly in all of the company's operating areas since 2008, and many economists predict that growth will remain modest in 2010 in Finland, Sweden and the Baltic countries. In addition, unemployment is expected to remain at above-normal levels while inflation remains low. Such an economic development might reduce

demand for retail premises, weaken the lessees' ability to pay rent, increase vacancy rate and limit opportunities for increasing rents.

The refurbishment and redevelopment of retail properties is an integral part of Citycon's growth strategy. Implementation of this strategy requires both equity and debt financing. The financial market weakened markedly in 2008 and the situation remained challenging throughout 2009. Banks' willingness to lend money to enterprises has not recovered to pre-crisis levels. Moreover, the margins of long-term unsecured bank loans, in particular, have remained high in spite of the financial markets' improved situation during the second half of 2009. If stricter regulations for banks are realised in the future, it may maintain such abnormally high costs for financing provided by banks. Citycon's financial position is good. At the end of 2009, the company's available liquidity totalled EUR 205.6 million, consisting mainly of committed long-term credit limits and cash and cash equivalents. Citycon is capable of financing its current projects in their entirety as planned.

A number of factors contribute to the value of retail properties, such as general and local economic development, demand among property investors and the expected rate of inflation. Investment property value trends are subject to untypical levels of uncertainty due to the challenging economic situation and increased unemployment throughout the company's operating areas. During recent years, retail property values have declined, with Citycon recognising fair value losses on its investment properties during the financial years 2008 and 2009. Trading activity in the property market remained at historically low levels during 2009. While changes in properties' fair value have an effect on the company's profit for the financial year, they do

not have an immediate impact on cash flow.

A key element in Citycon's strategy lies in the development of existing properties to meet the lessees' needs more effectively. The most central short-term risk related to development projects includes leasing new premises in the currently difficult economic environment. Citycon is preparing major redevelopment projects throughout its operating countries, meaning – if all of these projects are carried out – that the leasable area in the company's centres will increase significantly in the forthcoming years. Successful implementation of these new development projects is of primary importance as regards Citycon's financial development and growth. The key risk involves demand for retail premises as well as market rent levels in an environment characterised by slow economic growth. At this very moment, relatively low construction costs would favour launching new projects but, on the other hand, in order for new projects to be viable, they require attaining a sufficient rate of pre-leasing with sufficient rental levels.

More details on Citycon's risk management are available on the corporate website at www.citycon.com/riskmanagement and on pages 32-34 of the Financial Statements 2009.

ENVIRONMENTAL RESPONSIBILITY

Citycon seeks to lead the way in responsible shopping centre business and to promote sustainable development within the business. The location of Citycon's shopping centres in city centres, local centres or generally adjacent to major traffic flows, combined with excellent public transport connections, make them well positioned to face the demands of sustainable development.

Citycon has initiated a Green Shopping Centre Management programme to foster sus-

tainable development in all Citycon shopping centres. The programme was implemented in 2009, and it aims to promote energy efficiency, recycling and other operations that promote sustainable development.

At the end of June, the Trio shopping centre was awarded the first LEED® (Leadership in Energy and Environmental Design) environmental certificate in the Nordic countries. Trio, located in Lahti, Finland, is one of Citycon's three pilot projects of sustainable construction. The other LEED projects include the redevelopment and extension of the Rocca al Mare shopping centre in Tallinn, and the construction of the Liljeholmstorget shopping centre in Stockholm. Citycon has sought LEED certification also for these projects. Certification forms an essential element of Citycon's efforts toward sustainable development.

Citycon defined its long-term environmental responsibility goals in connection with its strategic planning in summer 2009. For the first time, in its Annual Report 2009 Citycon is including data on its environmental performance, with key figures on energy and water consumption, waste recycling rates, and the carbon footprint of the company's business operations. These key figures are used to specify site-specific action plans to help promote the company's environmental performance goals.

LEGAL PROCEEDINGS

Claims have been submitted to the company relating to Citycon's business operations which may possibly lead to legal proceedings. In the company's view, it is improbable that the aforementioned claims or associated liabilities will have any significant impact on the Group's financial position or financial results.

ANNUAL GENERAL MEETING 2009

Citycon Oyj's Annual General Meeting (AGM) took place in March in Helsinki, Finland. The AGM adopted the company's financial statements for the accounting year 2009 and discharged the members of the Board of Directors and the Chief Executive Officer from liability. The AGM decided on a dividend of EUR 0.04 per share for the financial year 2009 and, in addition, on an equity return of EUR 0.10 per share from the invested unrestricted equity fund. The dividend and equity return were paid on 3 April 2009.

Board of Directors

Under the Articles of Association, which were amended by Citycon's Annual General Meeting, the Board of Directors consists of a minimum of five and a maximum of ten members, elected by the Annual General Meeting for a term of one year at a time. A member of the Board of Directors may only be dismissed upon a decision of the General Meeting of shareholders. Amendments to the Articles of Association may be adopted only by the General Meeting of shareholders and require a 2/3 majority vote.

The number of Board members was increased from eight to nine, with Amir Bernstein, Gideon Bolotowsky, Raimo Korpinen, Tuomo Lähdesmäki, Claes Ottosson, Dor J. Segal, Thomas W. Wernink and Per-Håkan Westin being re-elected to the Board for a one-year-term. Israeli citizen Ariella Zochovitzky, B.A., MBA and CPA, born in 1957, was elected as a new member of the Board.

On 1 December 2009, Citycon's Extraordinary General Meeting elected Mr. Ronen Ashkenazi, B.Sc., Civil Engineering, born in 1962, a member of the Board of Directors to

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replace Mr. Amir Bernstein, who had resigned on 30 November 2009 for the remainder of the term ending on 11 March 2010.

Mr. Thomas W. Wernink continued as the Board Chairman and Tuomo Lähdesmäki as the Deputy Chairman during the accounting period under review.

Auditor

Ernst & Young Oy, a firm of authorised public accountants, was re-elected by the Annual General Meeting to act as the company's auditor during the accounting period 2009, with Authorised Public Accountant Tuija Korpelainen as the chief auditor.

SHAREHOLDERS, SHARE CAPITAL AND SHARES

Citycon shares have been listed on the Helsinki exchange since 1988. Citycon is a Mid Cap Company in the Financials sector, sub-industry Real Estate Operating Companies. Its trading code is CTY1S and its shares are traded in euros. The ISIN code used in international securities clearing is FI0009002471.

Trading and Share Performance

In 2009, the number of Citycon shares traded on the NASDAQ OMX Helsinki totalled 149.3 million (150.9 million) at a total value of EUR 296.1 million (EUR 443.1 million). The highest quotation during the year was EUR 3.16 (EUR 4.28) and the lowest EUR 1.30 (EUR 1.26). The reported trade-weighted average price was EUR 1.99 (EUR 2.94), and the share closed at EUR 2.94 (EUR 1.68). The company's year-end market capitalisation totalled EUR 649.9 million (EUR 371.3 million).

Shareholders

There was a significant increase in the number of Finnish Citycon shareholders during the

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period under review. On 31 December 2009, Citycon had a total of 3,733 (2,190) registered shareholders, of which ten were account managers of nominee-registered shares. Nominee-registered and other international shareholders held 198.7 million (210.7 million) shares, or 89.9 per cent (95.3%) of shares and voting rights in the company. Information on the company's major shareholders and on the breakdown of shareholding as well as on the notifications of changes in shareholdings received in 2009 can be found on page 51 of the Financial Statements 2009.

Share Capital

At the beginning of 2009, the company's registered share capital totalled EUR 259,570,510.20 and the number of shares was 220,998,989. During the period, there were no changes in the company's share capital but the number of shares grew by 60,746 shares, which the company issued through directed, free share issues in May as part of the company's long-term, share-based incentive plan. At the end of the period, the company's registered share capital totalled EUR 259,570,510.20, and the number of shares amounted to 221,059,735. The company has a single series of shares, each share entitling to one vote at general meetings of shareholders. The shares have no nominal value.

Board Authorisations

The AGM for 2007 authorised the Board of Directors to decide on issuing new shares and disposing of treasury shares through paid or free share issues. New shares can be issued and treasury shares can be transferred to shareholders in proportion to their existing shareholding or through a directed share issue waiving the pre-emptive rights of shareholders,

Basic Information on Stock Options 2004 as at 31 December 2009

	2004 B	2004 C
No. of options granted	1 090 000	1 050 000
No. held by Veniamo-Invest Oy ¹⁾	210 000	250 000
Subscription ratio, option/shares	1:1.2127	1:1.2127
Subscription price per share, EUR ²⁾	2.5908	4.2913
Subscription period began	1.9.2007	1.9.2008
Subscription period ends	31.3.2010	31.3.2011
No. of options exercised	-	-
No. of shares subscribed with options	-	-
No. of options available for share subscription	1 090 000	1 050 000
No. of shares that can be subscribed	1 321 843	1 273 335

1) *Veniamo-Invest Oy, a wholly-owned subsidiary of Citycon Oyj, cannot subscribe for its parent company's shares.*

2) *Following the dividend payment and equity return in 2009. The share subscription prices are reduced by half of the per-share dividends paid and per-share equity returned. However, the share subscription price is always at least EUR 1.35.*

if a weighty financial reason exists for doing so. The Board can also decide on a free share issue to the company itself. In addition, the Board was authorised to grant special rights referred to in Section 1 of Chapter 10 of the Finnish Limited Liability Companies Act, entitling their holders to receive, against payment, new shares in the company or treasury shares. The combined number of new shares to be issued and treasury shares to be transferred, including the shares granted on the basis of the special rights, may not exceed 100 million. At the end of the accounting period, the number of shares that can be issued or disposed of on the basis of the authorisation totalled 72,317,432. This authorisation is valid until 13 March 2012.

The 2009 AGM authorised the Board of Directors to decide on the acquisition of 20 million of the company's own shares. This acquisition authorisation will be valid until the next Annual General Meeting. The company had no treasury shares at the end of the accounting period.

At the end of the accounting period, the Board had no other authorisations.

Stock Options 2004

The Annual General Meeting held on 15 March 2004 authorised the issue of a maximum of 3,900,000 stock options to the personnel of the Citycon Group. The stock options are listed on the NASDAQ OMX Helsinki exchange.

The subscription period for Citycon's stock options 2004 A expired at the end of March. A total of 386,448 shares were subscribed with these options. The number of unexercised stock options 2004 A totalled 694,925. These stock options have been deleted as worthless from their holders' book-entry accounts.

The enclosed table shows details of the 2004 stock options. The full terms and conditions of the stock option plan are available on the corporate website at www.citycon.com/options. No shares were subscribed based on the stock options 2004 during the period under review.

Shares and Stock Options Held by Members of the Board of Directors and the Company Executives

The members of the Board of Directors of Citycon, its CEO, the other Corporate Management Committee members and their related parties held a total of 331,877 company shares on 31 December 2009. These shareholdings represent 0.15 per cent of the company's total shares and total voting rights.

At year end 2009, the CEO of Citycon held a total of 100,000 stock options 2004B and 140,000 stock options 2004C. Other members of the Corporate Management Committee jointly held a total of 280,000 stock options 2004C. The maximum number of shares that can be subscribed for exercising these outstanding stock options amounts to 630,604 new shares. Members of the Board of Directors do not participate in the company's share-based incentive plans.

Updated information of the share and stock option holdings of the members of the Board of Directors and the members of the Corporate Management Committee can be found on the corporate website at www.citycon.com/insiders.

The key terms of the company's CEO's executive contract can be found on page 40 in the Financial Statements.

EVENTS AFTER THE FINANCIAL YEAR Initiated development projects

In the beginning of January, the company announced the start of two planned development projects.

A new shopping centre will be built in Myllypuro in 2010-2012 to replace the current retail centre, and 255 new privately financed rental and right-of-occupancy flats will be built

adjacent to it, as well as an underground parking hall for 270 cars. The total value of the project is over EUR 60 million, of which EUR 20 million will pay for the shopping centre and parking hall to be owned by Citycon. At the beginning of 2009, Citycon sold all apartments to be built within the shopping centre, as well as the three companies incorporated by it to manage their ownership. Residential investors are responsible for the building development and the leasing of their own apartments. The leasable area of the new shopping centre will be about 7,300 square metres. Currently, over 60 per cent of the premises have been leased.

Citycon's shopping centre Espoontori in Espoo will be thoroughly redeveloped in 2010. The entire shopping centre of 10,400 square metres and the adjacent parking hall will be renovated and modernised to fit the requirements of today's clientele. Citycon's investment in this project will total EUR 18 million.

In February, the company announced that shopping centre Forum in Jyväskylä, Finland, will be redeveloped completely. The company's investment in this project will total EUR 16 million.

Citycon's total investment in these three projects amounts to approximately EUR 54 million.

Subscription of shares with option rights

A total of 356,558 new Citycon shares were subscribed for at a per-share subscription price of EUR 2.5908 exercising stock options B under the company's 2004 stock option scheme at the start of the year. The share subscription price of EUR 923,770.47 was recognised under the invested unrestricted equity fund. The new shares are expected to be registered in the Trade Register on 15 February 2010. Follow-

ing the registration, the number of registered Citycon shares will amount to 221,416,293 shares. The unexercised 2004 B stock options entitle their holders to subscribe for additional 965,285 new shares.

BOARD PROPOSAL FOR DIVIDEND DISTRIBUTION AND DISTRIBUTION OF ASSETS FROM THE INVESTED UNRESTRICTED EQUITY FUND

The parent company's retained earnings amount to EUR 27.5 million, of which profit for the period is EUR 18.5 million. On 31 December 2009, the funds in the parent company's invested unrestricted equity fund amounted to a total of EUR 157.0 million.

The Board of Directors proposes to the Annual General Meeting of 11 March 2010 that a per-share dividend of EUR 0.04 be paid out for the financial year ending on 31 December 2009, and that EUR 0.10 per share be returned from the invested unrestricted equity fund. The Board of Directors proposes that the record date for dividend payment and equity return be 16 March 2010 and that the dividend and equity return be paid on 7 April 2010.

Moreover, the Board of Directors proposes that the remaining profit for the period be recognised in the retained earnings.

In the view of the Board of Directors, the proposed distribution of profits and the return of equity do not pose a risk to the company's solvency.

OUTLOOK

Citycon continues to focus on increasing its net cash from operating activities and direct operating profit. In order to implement this strategy, the company will pursue value-added activities while cautiously monitoring the market for potential acquisitions.

Due to market changes and tight financing conditions, the initiation of planned projects will be carefully evaluated against stricter pre-leasing criteria. Citycon intends to continue the divestment of its non-core properties to improve the property portfolio and strengthen the company's financial position. The company is also considering alternative property financing sources.

The grocery sales sector, which accounts for a substantial share of the company's lease portfolio, cushions the impact of rental cyclicality in the company's business. The company expects only moderate changes in net rental income, direct operating profit and direct result in 2010, since new (re)development projects will not be fully operational until towards the end of 2010.

Amsterdam, 9 February 2010

Citycon Oyj

Board of Directors

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR million	Note	1 Jan.-31 Dec. 2009	1 Jan.-31 Dec. 2008
Total revenues	6	194.6	207.4
Total expenses excluding financial expenses	7	-184.3	-312.5
Gross rental income		177.8	173.0
Service charge income		8.5	5.3
Turnover	8	186.3	178.3
Property operating expenses	9, 12	60.2	56.3
Other expenses from leasing operations	10	0.7	0.2
Net rental income		125.4	121.8
Administrative expenses	11, 12, 13	17.8	16.9
Other operating income and expenses	14	0.0	6.1
Fair value gains on investment property		5.5	15.3
Fair value losses on investment property		-102.9	-231.4
Net fair value losses/gains on investment property		-97.4	-216.1
Investment property disposal proceeds		2.8	7.7
Carrying value of investment property disposals		-2.7	-7.6
Profit/losses on disposal of investment property		0.1	0.1
Operating profit/loss		10.3	-105.0
Financial income		50.8	72.3
Financial expenses		-98.5	-129.6
Net financial income and expenses	15	-47.7	-57.3
Loss/profit before taxes		-37.5	-162.3
Current taxes	16	-6.5	-6.6
Change in deferred taxes	16, 28	7.0	30.0
Income taxes		0.6	23.4
Loss/profit for the period		-36.9	-138.9
Loss/profit attributable to			
Parent company shareholders		-34.3	-124.1
Minority interest		-2.6	-14.8
Earnings per share attributable to parent company shareholders:			
Earnings per share (basic), EUR	18	-0.16	-0.56
Earnings per share (diluted), EUR	18	-0.16	-0.56
Direct result per share (diluted), (diluted EPRA EPS), EUR	17, 18	0.23	0.20
Direct result	17	50.9	43.8
Indirect result	17	-85.2	-167.9
Loss/profit for the period attributable to parent company shareholders		-34.3	-124.1

EUR million	Note	1 Jan.-31 Dec. 2009	1 Jan.-31 Dec. 2008
Other comprehensive expenses/income			
Net losses/gains on cash flow hedges	15, 27	-6.7	-30.5
Income taxes relating to cash flow hedges	28	1.8	7.9
Exchange gains/losses on translating foreign operations		2.0	-13.0
Other comprehensive expenses/income for the period, net of tax		-3.0	-35.6
Total comprehensive loss/profit for the period		-39.9	-174.5
Total comprehensive loss/profit attributable to			
Parent company shareholders		-38.4	-156.8
Minority interest		-1.4	-17.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

EUR million	Note	31 Dec. 2009	31 Dec. 2008
ASSETS			
Non-current assets			
Investment properties	19	2,147.4	2,111.6
Property, plant and equipment	21	0.7	0.7
Intangible assets	22	0.9	0.9
Deferred tax assets	28	8.6	6.8
Derivative financial instruments and other non-current assets	27	3.8	6.0
Total non-current assets		2,161.4	2,126.1
Current assets			
Investment properties held for sale	20	26.0	-
Trade and other receivables	23	46.1	21.7
Derivative financial instruments	27	-	13.9
Cash and cash equivalents	24	19.8	16.7
Total current assets		91.8	52.4
Total assets		2,253.2	2,178.5

EUR million	Note	31 Dec. 2009	31 Dec. 2008
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to parent company shareholders			
Share capital	25	259.6	259.6
Share premium fund		131.1	131.1
Fair value reserve		-22.7	-17.7
Invested unrestricted equity fund		155.2	177.3
Translation reserve		-9.5	-10.3
Retained earnings		217.3	259.1
Total equity attributable to parent company shareholders		731.1	799.1
Minority interest		36.8	38.2
Total shareholders' equity		767.9	837.3
LIABILITIES			
Long-term liabilities			
Interest-bearing liabilities	26	1,175.4	1,149.2
Derivative financial instruments	27	31.5	24.7
Other non-interest-bearing liabilities		1.0	0.8
Deferred tax liabilities	28	50.0	57.1
Total long-term liabilities		1,257.9	1,231.7
Short-term liabilities			
Interest-bearing liabilities	26	146.3	50.3
Derivative financial instruments	27	1.5	4.9
Trade and other payables	29	79.7	54.3
Total short-term liabilities		227.4	109.5
Total liabilities		1,485.3	1,341.2
Total liabilities and shareholders' equity		2,253.2	2,178.5
Net asset value per share			
Equity per share, EUR	18	3.31	3.62
Net asset value (EPRA NAV) per share, EUR	18	3.54	3.88
EPRA NNAV per share, EUR	18	3.35	3.80

CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR million	Note	1 Jan.-31 Dec. 2009	1 Jan.-31 Dec. 2008
Cash flow from operating activities			
Loss/Profit before taxes		-37.5	-162.3
Adjustments:			
Depreciation and amortization	13	0.7	0.5
Net fair value losses and gains on investment property	19	97.4	216.1
Profit/losses on disposal of investment property	19	-0.1	-0.1
Financial income	15	-50.8	-72.3
Financial expenses	15	98.5	129.6
Other adjustments		0.0	-5.6
Cash flow before change in working capital		108.3	105.8
Change in working capital		10.7	-2.1
Cash generated from operations		119.0	103.7
Interest expenses and other financial expenses paid		-54.4	-63.1
Interest income and other financial income received		0.3	1.2
Realized exchange rate gains and losses		11.8	5.1
Taxes paid/received		-10.4	0.2
Net cash from operating activities		66.2	47.2
Cash flow from investing activities			
Acquisition of subsidiaries, less cash acquired	19	-	-24.0
Capital expenditure on investment properties	19	-130.5	-58.2
Capital expenditure on PP&E and intangible assets	21, 22	-0.4	-68.8
Sale of investment properties	19	3.1	7.0
Net cash used in investing activities		-127.9	-144.1
Cash flow from financing activities			
Equity contribution from minority shareholders		-	25.9
Proceeds from short-term loans		149.7	72.1
Repayments of short-term loans		-77.1	-125.8
Proceeds from long-term loans		295.1	623.3
Repayments of long-term loans		-273.0	-473.6
Dividends and return from the invested unrestricted equity fund		-30.9	-30.9
Net cash from financing activities		63.8	90.9
Net change in cash and cash equivalents		2.1	-6.1
Cash and cash equivalents at period-start	24	16.7	24.2
Effects of exchange rate changes		1.0	-1.4
Cash and cash equivalents at period-end	24	19.8	16.7

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS

EUR million	Equity attributable to parent company shareholders							Minority interest	Total shareholders' equity
	Share capital	Share Premium fund	Fair value reserve	Invested unrestricted equity fund	Translation differences	Retained earnings	Total		
Balance at 31 Dec. 2007	259.6	131.1	4.9	199.3	-0.3	387.3	982.0	28.9	1,010.9
Total comprehensive loss/profit for the period			-22.6		-10.0	-124.1	-156.8	-17.8	-174.5
Share subscriptions based on stock options				0.0			0.0		0.0
Recognized gain in the equity arising from convertible bond buybacks						4.6	4.6		4.6
Dividends and return from the invested unrestricted equity fund				-22.1		-8.8	-30.9		-30.9
Share-based payments (Note 30)						0.3	0.3		0.3
Acquisition of minority interests							-	27.0	27.0
Balance at 31 Dec. 2008	259.6	131.1	-17.7	177.3	-10.3	259.1	799.1	38.2	837.3
Total comprehensive loss/profit for the period			-5.0		0.8	-34.3	-38.4	-1.4	-39.9
Recognized gain in the equity arising from convertible bond buybacks						1.1	1.1		1.1
Sale of treasury shares				0.0			0.0		0.0
Dividends and return from the invested unrestricted equity fund				-22.1		-8.8	-30.9		-30.9
Share-based payments (Note 30)						0.2	0.2		0.2
Acquisition of minority interests							-	0.0	0.0
Balance at 31 Dec. 2009	259.6	131.1	-22.7	155.2	-9.5	217.3	731.1	36.8	767.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIC COMPANY DATA

As a real estate investment company specialising in retail properties, Citycon operates largely in the Helsinki Metropolitan Area and Finland's major regional centres as well as in Sweden and the Baltic Countries. Citycon is a Finnish, public limited liability company established under Finnish law and domiciled in Helsinki, the address of its registered office being Pohjoisesplanadi 35 AB, FI-00100 Helsinki. The Board of Directors has approved the financial statements on 9 February 2010.

2. BASIS OF PREPARATION

Citycon has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and applied the IFRS/IAS standards, effective as of 31 December 2009, which refer to the approved applicable standards and their interpretations under European Union Regulation No. 1606/2002. Notes to the consolidated financial statements are also in compliance with Finnish accounting legislation and Community legislation. In addition, the best practices policy recommendations of the European Public Real Estate Association (EPRA) have been applied in preparing Citycon's financial statements. EPRA is the representative body of the publicly traded real estate sector in Europe, publishing recommendations on the presentation of financial information for the sector.

Citycon has used IFRS as the primary basis of its financial statements preparation from the beginning of 2005. 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. The financial statements are shown in millions of euros.

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 that are believed to be reasonable under the circumstances, the results of which form the basis of making management judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these 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 period and future periods if the revision affects both current and future periods. The section 'Management's judgement in applying the most significant accounting policies and other key assumptions about future risks and uncertainties' below provides a more detailed description of the factors underlying judgements and assumptions.

3. CHANGES IN IFRS AND ACCOUNTING POLICIES

3.1 New interpretations applied in 2009

The following new standards as well as amendments and interpretations to the existing standards have been adopted in the financial statements 2009:

IAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009). The revised standard requires to present 'non-owner changes in equity' in the statement of

comprehensive income under other comprehensive income. The group will apply IAS 1 (Revised) from 1 January 2009.

IFRS 8, 'Operating segments' replaces IAS 14, 'Segment reporting'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has not changed the number of reportable segments presented.

IFRIC 15, 'Agreements for the construction of real estate' (effective from 1 January 2009). IFRIC 15 clarifies which standard (IAS 18, 'Revenue' or IAS 11 'Construction contracts') should be applied to transactions involving agreements for the construction of real estate.

IAS 40 (Amendment), 'Investment property' and consequential amendments to IAS 16 (effective from 1 January 2009). Property that is under construction or development is within the scope of IAS 40. These are measured at fair value when applying the fair value model. If the fair value is not reliably measurable, the property is measured at cost until the construction is completed or when the fair value can be measured reliably.

The adoption of IFRS 8 Operating Segments and IAS 1 Presentation of Financial Statements amended the presentation of financial statements and the adoption of IAS 40 Investment Property changed the measurement of development properties. The adoption of IFRS 8 Operating Segments did not change the number or the content of the reported segments. The corporate management follows the segments' direct operating profit. Therefore, direct operating profit for each segment is presented due to the adoption of IFRS 8. The adoption of IAS 1 Presentation of Financial Statements changed the income statement format

and the format of statement of changes in the shareholders' equity. Due to the adoption of IAS 40 Investment Property, Citycon measures its development properties in fair value instead of at cost. Since the development properties are now measured at fair value just like the operative investment properties, Citycon no longer presents development properties separately from investment properties on the statement of financial position.

3.2 Interpretations effective in 2009 but not relevant to the Group

The following interpretations to published standards are mandatory for accounting periods beginning on or after 1 July 2008 but is not relevant to the group's operations:

- **IAS 32 and IAS 1** Puttable financial instruments and obligation arising on liquidation,
- **IFRIC 13** Customer loyalty programmes and
- **IFRIC 16** hedges of a net investment in a foreign operation.

3.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:

The following standards and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2010 or later periods, but the group has not early adopted them:

IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The revised standard requires the effects of all transactions with noncontrolling interests to be recorded in equity if there is no change in control and these transactions will

no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 January 2010.

IFRS 3 (Revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group expects to apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

Other standards, interpretations and amendments not relevant to the Group:

- **IFRS 9** Financial instruments: Classification and measurement,
- **IAS 24** Related party disclosures,
- **IAS 32** Classification of rights issues,
- **IAS 39** Financial instruments: Recognition and measurement – Eligible hedged items,
- **IFRS 1** First-time adoption of International Financial Reporting Standards,
- Amendment: **IFRS 1** Additional exemptions for first-time adopters,
- Amendment: **IFRS 2** Group cash-settled share-based payment transactions,

- **IFRIC 17** Distribution of non-cash assets to owners,
- **IFRIC 18** Transfers of assets from customers.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Group accounting

The consolidated financial statements include Citycon Oyj and its subsidiaries, as well as holdings in its associated and joint-venture companies.

Subsidiaries refer to companies in which the Group holds a controlling interest. This controlling interest implies that the Group has the power to govern the entity's financial and operating policies for the purpose of profiting from its operations. The consolidated financial statements have been prepared in accordance with the historical cost convention under which the historical cost of subsidiary shares in the parent company's non-current assets has been eliminated against the shareholders' equity of the subsidiary on the date of the subsidiary's acquisition. The portion of the acquired company's net assets exceeding their carrying amounts on the acquisition date has primarily been allocated to land and buildings up to their fair value. 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.

Mutual real estate companies refer to jointly controlled assets included in the consolidated financial statements using proportionate consolidation, as required by IAS 31 Interests in Joint Ventures, whereby the Group's share of assets, liabilities, income and expenses

are included in the consolidated financial statements. The proportionate consolidation method applies to all joint ventures of this kind, regardless of the Group's holding in the joint venture.

Citycon has no associated companies as referred to in IFRS since all mutual real estate companies are stated as jointly controlled assets, as described above.

Property acquisition is treated as such when the Group actually acquires a holding in a property. This acquisition does not generate goodwill, but the entire acquisition cost is allocated to land, buildings and other assets and liabilities.

If the property is included in the acquired business, IFRS 3 Business Combinations will apply, whereby the acquisition cost is allocated to the acquired assets and liabilities at their fair value. Goodwill is the residual stemming from the fair value of the acquired net assets exceeding that of the consideration given.

4.2 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 income statement.

Monetary receivables and payables denominated in foreign currencies on the balance sheet date are measured at the exchange rate quoted on the balance sheet 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' income statements have been translated into euros using average exchange rates quoted for the financial period and balance sheets using the exchange rate quoted on the balance sheet date. Any resulting exchange rate difference is recognised as a translation difference under shareholders' equity. Translation differences resulting from the elimination of the historical cost of foreign subsidiaries and items included in shareholders' equity following their acquisitions are recognised under shareholders' equity.

4.3 Investment property

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 arising from changes in fair values being included in the income statement.

The investment properties are measured initially at cost including transaction costs such as consultant fees and transfer taxes. After their initial measurement the investment properties are subject to a fair value model valuation, which is conducted by an external appraiser for the first time at the end of the quarter following the acquisition.

Fair value is defined as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms' length transaction. An investment property's fair value reflects the actual market position and circumstances on the balance-sheet date, best manifested in prices paid for properties on the active market on the review date, the location and condition of these properties corresponding to those of the property under review while applying similar lease or other contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Using International Valuation Standards (IVS), an external professional appraiser conducts the valuation of the company's property at least once a year, or at more regular intervals due to any major changes in the market. During 2009 and 2008, Citycon had its properties valued by an external appraiser on a quarterly basis.

A ten-year cash flow analysis based on the net rental income is used to determine the fair value of investment properties. The basic cash flow is determined by the company's lease agreements valid at the valuation date. Upon lease expiry, the market rent assessed by an external appraiser is used to replace the contract rent. Gross rental income less operating expenses and investments equals cash flow, which is then discounted at the property-specific yield requirements. Yield requirements are determined for each property in view of property-specific and market risks. The total value of the property portfolio is calculated as the sum of the individual properties based on the cash-flow method.

Citycon redevelops its investment properties. When Citycon begins to redevelop its existing investment property, the property remains as an investment property, which is measured based on a fair value model in accordance with IAS 40. Due to the amendment to IAS 40 Investment Property (effective from 1 January 2009), properties that are under construction or being extended, are within the scope of IAS 40 and measured at fair value instead of at cost. Citycon changed its accounting policy as of 1 January 2009, measured its development properties at fair value and recognized the changes in fair value in the statement of comprehensive income. In the comparative period 2008, development properties were value at

costs until the project was completed. After completion development properties were reclassified as investment properties and valued at fair value.

The fair value of (re)development projects is determined under IAS 40 and Citycon uses a special project model to measure the fair value of its (re)development projects. This project model is a cash flow analysis, which takes account of capital expenditure on the (re)development project and the property's future cash flows according to the (re)development project's schedule. Citycon considers using the model on a case-by-case basis. As a rule, Citycon makes use of the model as soon as the Board of Directors has made a positive investment decision on the project and the external appraiser considers that sufficient information required for a reliable valuation is available.

All potential development projects have been left out of the valuation conducted by the external appraiser. The valuation of properties with potential development projects is based on the situation and the estimated rental value on the valuation date. All undeveloped lots, or those under development, are evaluated based on their zoning on the valuation date. The value in each case was set based on market observations.

The fair value of Citycon's investment properties in the balance sheet equals the property portfolio's total value determined by the external appraiser, capital expenditure on development projects that have not been taken into account by the external appraiser, as well as the value of new properties acquired during the reporting quarter.

Gains and losses resulting from fair-value changes for investment properties are stated as separate items in the income statement.

Investment property is derecognised when it is disposed of or withdrawn from use permanently and its disposal has no future economic value. When property is under development and agreement has been made to sell such property when construction is complete, Citycon considers whether it was agreed to construct a property or to sell a completed property. If agreed to sell the completed property, the property is regarded as sold when the significant risks and rewards of ownership have been transferred to the buyer. If agreed to construct a property, the revenue from disposal is recognized using the percentage of completion method as construction progresses, if the risks and rewards of the work in progress are transferred to the buyer as construction progresses.

4.4 Property, plant and equipment

Property, plant and equipment (PPE) are measured at historical cost less straight-line depreciation and any impairment losses. These assets consist mainly of office machinery and equipment and other tangible assets such as artworks. Machines and equipment leased under finance leases are also recognised within property, plant and equipment.

PPEs are depreciated on a straight-line basis over the asset's expected useful economic life. The asset's useful economic life and estimated residual values are reviewed on an annual basis, and if any major differences occur between the values, the depreciation plan will be revised to correspond to these new values. The following depreciation periods apply:

- Machinery and equipment are depreciated on a straight-line basis over ten years.
- Other PPEs are depreciated on a straight-line basis over three to ten years.
- This also applies to tangible assets leased

under finance lease. Such an asset is depreciated over its useful economic life or within the shorter lease term.

Capital gains or losses on the sale of PPEs are recognised in the income statement.

4.5 Intangible assets

An intangible asset is recognised in the balance sheet, provided its historical cost can be measured reliably and it is probable that its expected economic benefits flow to the company.

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

These assets include computer software amortised on a straight-line basis over five years.

4.6 Impairment

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 calculated. Should the asset's carrying amount exceed its recoverable amount, it is impaired, and the resulting impairment loss is recognised in the income statement.

4.7 Financial assets and liabilities

4.7.1 Recognition and measurement

As required by IAS 39, financial assets are classified into the following categories for measurement purposes: originated loans and other receivables not held for trading, available-for-sale assets and financial assets at fair value through profit or loss. The classification of a financial asset is determined by the purpose for which the asset is purchased at the time of its purchase.

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

Investments intended to be held for an indefinite period are classified as available-for-sale assets, which can be sold at the time deemed appropriate. These financial assets are carried at fair value subsequent to their initial recognition. Changes in their fair value are recognised in the fair value reserve under shareholders' equity and in the income statement when the asset is disposed of or it has lost its value to the extent that an impairment loss must be recognised for the asset.

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 financial liabilities at fair value through profit or loss or as other liabilities. Non-derivative debt contracts concluded for purposes other than trading are classified as other financial liabilities.

Financial assets and liabilities are recognised in the balance sheet on the basis of the settlement date. They are initially measured at cost, and are recognised at amortised cost using the effective yield method.

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.

4.7.2 Derivative contracts and hedge accounting

Derivatives are initially measured at cost (if available) and re-measured at fair value on each balance sheet 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. Citycon applies hedge accounting to the majority of its interest rate swaps, under IAS 39, according to which the amount of financial instruments' fair value change stemming from effective hedging is recognised under other comprehensive income, whereas the amount stemming from ineffective hedging is recognised in the statement of comprehensive income under financial income and expenses. The amount in the fair value reserve is recognised in the statement of 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.

Interest payments based on interest rate swaps are included in interest expenses. Changes in fair value through profit or loss are recognised as financial expenses or income as hedge accounting is not applied. The fair value of interest rate swaps is shown in current or non-current receivables or short-term or long-term liabilities in the statement of financial position. The fair value of interest rate swaps is based on the present value of estimated future cash flows.

The company uses foreign exchange derivatives 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 comprehensive income, since fair value changes related to financial assets and liabilities denominated in foreign currencies are also recognised therein.

4.7.3 Embedded derivatives

Under IAS 39, an embedded derivative – a derivative instrument included in another contract, or a host contract, whose financial characteristics are not closely related to those of its host contract – must be separated from the host contract under certain circumstances, accounted for at fair value and changes in its fair value must be recognised in the statement of comprehensive income. The Group has no embedded derivatives.

4.7.4 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 amortised cost is impaired, this resulting impairment loss must be recognised in the statement of comprehensive income. 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.

4.8 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of this obligation can be made.

Long-term provisions shown in the financial statements are based on net present values.

4.9 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 capitalized as part of the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation commences when the refurbishment of a property, 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 a land are also capitalized on the development project, but only when activities necessary to prepare 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 interest expenses using the effective interest method.

4.10 Taxes

Income taxes include taxes based on 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.

Deferred tax assets and liabilities are calculated on temporary differences arising between

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

the tax bases of assets and liabilities and their carrying amounts. A major temporary difference may arise between the fair value and taxable value of investment properties. In such a case, taxes are calculated on the difference between property's fair value and the debt-free acquisition cost of shares in the mutual real estate company in question, or the non-depreciated residual value of the directly owned property.

It is the company's policy to realise its shareholding in property companies by selling the shares it holds. For properties owned abroad, such deferred taxes are not recognised because property disposal does not lead to tax implications, due to the ownership structure.

No deferred tax on subsidiaries' retained earnings is recognised to the extent that the difference is unlikely to be discharged in the foreseeable future.

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.

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.

The tax rate enacted by the balance sheet date is used to determine deferred tax.

4.11 Income recognition

Citycon's income consists mainly of rental income from investment properties. Rental income is recognised in the income statement on a straight-line basis over the term of the lease. Service charges are recognized in the period in which the expense it relates to is expensed. Service charges are included gross of the related

costs in turnover as Citycon considers to act as principal in this respect.

4.12 Lease incentives
Citycon uses alteration work on leased premises as lease incentives. On behalf of the lessee, Citycon performs alteration work on premises rented by the lessee and charges the lessee for the resulting costs in terms of a rent increase. The Group recognises the alteration-related rent increase as rental income over the lease term. Rent increase and the expense arising from the alteration work are taken into account when measuring the fair value of investment property.

Citycon has also leases that involve rent-free periods or rent reductions. These kinds of incentives are spread evenly over the lease term, even if the rent payments are not made on such a basis.

4.13 Leases

Leases based on Citycon as a lessor renting out investment properties are not classified as finance leases.

Leases, for which Citycon acts as a lessee, are classified as finance leases and recognised as assets and liabilities if the risks and rewards related to the property have been passed on to the company. Leases are classified at their inception and recognised at the lower of the present value of the minimum lease payments and the fair value of the asset under PPE and financial liabilities. PPE is depreciated over its useful economic life or during the lease term. Lease payments in the income statement are recognised as interest or the repayment of financial liabilities.

Leases are classified as operating leases if substantially all of the risks and rewards inherent in holding such leased assets have not been transferred to the lessee.

4.14 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. Where contributions under defined contribution plans are recognised in the income statement for the period during which such contributions are made, defined benefit pension plans are based on actuarial calculations.

Defined benefit schemes' assets are measured at fair value, their obligations at discounted present value and any net surplus or deficit is recognized in the balance sheet. Service cost is spread systematically over working life. Professional actuaries perform the calculations using projected credit method.

4.15 Share-based payments

Citycon has applied IFRS 2 Share-based Payment to its stock options granted after 7 November 2002 and not vested before 1 January 2005, and to the long-term share-based incentive plan decided by the Board of Directors on 26 April 2007. Such stock options and share-based incentive plans are measured at fair value on the grant date and expensed over their vesting period. Stock options granted before the above date have not been expensed.

Citycon uses the Black & Scholes option-pricing model to measure the fair value of stock options.

5. MANAGEMENT'S JUDGMENT IN APPLYING THE MOST SIGNIFICANT ACCOUNTING POLICIES AND OTHER KEY ASSUMPTIONS ABOUT FUTURE RISKS AND UNCERTAINTIES

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions. When ac-

counting policies are applied, also judgement is required from management. These may affect the reported assets and liabilities, recognition of income and expense for the period and other information such as presentation of contingent liabilities. Even though these estimates base on management's best knowledge and current information available, the actual results may differ from the estimates.

5.1 Fair value of investment properties

Measuring the fair value of investment property forms one of the most significant accounting policy aspects, which involves the management's judgement and assumptions about future uncertainties. Market rents, occupancy rate, operating expenses and yield requirement form the key variables used in the investment property's fair-value measurement, whose measurement involves the management's judgement and assumptions.

Citycon uses a net rental income based cash flow analysis to measure the fair value of its investment properties. Net rental income and the yield requirement of each property must be defined for the cash flow analysis. Net rental income equals gross rental income less operating expenses. The yield requirement is used for discounting the yearly net rental income less investments, to which the discounted residual value and other assets, such as unused building rights and lots, are added to obtain the fair value of investment property. The key parameters of the cash flow analysis are the following items:

- Market rents, which affect rental income in the cash flow analysis, are determined by market supply and demand. The external appraiser defines the market rents for each property.

- The occupancy rate stands for that part of the leasable space (Gross Leasable Area, GLA) that is leased. The occupancy rate is determined by the lease agreements valid on the valuation date. Upon a lease expiry, measuring the occupancy rate involves the management's assumptions. The occupancy rate affects the yearly rental income.
- Operating expenses comprise costs resulting from the property's management, maintenance, heating, electricity, water supply etc. Operating expenses are determined based on the previous year's operating expenses and the benchmark data collected by the external appraiser.
- The yield requirement comprises risk-free interest as well as property-specific and market risk. The property-specific risk is defined by Citycon and this definition involves the management's judgement and assumptions. Market risks are defined by an external appraiser. Yield requirement is used as the discount rate in the cash flow analysis. When yield requirement decreases, the fair value of investment properties increases.

Other variables involving judgment and assumptions are the current leases' extension probability, the duration of vacant areas, investments, the inflation rate and the rental growth assumptions.

Citycon uses a special project model to measure the fair value of its development projects. This project model is a cash flow analysis, which takes account of capital expenditure on the development project and the property's future cash flows according to the development project's schedule. Although the model applies principles similar to those used in the cash flow analysis measuring the investment property's fair value, it is better suited to mod-

elling changes, in many cases significant ones, in premises and contracts during the development project. In the project model, the property can be divided into different parts and the current leases, future leases, project schedules and capital expenditure can be defined for each of these parts, which may comprise the various floors, areas or a larger space within the building. In addition, risks associated with the development project and the property's future use can be defined for the yield requirement for development projects. Following this, each part is subject to the cash flow analysis and the parts' combined cash flow constitutes the development project's fair value.

The use of a special project model in the valuation of development projects requires the management's judgement or assumptions about future investments, rental agreements and the project's timetable.

5.2 Deferred taxes

Deferred tax assets and liabilities are calculated on temporary differences arising from the difference between carrying amounts used for financial reporting purposes and amounts used for taxation purposes. The tax rate used is the rate enacted on the balance sheet date in each jurisdiction.

The most significant temporary difference relates to the difference between the fair value and taxable value of investment properties. Other main temporary differences relate to unused tax losses and financial instruments.

When recognizing deferred tax assets, management exercises judgement, as the deferred tax asset is recognized only to the extent it is considered probable that future taxable income will be available against which the deductible temporary difference can be utilized.

No deferred tax is recognized on subsidiaries' retained earnings to the extent that such difference is considered unlikely to be discharged in the future.

5.3 Business acquisitions and asset acquisitions

Citycon purchases investment properties through asset acquisitions and business acquisitions. It applies IAS 40 Investment Property to the accounting treatment of asset acquisitions and IFRS 3 Business Combinations to the accounting treatment of business acquisitions. Citycon's management exercises judgement in assessing whether the purchase of an investment property or an investment property portfolio is classified as an asset acquisition or business acquisition. Criteria for business acquisitions identified by Citycon include acquired access to new market areas, a new business line, new personnel and/or management, brand or another intangible asset related to customer relationships etc. However, this is not an exhaustive list, since Citycon's management assesses each investment property purchase on a case-by-case basis.

5.4 Sale of investment properties

When investment properties are sold, Citycon's management exercises judgement in assessing whether the sale is classified as a real estate sale or sale of a business. In the case of real estate sale, IAS 40 Investment Property or IAS 2 Inventory based accounting treatment is applied. In case of sale of a business, IFRS 5, Non-current Assets Held for Sale and Discontinued Operations based accounting treatment is applied. Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally

through a sale transaction and a sale is considered highly probable. For the sale to be highly probable:

- the Board must be committed to an active plan to sell the property
- The property must be actively marketed
- The sale should be expected to realize within one year.

Individual investment properties are also reported in the manner described above when the set criteria are met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. TOTAL REVENUES

EUR million	2009	2008
Gross rental income (excl. straight-lining of lease incentives)	176.8	173.0
Straight-lining of lease incentives	1.0	-
Gross rental income	177.8	173.0
Service charge income	8.5	5.3
Other operating income	0.0	6.1
Fair value gains on investment property	5.5	15.3
Investment property disposal proceeds	2.8	7.7
Total	194.6	207.4

Total revenues disclosure is in accordance with the EPRA Recommendations.

7. TOTAL EXPENSES EXCLUDING FINANCIAL EXPENSES

EUR million	2009	2008
Property operating expenses	60.2	56.3
Other expenses from leasing operations	0.7	0.2
Administrative expenses	17.8	16.9
Fair value losses on investment property	102.9	231.4
Carrying value of investment property disposals	2.7	7.6
Total	184.3	312.5

Total expenses disclosure is in accordance with the EPRA Recommendations.

Total revenues deducted by total expenses equals to operating profit/loss in the consolidated statement of comprehensive income.

8. SEGMENT INFORMATION

The presentation of segment information is based on the Group's geographical business units. These geographical business units are based on the Group's organisational structure and internal financial reporting. Furthermore, the Group's profit is reported to the Board of Directors by the geographical business units. Citycon's management and 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 management and Board of Directors, by business unit. In addition to geographical business units, Citycon's management and Board of Directors follow property-specific net rental income.

Segment assets and liabilities consist of operating items which the segment uses in its operations or which, on a reasonable basis, can be allocated to the segment. 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, property, plant and equipment and intangible assets in the statement of financial position.

Citycon's turnover mainly consists of rental income. Rental income arises mainly from retail premises from two different property types: shopping centres and supermarkets and shops.

Principal customers include five biggest tenants whose one's share of gross rental income exceeds 10 per cent. For these tenants proportion of gross rental income and their segment is specified. Proportion of gross rental income is based on rent roll at 31 Dec. 2009.

A) Segment information

Geographical segments are Finland, Sweden and the Baltic countries. Other segment includes mainly the administrative expenses arising from the Group's headquarter.

Finland

Citycon is Finland's largest company in the shopping-centre business. It owns 22 shopping centres in addition to 45 other retail properties. 32 out of Finnish properties are located in the Helsinki Metropolitan Area and 35 elsewhere in Finland.

Sweden

Citycon has eight shopping centres and seven other retail properties in Sweden. Seven of the properties in Sweden are located in the Greater Stockholm Area, six in the Greater Gothenburg Area and two in Umeå.

Baltic Countries

Citycon owns three shopping centres in the Baltic region, two in Estonia and one in Lithuania.

EUR million 1 Jan.-31 Dec. 2009	Finland	Sweden	Baltic countries	Other	Total
Gross rental income	126.5	39.3	12.0	-	177.8
Service charge income	4.7	1.8	2.0	-	8.5
Turnover	131.3	41.0	14.0	-	186.3
Property operating expenses	38.6	17.5	4.1	0.0	60.2
Other expenses from leasing operations	0.3	0.3	0.1	0.0	0.7
Net rental income	92.4	23.2	9.8	0.0	125.4
Administrative expenses	6.1	3.2	1.0	7.4	17.7
Other operating income and expenses	0.0	-	0.0	0.0	0.0
Direct operating profit	86.3	20.0	8.8	-7.4	107.7
Indirect administrative expenses	-	0.1	-	-	0.1
Indirect other operating income and expenses	-	-	-	-	-
Net fair value losses/gains on investment property	-65.1	-19.6	-12.7	0.0	-97.4
Profit on disposal of investment property	0.1	-	-	-	0.1
Operating profit/loss	21.2	0.3	-3.8	-7.4	10.3
Net financial income and expenses				-47.7	-47.7
Income tax expense				0.6	0.6
Loss for the period					-36.9
Allocated assets					
Investment properties	1,442.0	548.8	156.6	-	2,147.4
Investment properties held for sale	8.3	17.7	-	-	26.0
Other allocated assets	5.2	39.3	1.0	22.0	67.5
Unallocated assets					
Deferred tax assets				8.6	8.6
Derivative financial instruments				3.7	3.7
Assets	1,455.5	605.7	157.6	34.3	2,253.2
Allocated liabilities					
Trade and other payables	13.3	11.9	1.8	52.6	79.7
Unallocated liabilities					
Interest-bearing liabilities				1,321.7	1,321.7
Deferred tax liabilities				50.0	50.0
Derivative financial instruments				33.0	33.0
Other unallocated liabilities				1.0	1.0
Liabilities	13.3	11.9	1.8	1,458.3	1,485.3
Capital expenditure	24.5	95.9	13.9	0.3	134.6

EUR million 1 Jan.-31 Dec. 2008	Finland	Sweden	Baltic countries	Other	Total
Gross rental income	122.5	41.1	9.3	-	173.0
Service charge income	4.3	0.7	0.3	0.0	5.3
Turnover	126.8	41.9	9.6	0.0	178.3
Property operating expenses	35.8	17.7	2.8	-	56.3
Other expenses from leasing operations	0.1	0.1	0.0	0.0	0.2
Net rental income	90.9	24.1	6.8	0.0	121.8
Administrative expenses	5.5	3.2	0.6	7.2	16.5
Other operating income and expenses	0.0	0.1	0.0	0.0	0.1
Direct operating profit	85.4	21.0	6.2	-7.2	105.3
Indirect administrative expenses	0.0	-	-	0.4	0.4
Indirect other operating income and expenses	5.9	-	-	0.1	6.0
Net fair value losses/gains on investment property	-154.3	-70.1	8.3	-	-216.1
Profit on disposal of investment property	0.1	0.0	-	-	0.1
Operating loss/profit	-62.9	-49.1	14.4	-7.4	-105.0
Net financial income and expenses				-57.3	-57.3
Income tax expense				23.4	23.4
Loss for the period					-138.9
Allocated assets					
Investment properties	1,494.0	462.4	155.3	-	2,111.6
Other allocated assets	10.3	4.5	0.9	24.4	40.1
Unallocated assets					
Deferred tax assets				6.8	6.8
Derivative financial instruments				19.8	19.8
Assets	1,504.2	466.9	156.3	51.1	2,178.5
Allocated liabilities					
Trade and other payables	10.4	7.9	1.1	34.8	54.3
Unallocated liabilities					
Interest-bearing liabilities				1,199.5	1,199.5
Deferred tax liabilities				57.1	57.1
Derivative financial instruments				29.6	29.6
Other unallocated liabilities				0.8	0.8
Liabilities	10.4	7.9	1.1	1,321.8	1,341.2
Capital expenditure	69.2	65.6	22.7	0.3	157.9

B) Turnover by property types

EUR million	2009	2008
Retail -Shopping centres	155.4	146.3
Retail -Supermarkets and shops	30.9	31.9
Total	186.3	178.3

C) Major tenants

2009	Proportion of gross rental income, %	Segment
Kesko	23.2	Finland
S-Group	-	Finland and the Baltic Countries
ICA AB	-	Sweden and the Baltic Countries
Stockmann	-	Finland, Sweden and the Baltic Countries
Hennes &Mauritz	-	Finland and Sweden
Total	35.6	

Proportion of gross rental income is based on rent roll at 31 Dec. 2009.

9. PROPERTY OPERATING EXPENSES

EUR million	2009	2008
Heating and electricity	20.2	19.4
Maintenance expenses	20.1	18.4
Property personnel expenses	0.5	0.6
Administrative and management fees	2.5	2.9
Marketing expenses	4.4	2.5
Property insurances	0.7	0.7
Property taxes	4.7	4.9
Repair expenses	6.9	6.7
Other property operating expenses	0.1	0.2
Total	60.2	56.3

10. OTHER EXPENSES FROM LEASING OPERATIONS

EUR million	2009	2008
Tenant improvement expenses and commissions	0.1	0.1
Credit losses	0.6	0.1
Total	0.7	0.2

Significant tenant improvements are recognized as investments.

Credit losses include credit loss provisions of EUR 0.3 million (EUR 0.0 million). Credit loss provisions are presented in the note 23. Trade and other receivables.

11. ADMINISTRATIVE EXPENSES

EUR million	2009	2008
Personnel expenses	10.5	9.3
Consulting fees, advisory fees and outside services	2.1	2.9
Office and other administrative expenses	4.5	4.3
Depreciation and amortization	0.7	0.5
Total	17.8	16.9

Consulting and advisory fees in the administration expenses include the following audit fees and services from audit firm Ernst&Young:

EUR million	2009	2008
Audit fees	0.2	0.2
Other advisory services	0.1	0.2
Total	0.3	0.4

12. PERSONNEL EXPENSES

EUR million	2009	2008
Salaries and emoluments of management		
CEO	0.4	0.3
Management committee	0.9	0.8
Board	0.6	0.6
Other wages and salaries	6.3	5.8
Pension charges:		
defined contribution plans	1.1	1.1
Pension charges: defined benefit plans	0.1	-
Social charges	1.2	1.0
Expense of share based payments	0.4	0.3
Total	11.1	9.9

Personnel expenses of EUR 0.5 million (EUR 0.6 million) is included in property operating expenses and EUR 10.5 million (EUR 9.3 million) in administrative expenses.

Defined benefit plans are described in the note 30. Employee benefits in the section C) Retirement benefit obligation and the share-based payment plans are described in the note 30. Employee benefits.

Average Group staff during period	2009	2008
Finland	77	75
Sweden	32	27
The Baltic Countries	8	7
Total	117	109

Information on management benefits are presented in the notes to the consolidated financial statements in the note 33. Related party transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. DEPRECIATION AND AMORTIZATION

Depreciation and amortization of EUR 0.7 million (EUR 0.5 million) on machinery and equipment as well as on intangible assets is included in the administrative expenses.

14. OTHER OPERATING INCOME AND EXPENSES

EUR million	2009	2008
Other operating income	0.0	6.5
Other operating expenses	0.0	-0.3
Total	0.0	6.1

In 2008, other operating income included EUR 5.9 million compensation from city of Helsinki relating to early termination of land lease agreement in Myllypuro retail premises.

15. NET FINANCIAL INCOME AND EXPENSES

A) Recognized in the income statement

EUR million	2009	2008
Interest income	0.3	0.8
Foreign exchange gains	50.0	68.7
Fair value gain from derivatives	-	0.4
Other financial income	0.6	2.4
Financial income, total	50.8	72.3
Interest expenses	52.8	60.6
Foreign exchange losses	49.9	68.9
Fair value loss from derivatives	0.1	3.5
Development interest capitalized	-7.7	-7.1
Other financial expenses	3.4	3.8
Financial expenses, total	98.5	129.6

Net financial income and expenses	47.7	57.3
Of which attributable to financial instrument categories:		
Interest-bearing loans and receivables	33.6	77.9
Finance lease liabilities	0.0	0.0
Derivative financial instruments	13.8	-20.8
Other liabilities and receivables	0.3	0.1
Net financial income and expenses	47.7	57.3

In 2009, foreign exchange losses of EUR 0.7 million (gains of EUR 21.0 million) were recognised in the statement of comprehensive income from foreign exchange derivative agreements.

Interest on development expenditure is capitalized at a rate of 4.47% as at 31 December 2009 (5.12% as at 31 December 2008).

Citycon's interest expenses in the statement of comprehensive income statement contain interest expenses from interest-bearing debt and in addition also all interest expenses arising from derivative financial instruments which are used in hedging purposes. Additional information on Citycon's derivative financial instruments, their fair values and hedge accounting treatment can be found in note 27. Financial Instruments.

B) Recognized in the other comprehensive income

EUR million	2009	2008
Losses/gains arising during the period from cash flow hedges	-20.6	-27.1
Less: interest expenses recognized in the income statement on cash flow hedges	13.8	-3.4
Net losses/gains on cash flow hedges	-6.7	-30.5

16. INCOME TAXES

EUR million	2009	2008
Current tax	6.3	6.6
Tax for prior periods	0.1	-0.1
Deferred tax	-7.0	-30.0
Income taxes	-0.6	-23.4

Reconciliation between tax charge and Group tax at Finnish tax rate (26%):

EUR million	2009	2008
Loss/profit before taxes	-37.5	-162.3
Taxes at Finnish tax rate	-9.7	-42.2
Fair value gains and losses from subsidiaries owned abroad	8.4	22.2
Difference in foreign subsidiaries' tax rate	-1.1	-1.0
Unrecognised tax receivables from losses	2.2	3.8
Utilisation of previously unrecognised tax losses	0.1	0.1
Other	-0.5	-6.2
Income taxes	-0.6	-23.4

Effective tax rate	1.5%	14.4%
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17. RECONCILIATION BETWEEN DIRECT AND INDIRECT RESULT

Due to the nature of Citycon's business and the obligation to apply IFRS, the consolidated statement of comprehensive income includes several items related to non-operating activities. In addition to the consolidated statement of comprehensive income under IFRS, Citycon also presents its loss/ profit attributable to parent company shareholders with direct result and indirect result separately specified, in an attempt to enhance the transparency of its operations and to facilitate comparability of reporting periods. Direct result describes the profitability of the Group's operations during the reporting period disregarding the effects of fair value changes, gains or losses on sales, other extraordinary items and other comprehensive income items. Earnings per share calculated based on direct result corresponds to the earnings per share definition recommended by EPRA.

EUR million	2009	2008
DIRECT RESULT		
Net rental income	125.4	121.8
Direct administrative expenses	-17.7	-16.5
Direct other operating income and expenses	0.0	0.1
Direct operating profit	107.7	105.3
Direct net financial income and expenses	-47.7	-54.2
Direct current taxes	-6.2	-4.8
Direct change in deferred taxes	-0.2	0.2
Direct minority interest	-2.8	-2.8
Total	50.9	43.8

Direct result per share, diluted (Diluted EPRA EPS) ¹⁾	0.23	0.20
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EUR million	2009	2008
INDIRECT RESULT		
Net fair value losses/gains on investment property	-97.4	-216.1
Profit/loss on disposal of investment property	0.1	0.1
Indirect administrative expenses	-0.1	-0.4
Indirect other operating income and expenses	0.0	6.0
Movement in fair value of financial instruments	-0.1	-3.1
Indirect current taxes	-0.3	-1.8
Change in indirect deferred taxes	7.3	29.7
Indirect minority interest	5.3	17.6
Total	-85.2	-167.9

Indirect result per share, diluted ¹⁾	-0.39	-0.76
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Loss/Profit for the period attributable to parent company shareholders	-34.3	-124.1
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¹⁾ Calculation of the number of the shares is presented in the note 18. Earnings per share and net asset value per share

18. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

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

A) Earnings per share calculated from the profit for the period

	2009	2008
Earnings per share (basic)		
Loss/profit attributable to parent company shareholders (EUR million)	-34.3	-124.1
Issue-adjusted average number of shares (1,000)	221,035.1	220,991.5
Earnings per share (basic) (EUR)	-0.16	-0.56
Earnings per share, diluted		
Loss/profit attributable to parent company shareholders (EUR million)	-34.3	-124.1
Expenses from convertible loan, the tax effect deducted (EUR million)	-	-
Loss/profit used in the calculation of diluted earnings per share (EUR million)	-34.3	-124.1
Issue-adjusted average number of shares (1,000)	221,035.1	220,991.5
Convertible capital loan impact (1,000)	-	-
Adjustments for stock options (1,000)	-	-
Adjustments for long-term share-based incentive plan (1,000)	-	-
Issue-adjusted average number of shares used in the calculation of diluted earnings per share (1,000)	221,035.1	220,991.5
Diluted earnings per share (EUR)	-0.16	-0.56

The incremental shares from assumed conversions or any income or cost related to dilutive potential shares are not included in calculating year 2009 and 2008 diluted per-share amounts because the profit attributable to parent company shareholders was negative.

B) Earnings per share calculated from the direct result for the period

	2009	2008
Direct result per share, diluted (Diluted EPRA EPS)		
Direct result (EUR million) (Note 3)	50.9	43.8
Expenses from convertible loan, the tax effect deducted (EUR million)	4.2	5.6
Profit used in the calculation of diluted earnings per share (EUR million)	55.1	49.4
Issue-adjusted average number of shares (1,000)	221,035.1	220,991.5
Convertible capital loan impact (1,000)	18,466.5	25,396.0
Adjustments for stock options (1,000)	-	835.0
Adjustments for long-term share-based incentive plan (1,000)	0.5	-
Issue-adjusted average number of shares used in the calculation of diluted earnings per share (1,000)	239,502.1	247,222.5
Direct result per share, diluted (Diluted EPRA EPS)	0.23	0.20

The diluted earnings per share is calculated adjusting the weighted average number of shares to assume conversion of all dilutive potential shares. The Group has currently three categories of dilutive shares in place: convertible capital loan, stock options and long-term share-based incentive plan.

- The holder of the convertible loan has the right during 12 September 2006 - 27 July 2013 to convert the loan nominal amount into shares of the company. Based on the conversion price applicable on the balance

sheet date, the dilution from full conversion of the loan nominal is approximately 18.2 million shares. When calculating the dilution effect, the loss/profit for the period is adjusted with the expenses arising from the convertible loan (including the tax effect).

- Stock options have dilutive potential when the subscription price of shares based on the stock options is lower than the share's fair value. The dilutive potential of stock options is calculated by taking into account the total number of shares that can be subscribed based on stock options, less the number of shares that group could acquire by using the assets received from the exercise of the stock options.
- The share-based incentive scheme has a dilutive effect when the earning period has ended, the performance conditions for the bonus have been fulfilled, and the shares have not yet been granted. In calculation of the diluting effect of the share-based incentive scheme, the remaining work performance covered by the scheme is

assigned a per-share value, which is compared against the fair value of a share. When the value of the remaining work performance is lower than the fair value of a share, the share-based incentive scheme has a dilutive effect. In calculation of the dilutive effect of the share-based incentive scheme, the number of shares the company would have received if it had used assets in the value of the remaining work performance to acquire treasury shares at fair value is considered a deducting factor in the full number of shares granted.

Average number of shares used in the calculation of earnings per share

	days	number of shares
1 January 2009	148	220,998,989
29 May 2009	217	221,059,735
	365	
Weighted average (daily) number of shares		221,035,104

C) Net asset value per share

	2009			2008		
	EUR million	Issue adjusted number of shares (1,000)	per share, EUR	EUR million	Issue adjusted number of shares (1,000)	per share, EUR
Equity attributable to parent company shareholders	731.1	221,035.1	3.31	799.1	220,991.5	3.62
Deferred taxes from the difference of fair value and fiscal value of investment properties	48.7	221,035.1	0.22	56.0	220,991.5	0.25
Fair value of financial instruments	2.2	221,035.1	0.01	2.1	220,991.5	0.01
Net asset value (EPRA NAV)	782.0	221,035.1	3.54	857.1	220,991.5	3.88
Deferred taxes from the difference of fair value and fiscal value of investment properties	-48.7	221,035.1	-0.22	-56.0	220,991.5	-0.25
The difference between the secondary market price and fair value of bonds and capital loans	9.5	221,035.1	0.04	40.8	220,991.5	0.18
Fair value of financial instruments	-2.2	221,035.1	-0.01	-2.1	220,991.5	-0.01
EPRA NNAV	740.6	221,035.1	3.35	839.9	220,991.5	3.80

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. INVESTMENT PROPERTIES

Citycon divides its investment properties into two categories: investment properties under construction (IPUC) and operative investment properties. Due to the adoption of amended IAS 40 Investment property -standard, Citycon presents the development properties under the investment properties. Therefore, previously presented properties under redevelopment -category is extended to include also development properties and is called investment properties under construction (IPUC).

At the period end Investment properties under construction (IPUC) - category included the following shopping centres: Liljeholmstorget, Åkersberga Centrum and Lahden Hansa. At 31 December 2008 this category included Liljeholmstorget and Rocca al Mare, as well as extension projects in Åkersberga Centrum and Lipulaiva.

EUR million 2009	Investment properties under construction (IPUC)	Operative investment properties	Investment properties total
At period-start	271.8	1,839.9	2,111.6
Acquisitions during the period	0.0	0.0	0.0
Investments during the period	84.4	33.4	117.8
Disposals during the period	-	-2.7	-2.7
Capitalized interest	6.3	1.6	7.9
Fair value gains on investment property	-	5.5	5.5
Fair value losses on investment property	-14.9	-88.0	-102.9
Exchange differences	10.6	17.3	27.9
Transfer between IPUC and operative investment properties and transfer into investment properties held for sale	-88.3	70.6	-17.7
At period-end	269.8	1877.6	2,147.4
EUR million 2008	Investment properties under construction (IPUC)	Operative investment properties	Investment properties total
At period-start	544.5	1,704.4	2,248.9
Acquisitions during the period	6.8	10.6	17.4
Investments during the period	120.9	12.0	132.9
Disposals during the period	0.0	-7.6	-7.6
Capitalized interest	6.8	0.0	6.8
Fair value gains on investment property	4.8	10.5	15.3
Fair value losses on investment property	-44.5	-186.9	-231.4
Exchange differences	-28.8	-41.6	-70.4
Transfer between IPUC and operative investment properties	-338.7	338.5	-0.2
At period-end	271.8	1,839.9	2,111.6

Under IAS 40 Investment Property -standard, Citycon measures its investment properties at fair value. An external professional appraiser has conducted the valuation of the company's properties with a net rental income based cash flow analysis. Market rents, occupancy rate, operating expenses and yield requirement form the key variables used in the cash flow analysis.

Realia Management Oy within Realia Group conducted the valuation of Citycon's properties for the Annual Report 2009 and 2008. The resulting fixed fees based on the 2009 valuations total EUR 0.1 million (EUR 0.1 million in 2008).

The fair value of Citycon's investment properties in the balance sheet equals the property portfolio's total value determined by the external appraiser, capital expenditure on development projects that haven't been taken into account by the external appraiser as well as the value of new properties acquired during the reporting quarter. The reconciliation between the fair value determined by the external appraiser and the fair value of investment properties in Citycon's balance sheet is as follows:

EUR million	2009	2008
Value determined by the external appraiser as at Dec. 31	2,162.4	2,021.0
Capital expenditure on development projects	11.0	2.6
Transfer into investment properties held for sale	-26.0	-
Development properties (before the amendment of IAS 40)	-	88.0
Fair value of investment properties as at Dec. 31	2,147.4	2,111.6

The segments' assumptions used by the external appraiser in the cash flow analysis were as follows at 31 December 2009 and at 31 December 2008:

EUR million	Finland	Sweden	Baltic Countries	Average
1 Jan.-31 Dec. 2009				
Yield requirement (%)	6.6	6.4	8.1	6.6
Initial yield (%)	6.8	6.7	8.0	6.8
Reversionary yield (%)	7.1	7.9	8.9	7.4
Market rents (€/m ²)	22.5	21.3 ¹⁾	21.4	22.1
Vacancy during the cash flow period (%)	5.0	5.1	4.2	5.0
Inflation assumption (%)	2.00	2.00	3.00	-
Operating expense growth assumption (%)	2.25	2.25	3.25	-
1 Jan.-31 Dec. 2008				
Yield requirement (%)	6.4	6.4	7.4	6.4
Initial yield (%)	6.6	6.4	6.7	6.5
Reversionary yield (%)	6.8	6.8	8.4	6.9
Market rents (€/m ²)	21.9	12.3	20.2	19.9
Vacancy during the cash flow period (%)	4.2	5.0	3.1	4.3
Inflation assumption (%)	2.00	2.00	3.00	-
Operating expense growth assumption (%)	2.25	2.25	3.25	-

1) Includes the development projects of the Liljeholmstorget and Åkersberga shopping centres.

Sensitivity analysis

A number of factors contribute to the value of retail properties, such as national and local economic development, investment demand created by property investors, and interest rates. While changes in investment properties' fair value have an effect on the company's profit for the financial year, they do not have an immediate impact on cash flow. The yield requirement, rents, the occupancy rate and operating expenses form the key variables used in an investment property's fair-value measurement, based on a ten-year cash-flow analysis. Sensitivity to change in the properties' fair value, or the risk associated with fair value, can be tested by altering the above key parameters. The sensitivity analysis below uses the investment properties' fair value of EUR 2,162.4 million defined by the external appraiser at 31 December 2009 as the starting value. Sensitivity analysis indicates that the market value is most sensitive to the yield requirement and gross income levels. A ten percent decrease in the yield requirement results in an approximately 11 percent increase in market value. Correspondingly, a ten percent increase in gross income increases the value by approximately 15 percent. The value is not as sensitive to changes in long-term vacancy or expenses.

Change %	Value of properties (EUR million)				
	-10%	-5%	±0%	+5%	+10%
Yield requirement	2,390.9	2,270.6	2,162.4	2,064.5	1,975.6
Gross income	1,833.1	2,005.7	2,162.4	2,318.4	2,475.8
Operating expenses	2,245.2	2,203.8	2,162.4	2,121.0	2,078.7
Vacancy	2,192.8	2,177.5	2,162.4	2,147.3	2,132.3

20. INVESTMENT PROPERTIES HELD FOR SALE

Investment properties held for sale comprises buildings rights acquired for the Myllypuro development project, which were sold to three different residential investors through share transactions that took place on 12 January 2010. In addition, investment properties held for sale include 181 residential units in Åkersberga Centrum, which were agreed in July 2009 to be sold to Tegeltornet AB.

EUR million	2009	2008
Acquisition cost Jan. 1	-	-
Investments during the period	8.3	-
Transfer from investment properties	17.7	-
Accumulated acquisition cost Dec. 31	26.0	-

21. PROPERTY, PLANT AND EQUIPMENT

EUR million	2009	2008
Acquisition cost Jan. 1	2.0	1.8
Additions during the period	0.3	0.2
Accumulated acquisition cost Dec. 31	2.3	2.0
Accumulated depreciation and impairment losses, Jan. 1	1.3	1.0
Depreciation during the period	0.4	0.2
Accumulated depreciation and impairment losses, Dec 31.	1.6	1.3
Net carrying amount Jan 1.	0.8	0.9
Net carrying amount Dec 31.	0.7	0.7

Property, plant and equipment consisted mainly of machinery and equipment.

Machinery and equipment acquired through financial leases amounted to EUR 0.3 million (EUR 0.3 million).

22. INTANGIBLE ASSETS

EUR million	2009	2008
Acquisition cost Jan. 1	1.6	1.0
Additions during the period	0.3	0.6
Accumulated acquisition cost Dec.31	1.9	1.6
Accumulated depreciation and impairment losses, Jan. 1	0.6	0.4
Depreciation during the period	0.3	0.2
Accumulated depreciation and impairment losses, Dec 31.	1.0	0.6
Net carrying amount Jan 1.	0.9	0.5
Net carrying amount Dec 31.	0.9	0.9

Intangible assets consisted mainly of computer softwares.

23. TRADE AND OTHER RECEIVABLES

EUR million	2009	2008
Trade receivables	4.7	2.4
Credit loss provision	-0.3	-
Trade receivables (net)	4.4	2.4
Accrued income and prepaid expenses	2.2	1.7
Tax receivables (incl. VAT-receivables)	37.9	10.5
Other receivables	1.6	7.2
Total	46.1	21.7

Ageing structure of trade receivables:

EUR million	2009	2008
NOT past due nor impaired	0.7	0.4
Past due, less than 1 month	1.6	1.4
Past due, 1-3 months	1.9	0.3
Past due, 3-6 months	0.2	0.1
Past due, 6-12 months	0.2	0.1
Past due, 1-5 years	0.1	0.1
Past due, over 5 years	0.0	0.0
Total	4.7	2.4

Movement in credit loss provisions

EUR million	2009	2008
At the beginning of the year	-	-
Charge for the year	-0.3	-
Utilized	0.0	-
Unused amounts reversed	0.0	-
Credit loss provision at the end of the year	-0.3	-

Trade receivables are non-interest bearing and their payments terms vary between 2-20 days. Rent colaterals equal 2-6 months rents and other payments.

25. SHAREHOLDERS' EQUITY

A) The effect of the changed number of shares on funds included in the shareholders' equity

	Number of shares	Share-capital (EUR million)	Share premium fund (EUR million)	Invested unrestricted equity fund (EUR million)	Total (EUR million)
1 Jan. 2008	220,981,211	259.6	131.1	199.3	590.0
Directed share issue without payment	7,040	-	-	-	-
Share subscriptions based on stock options	10,738	-	-	0.0	0.0
Return from the invested unrestricted equity fund	-	-	-	-22.1	-22.1
31 Dec. 2008	220,998,989	259.6	131.1	177.3	567.9
Directed share issue without payment	60,746	-	-	-	-
Sale of treasury shares	-	-	-	0.0	0.0
Return from the invested unrestricted equity fund	-	-	-	-22.1	-22.1
31 Dec. 2009	221,059,735	259.6	131.1	155.2	545.8

B) Description of funds and reserves included in shareholders' equity

Share premium fund

Since the entry into force of the new Finnish 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

Pursuant to the new Finnish Companies Act, which came into force in 2007, Citycon presents the invested unrestricted equity fund as a separate equity item. 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. The invested unrestricted equity fund accumulated in 2009 and 2008 due to subscriptions under option schemes and a directed share issues without payment.

24. CASH AND CASH EQUIVALENTS

EUR million	2009	2008
Cash in hand and at bank	13.5	16.7
Short-term deposits	6.4	-
Total	19.8	16.7

Cash and cash equivalents comprise in the cash flow statement comprise the items presented above.

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Translation reserve

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

Fair value reserve

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

26. INTEREST-BEARING LIABILITIES

A) Breakdown of interest-bearing liabilities

EUR million	Effective interest rate (%)	Carrying amount 2009	Carrying amount 2008
Long-term interest-bearing liabilities			
Loans from financial institutions			
EUR 435 million term loan facility	EURIBOR + 0.625	359.7	353.5
EUR 165 million revolving credit facility	EURIBOR + 0.450	160.3	142.7
EUR 200 million term loan facility	EURIBOR + 0.625	199.8	194.2
EUR 150 million revolving credit facility	EURIBOR + 0.500	43.9	-
SEK 500 million bank loan	STIBOR + 0.550	48.8	46.0
EEK 470 million bank loan	5.599	26.4	28.8
LTL 52 million bank loan	VILIBOR + 0.525	9.8	11.3
EUR 30 million bank loan	EURIBOR + 0.750	30.0	30.0
EUR 50 million revolving credit facility	EURIBOR + 0.600	49.9	45.0
Other loans from financial institutions	-	138.0	154.2
Convertible capital loan 1/2006	7.580	69.3	73.3
Subordinated capital loan 1/2005	4.700	-	70.0
Bond 1/2009	5.461	39.4	-
Finance lease liabilities	-	0.2	0.1
Total long-term interest-bearing liabilities		1,175.4	1,149.2
Short-term interest-bearing liabilities			
Loans from financial institutions			
Commercial papers	-	32.6	-
Current portion of loans from financial institutions	-	18.0	20.1
Other loans from financial institutions	-	25.5	30.0
Subordinated capital loan 1/2005	4.700	70.0	-
Finance lease liabilities	-	0.2	0.2
Total short-term interest-bearing liabilities		146.3	50.3

Carrying amount of term loan facilities, convertible capital loan 1/2006 and bond 1/2009 are stated at amortised cost using the effective yield method. The fair values of liabilities are shown in the note 27. Financial Instruments.

The market value of the option component at issue date of the convertible capital loan 1/2006 of EUR 15.1 million is recognized in equity attributable to parent company shareholders under share premium fund.

Maturity of long-term interest-bearing liabilities

EUR million	2009	2008
1-2 years	190.9	90.7
2-3 years	91.0	170.6
3-4 years	466.3	44.6
4-5 years	300.0	485.0
over 5 years	127.3	358.2
Total	1,175.4	1,149.2

Long-term interest-bearing liabilities by currency

EUR million	2009	2008
EUR	682.0	751.5
EEK	44.3	45.5
SEK	439.2	341.6
LTL	9.8	10.6
Total	1,175.4	1,149.2

Short-term interest-bearing liabilities by currency

EUR million	2009	2008
EUR	112.8	48.3
EEK	1.2	1.2
SEK	31.6	0.1
LTL	0.8	0.8
Total	146.3	50.3

B) Terms and conditions of subordinated capital loans

Subordinated capital loan 1/2005

Citycon Oyj issued on 17 June 2005 five-year subordinated capital loan 1/2005 of EUR 70 million at a fixed annual nominal interest rate of 4.70 per cent. The loan's issue price accounted for 99.956 per cent of the nominal loan amount, and its maturity date is 17 June 2010.

The main terms and conditions of the subordinated capital loan 1/2005:

- 1) In the event of company dissolution or bankruptcy, obligations of the issuer arising for the subordinated capital loan shall be subordinated in right of payment to the claims of all unsubordinated creditors of Citycon Oyj but shall rank pari passu with all other obligations which qualify as a capital loan.
- 2) The loan's principal, including interest accumulated until the repayment date, will be repaid in one instalment on 17 June 2010 if full margin is available for the restricted shareholders' equity and other non-distributable earnings, based on the company's and its Group's latest adopted balance sheet, after the repayment. The accrued interest for the loan was EUR 1.8 million as of 31 December 2009.
- 3) Fixed annual interest of 4.70% will be paid annually in arrears on the loan's principal until 17 June 2010. Unless the loan is repaid in full on its

maturity date of 17 June 2010, interest on the unpaid loan principal after that date is 12-month Euribor plus 5 percentage points. Interest can be paid only if this amount can be allocated to profit distribution based on the company's and its Group's latest adopted balance sheet.

- 4) The company has the right to repay the loan's principal in part or in full on each interest-payment date at a rate determined by discounting the remaining cash flows up to the repayment date. The interest rate to be used for discounting is the Finnish government reference rate for the same period plus 1.5 percentage points.

Convertible capital loan 1/2006

Citycon Oyj issued on 2 August 2006 seven-year convertible capital loan 1/2006 of EUR 110 million at a fixed annual nominal interest rate of 4.50 per cent. After the buyback transactions performed during 2008 and 2009, the outstanding amount was EUR 76.5 million. The loan's conversion price is EUR 4.2000 per share and a full conversion of the loan would result in the issue of 18,214,285 shares. The loan's issue price accounted for 100.00 per cent of the nominal loan amount, and its maturity date is 2 August 2013.

The main terms and conditions of the convertible capital loan 1/2006:

- 1) In the event of company dissolution or bankruptcy, obligations of the issuer arising for the convertible capital loan shall be subordinated in right of payment to the claims of all unsubordinated creditors of Citycon Oyj but shall rank pari passu with all other obligations which qualify as a capital loan.
- 2) The loan's principal, including interest accumulated until the repayment date, will be repaid in one instalment on 2 August 2013 if full margin is available for the restricted shareholders' equity and other non-distributable earnings, based on the company's and its Group's latest adopted balance sheet, after the repayment. The accrued interest for the loan was EUR 1.4 million as of 31 December 2009.
- 3) Fixed annual interest of 4.50% will be paid annually in arrears on the loan's principal until 2 August 2013. In the event, that the loan is not

repaid in full on its maturity date of 2 August 2013, interest on the unpaid loan principal after that date is 3-month Euribor plus 5 percentage points. Interest can be paid only if this amount can be allocated to profit distribution based on the company's and its Group's latest adopted balance sheet. In the event, that the interest is not fully paid in any interest payment date, the interest on the unpaid interest amount after the interest payment date is 3-month Euribor plus 5 percentage points.

4) The holder of the loan has the right during 12 September 2006 - 27 July 2013 convert the loan nominal amount into shares of the company. The conversion price of the loan is EUR 4.2000 per share. The conversion price is subject to amendments in certain circumstances as specified in the terms of the loan. Based on the conversion price, the conversion of the whole loan nominal would result in the issue of a maximum of 18,214,285 shares.

5) The company has the right to repay the loan in full on or after 23 August 2010 at its principal amount if the closing price of the share on each of at least 20 dealing days in any period of 30 consecutive dealing days is 140 per cent of the conversion price in effect on such dealing day.

During 2008 and 2009 Citycon has repurchased from the open markets the convertible capital bond for a nominal amount of EUR 33.5 million with a weighted average purchase price of 53.5%. The amount repurchased by Citycon equals approximately 30.5 per cent of the initial nominal amount of the bonds issued. Net financial expenses in the statement of comprehensive income include a one-off gain of EUR 0.6 million for buybacks of the convertiber bonds.

C) Breakdown of finance lease liabilities

EUR million	2009	2008
Maturity of finance lease liabilities:		
Finance lease liabilities		
- minimum lease payments		
Not later than 1 year	0.2	0.2
1-5 years	0.2	0.1
Over 5 years	0.0	0.0
Total	0.3	0.4

EUR million	2009	2008
Finance lease liabilities - present value of minimum lease payments		
Not later than 1 year	0.2	0.2
1-5 years	0.2	0.1
Over 5 years	0.0	0.0
Total	0.3	0.4
Future finance charges on finance leases		
	0.0	0.0
Total finance lease liabilities	0.3	0.4

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

27. FINANCIAL INSTRUMENTS

A) Carrying amount and fair value of financial assets and liabilities

EUR million	Note	Carrying amount 2009	Fair value 2009	Secondary market price 2009	Carrying amount 2008	Fair value 2008	Secondary market price 2008
Financial assets							
Cash and cash equivalents	24	19.8	19.8	-	16.7	16.7	-
Investments		0.0	0.0	-	0.0	0.0	-
Trade and other receivables	23	46.1	46.1	-	21.7	21.7	-
Derivative financial instruments		3.7	3.7	-	19.8	19.8	-
Financial liabilities							
Loans from financial institutions	26	1,142.6	1,145.2	-	1,055.9	1,058.1	-
Convertible capital loan 1/2006	26	69.3	76.5	66.9	73.3	82.9	48.1
Subordinated capital loan 1/2005	26	70.0	70.0	70.1	70.0	70.0	64.0
Bond 1/2009	26	39.4	40.0	40.0	-	-	-
Finance lease liabilities	26	0.3	0.3	-	0.4	0.4	-
Trade and other payables and liabilities	29	79.7	79.7	-	54.3	54.3	-
Derivative financial instruments		33.0	33.0	-	29.6	29.6	-

Fair values

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

Derivative financial instruments

Derivative financial instruments are initially measured at cost 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 a 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. The fair value of derivative financial instruments is the estimated amount that the Group would receive or pay to settle the related agreements.

Fair value of interest rate derivative financial instruments are determined by the counterparty banks using customary valuation techniques used by market participants in the OTC derivative market. The fair value of interest rate derivative financial instruments corresponds to level 2 according to IFRS7p27a. The fair value of foreign exchange

derivative contracts are based on quoted market prices.

Loans from financial institutions

Citycon's loans from financial institutions are floating rate loans which have fair value equal to the nominal amount of the loan. The difference between the fair value and carrying amount is the unamortized capitalized arrangement fees of the loans.

Convertible capital loan 1/2006

Convertible capital loan 1/2006 is a fixed rate loan which has fair value equal to the nominal amount of

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the loan. The difference between the fair value and carrying amount is the unamortized capitalized arrangement fees of the loan together with the market value of the option component at issue date.

Subordinated capital loan 1/2005

Subordinated capital loan 1/2005 is a fixed rate loan which has fair value equal to the nominal amount of the loan. The carrying amount of the loan equals the fair value.

Bond 1/2009

Bond1/2009 is a fixed rate loan which has fair value equal to the nominal amount of the loan. The difference between the fair value and carrying amount is the unamortized capitalized arrangement fees of the loan.

Finance lease liabilities

The fair value of finance leases is based on discounted future cash flows. The discount rate used corresponds to that applied to similar leases.

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.

Secondary market price

When calculating the NNNAV in accordance with EPRA's recommendations the shareholders' equity is adjusted using EPRA's guidelines so that the bonds and capital loans are valued based on secondary market prices. The carrying amount and fair value of the bonds and capital loans in accordance with Citycon's accounting principles are different from this secondary market price. Due to this the Subordinated capital loan 1/2005, Convertible capital loan 1/2006 and Bond 1/2009 have been in calculation of this key figure valued using price from the secondary market on the balance sheet date which can be seen in the table above. The secondary market price for Subordinated capital loan 1/2005 was 100.08 per cent, for Convertible capital loan 1/2006 87.50 per cent and for Bond 1/2009 100.00 per cent as of 31 December 2009.

B) Group's derivative financial instruments

EUR million	Nominal amount 2009	Fair value 2009	Nominal amount 2008	Fair value 2008
Interest rate derivatives				
Interest rate swaps				
Maturity:				
less than 1 year	48.8	-1.2	86.0	1.4
1-2 years	70.0	1.0	46.0	-1.5
2-3 years	60.0	-3.0	70.0	3.5
3-4 years	262.9	-14.5	41.8	-1.9
4-5 years	198.0	-7.3	228.8	-10.1
over 5 years	97.9	-4.0	119.0	-8.9
Subtotal	737.6	-29.0	591.7	-17.5
Foreign exchange derivatives				
Forward agreements				
Maturity:				
less than 1 year	22.0	-0.2	23.1	7.6
Total	759.7	-29.2	614.8	-9.8

Interest on floating-rate loans is mainly fixed every six months and the interest-rate swaps have been concluded for the same days to ensure the optimum interest cash flow hedging.

Citycon uses interest rate swaps to hedge the interest rate cash flow risk. The Group applies hedge accounting to majority of its interest rate swaps, under IAS 39, according to which the amount of financial instruments' fair value change stemming from effective hedging is recognised under other comprehensive income.

The fair value of derivative financial instrument represent the market value of the instrument with prices prevailing on the balance sheet date. Derivative financial instruments are used in hedging the interest rate risk of the interest bearing liabilities and foreign currency risk.

The fair values include foreign exchange gain of EUR 3.5 million (EUR 16.2 million) which is recognized in the statement of comprehensive income.

Hedge accounting is applied for interest rates swaps which have nominal amount of EUR 713.2 million (EUR 568.7 million).

The average fixed interest rate of the interest rate swaps as at 31 December, 2009 was 3.79 per cent (4.20%).

Cash flow hedging

EUR million	2009	2009	2008	2008
Interest rate derivatives				
Fair value	-	-30.6	0.0	-23.9

Citycon's cash flow hedges consist of interest rate and cross-currency swaps which are used to protect against exposure of changes in Citycon's interest expense cash outflow for variable rate interest bearing debt. Hedged instruments consist of long term floating rate debt and short term floating rate debt which is expected to be refinanced at maturity on similar terms.

The critical terms of the interest rate derivatives have been negotiated to match the respective terms of the variable rate loans.

The cash flow from all hedged liabilities over time is the basis for determining the gain and loss on the effective portions of derivatives designed as cash flow hedges. Gains and losses are initially recognized under other comprehensive income and are transferred to the statement of comprehensive income when the forecast cash flows affect the statement of comprehensive income.

At 31 December 2009 and at 31 December 2008, interest rate derivatives assigned as cash flow hedges were assessed to be highly effective. The fair

values (net of taxes) of these derivatives were EUR -22.7 million (EUR -17.7 million) and the change of these fair values (net of taxes) EUR -5.0 million (EUR -22.6 million) is recognized under other comprehensive income taking account the tax effect.

C) Risk Management

Objectives

Citycon uses a holistic Enterprise Risk Management (ERM) programme. The objective of the risk management is to ensure that Citycon will reach its business targets and identify the key risks which may threaten the ability to meet the targets before they realize.

Citycon's risk management process involves identifying, analysing, measuring, mitigating and controlling business-related risks. The Board of Directors has approved the company's risk management guidelines specifying risk management principles, which is subject to updating in order to take into account changes in the business operations. During the ERM process for each business unit a risk management policy has been prepared which outlines objectives, responsibilities and development plans within the unit.

Part of ERM process includes identification of existing and planning of new risk mitigation plans in the event that current action are not deemed sufficient for each risk identified. Successful risk management decreases the likelihood of risk realizing and mitigate the negative effects from realized risks.

Process

Risk management under ERM in Citycon comprises of three main elements, namely 1) risk management implemented into the main business processes 2) risk reporting and 3) continuous improvement of risk management.

Citycon has analyzed and identified five main business processes during the implementation of ERM which are property acquisitions, takeover of acquired properties, shopping centre management, property development and planning and control. Each main process has been carefully analyzed from a risk management angle and a detailed process description has been prepared for each process determining the target state of the process after implementation of improvement measures and taken into account

risk management requirements. The implementation of these common best practices into the daily operations forms an essential part of the daily risk management throughout the whole organization is to adhere to these practices.

Risk reporting process gathers analytical data on risks and the respective mitigation plans which are used when risks are reported to the Board of Directors. During the risk reporting period each business unit and legal and finance units independently define their near term targets, risks threatening these targets and mitigation plans which relate to the risks. In order to evaluate the importance of each risk, an estimate on the loss associated with the risk is determined together with probability of risk realization and effectiveness of each mitigation plan on the loss and/or probability. Additional feature of the risk reporting is for each business unit to report the potentially realized risks during the previous year and mitigation plans which have been put into effect during the period. Risk data is inputted into one group wide risk register from which the business unit risk reports are prepared to the Board of Directors and Audit Committee. In addition, from the risk register also a consolidated Citycon Group risk report and analysis is prepared which aims to recognize the group level risk concentrations across the business units. Risk reports to the Board of Directors and Audit Committee are prepared in conjunction with budgeting during Autumn and strategy review during Spring. Risk management and business unit risk reports are additionally discussed four times a year in Corporate Management Committee.

Citycon aims to continuously evaluate and develop its ERM process and risk management in general. Four times a year a risk management supervisory group meets and its tasks include the acceptance of the risk reports, evaluate annually the sufficiency of the risk management measures taken in the light of the identified risks, monitor the progress in implementation of the mitigation plans and annually assess the adequacy of the risk management capabilities of Citycon.

Organization

Each business unit and legal and finance units have a dedicated person responsible for the ERM process

who is in charge of the reporting the risks and mitigation plans and follow-up on the implementation of the plans. Group Treasurer prepares the risk report to the Board of Directors and Audit Committee. Members of the risk management supervisory group are CEO, CFO, Head of Legal Affairs, Group Treasurer and business unit directors or the dedicated risk management person from each business unit.

Financial risk management

Financial risks have been defined to be business critical risks for Citycon. Financial risk of Citycon arises from financial instruments which are mainly used to raise financing for operations. The group also has interest rate and foreign exchange derivatives which are used in used to manage the interest rate and currency risks arising from the operations and financing sources. The Board of Directors has approved a Treasury Policy which defines the objectives, responsibilities and risk management indicators applicable for interest rate, foreign exchange, counterparty, liquidity and electricity risk management. The execution of interest rate risk management is done by the Group Treasurer under the supervision of the CFO. Group Treasurer reports the compliance with the objectives in conjunction with the interim and annual report to the Board of Directors and CFO.

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

Interest rate risk

Citycon's key financial risk is the interest rate risk of its interest bearing liabilities where the 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 to a loan portfolio which has a right mix between fixed and variable rate debts. Under the company's interest rate risk management policy, the target debt portfolio is such where a minimum of 70 and a maximum of 90 per cent of the interest bearing liabilities are based on fixed interest rates.

The company uses interest rate swaps to manage its interest rate risks and to convert floating rate loans into fixed rate loans. Portion of the hedges can also be done using inflation derivatives. The interest sensitivity of Citycon's loan portfolio at the end of 2009 is depicted by the fact that a one-percentage point rise in money market interest rates would increase its interest expenses for 2010 by EUR 2.7 million, while a fall of one-percentage point in money market interest rates would decrease them by EUR 2.7 million in 2010.

Interest rate sensitivity

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

Effect on interest expenses from an increase of 100 basis points

EUR million	2009	2008
Euro	0.7	1.2
Swedish krona	1.7	1.3
Other currencies	0.3	0.3
Total	2.7	2.8

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

Effect on interest expenses from an increase of 100 basis points

EUR million	2009	2008
Euro	9.6	8.4
Swedish krona	7.0	5.2
Total	16.5	13.6

Liquidity risk

Given that Citycon's strategy is to expand in Finland, the Baltic countries and Sweden, the company will need both equity capital and borrowings. The 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. The goal is to arrange financing on a long term basis and avoid large concentration of due dates of the loan agreements. Citycon aims to guarantee the availability and flexibility of financing through unused credit limits and by using several banks and financing methods as sources of finance.

Citycon's financing policy states that company's committed credit limits or liquid assets should cover all approved and on-going investments. In addition, available liquidity should provide a sufficient buffer for unexpected payments based on the assessment of the management and the company arranges committed back-up limits for all funds drawn under commercial paper programmes. On 31 December 2009, unused credit limits amounted to EUR 185.8 million.

Table below summarizes the maturity profile of the Group's financial liabilities based on contractual payments. The table includes both interest and principal 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 balance sheet date and are not discounted. The future interest payments of derivative financial instruments are based on discounted net present values and the future interest rates are obtained through interpolation from the yield curve prevailing on the balance sheet date.

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EUR million	Less than 1 month	1 to 12 months	1-5 years	Over 5 years	Total
31 December 2009					
Loans from financial institutions	13.6	84.0	1,005.7	145.9	1,249.2
Convertible capital loan 1/2006	-	3.4	86.8	-	90.3
Subordinated capital loan 1/2005	-	73.3	-	-	73.3
Bond 1/2009	-	2.0	48.2	-	50.2
Finance lease liabilities	-	0.2	0.2	-	0.3
Derivative financial instruments	0.1	19.9	16.5	-0.3	36.3
Trade and other payables (excl. interest liabilities)	13.4	56.9	-	-	70.3
31 December 2008					
Loans from financial institutions	3.5	92.3	793.1	413.3	1,302.3
Convertible capital loan 1/2006	-	3.7	97.8	-	101.6
Subordinated capital loan 1/2005	-	3.3	73.3	-	76.6
Finance lease liabilities	-	0.2	0.1	0.0	0.4
Derivative financial instruments	-4.9	-1.1	15.7	3.2	12.8
Trade and other payables (excl. interest liabilities)	38.8	5.8	-	-	44.6

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

EUR million	Less than 1 month	1 to 12 months	1-5 years	Over 5 years	Total
31 December 2009					
Undrawn committed credit facilities	-	-	185.8	-	185.8
31 December 2008					
Undrawn committed credit facilities	-	15.0	172.0	-	187.0

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

Credit risk

The Group's most significant credit-risk concentration relates to receivables from Kesko Group. Citycon controls its receivables within the framework of the given credit limits and does not currently identify any major credit risk associated with them. Credit-risk management caters for tenant-risk management, which is aimed at minimising the adverse effect of any unexpected changes in the customers' financial standing on Citycon's business and financial results. Customer-risk management focuses on the knowledge of the customers' business and active monitoring of customer data. Citycon's lease agreements include lease deposit provisions used to con-

tribute to managing customers risks.

The maximum exposure from trade receivables is the carrying amount as disclosed in Note 23. Trade and other receivables.

Credit risk arising from cash and cash equivalents and certain derivative agreements relate to a default of the counterparty with a maximum exposure equal to the carrying amount of these instruments. Citycon invests its liquidity in a manner which does not put the nominal amount at risk. Citycon does not for example invest in equity markets. Citycon's cash and cash equivalents are primarily placed in short term money market deposit in which the counterparties are commercial banks which par-

ticipate in Citycon's credit agreements. Citycon's financing policy also sets forth the approved financial instruments in which the company can invest in and includes counterparty limits for those investments.

Exchange rate risk

Citycon's entry into counties outside the euro-zone 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, on the one hand, and from translation risks in the balance sheet associated with investments in foreign subsidiaries. The company hedges against exchange rate risk in the balance sheet by aiming to finance its foreign investments mainly in the local currency. The company uses foreign exchange derivatives to manage the transaction risk on committed transactions. Foreign exchange derivatives are also used to hedge a possible mismatch between assets and liabilities denominated in the same currency in the balance sheet. Currently the company's exchange rate risk relates mainly to fluctuations in the euro/ Swedish krona exchange rate.

Foreign exchange sensitivity

The following table shows the sensitivity in the statement of comprehensive income to a five percent change in foreign exchange rates assuming all other variables constant. The impact is attributable to a change in fair value of financial instruments given the assumed change in foreign exchange rates.

Effect from a five percent change in foreign exchange rates on net financial expenses

EUR million	2009	2008
Swedish krona	-0.2	0.5
Other currencies	-	-
Total	-0.2	0.5

Other currencies comprise of currencies in Estonia and Lithuania. The foreign exchange rate in these countries is tied to euro with a fixed peg.

D) Capital management

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

The long term equity ratio target of the company is 40 per cent and the current syndicated loan agreements require a minimum equity ratio of 32.5 per cent. The equity ratio of the loan agreements is calculated by making certain adjustments to the IFRS equity ratio by, among other things, adding the capital loan and convertible capital loan issued by the company to the shareholders' equity. The company's equity ratio as of 31 December 2009 stood at 34.2 per cent and the equity ratio as defined in the loan agreement was around 40.6 per cent.

28. DEFERRED TAX ASSETS AND LIABILITIES

Changes in deferred tax assets and liabilities in 2009:

EUR million	2009 1 Jan.	Recognized in income statement	Recognized in other comprehensive income	Recognized directly in equity	2009 31 Dec.
Deferred tax assets					
Tax losses	0.1	0.0	-	-	0.0
IAS 19 Defined benefit pension obligation	-	0.0	-	-	0.0
Measurement of interest-rate swaps at fair value	6.8	0.0	1.8	-	8.6
Deferred tax assets, total	6.8	0.0	1.8	-	8.6

Deferred tax liabilities

Measurement of investment property at fair value	56.0	-7.2	-	-	48.7
Measurement of interest-rate swaps at fair value	-	-	-	-	-
Temporary difference in financial expenses	1.1	0.2	-	-	1.3
Temporary difference in provisions	-	-	-	-	-
Deferred tax liabilities, total	57.1	-7.0	-	-	50.0

Changes in deferred tax assets and liabilities in 2008:

EUR million	2008 1 Jan.	Recognized in income statement	Recognized in other comprehensive income	Recognized directly in equity	2008 31 Dec.
Deferred tax assets					
Tax losses	0.2	-0.1	-	-	0.1
Measurement of interest-rate swaps at fair value	-1.7	0.5	7.9	-	6.8
Deferred tax assets, total	-1.5	0.4	7.9	-	6.8

Offset against deferred tax liabilities	1.5	-	-	-	-
Deferred tax assets, total	0.0	0.4	7.9	-	6.8

Deferred tax liabilities

Measurement of investment property at fair value	84.8	-28.8	-	-	56.0
Measurement of interest-rate swaps at fair value	0.4	-0.4	-	-	-
Temporary difference in financial expenses	1.3	-0.2	-	-	1.1
Temporary difference in provisions	0.2	-0.1	-	0.0	-
Deferred tax liabilities, total	86.6	-29.5	-	0.0	57.1

Offset against deferred tax assets	1.5	-	-	-	-
Deferred tax liabilities, total	88.1	-29.5	-	0.0	57.1

Citycon's deferred taxes mainly arise from changes in the fair value of investment properties. In 2009, deferred taxes resulting from the changes in the investment properties' fair value recognised in the income statement totalled EUR 7.2 million (EUR 28.8 million).

The fair value of an investment property reflects the market price that would be paid for the property

on the date of measurement, while deferred taxes refer to taxes imposed on any gain on sale if the property were to be sold.

Citycon's policy is to realise its properties' sales by selling its shares representing ownership in the property. The ownership structure is mainly organised so that one real estate company owns one building,

The sale of shares representing ownership in properties owned by subsidiaries abroad does not have tax implications. Consequently, Citycon does not recognise deferred taxes related to the fair value of investment properties owned abroad. If Citycon would recognize the deferred taxes from the changes in fair values in subsidiaries owned abroad, the tax impact would have been EUR 8.4 million in 2009 (EUR 22.2 million) (See the Note 16. Income tax expense).

On the contrary, divesting a property in Finland through an asset or share sale does have tax implications and, therefore, Citycon recognises deferred taxes arising from the fair value changes of its investment properties located in Finland. Deferred taxes are calculated on the difference between an investment property's fair value and its taxable value. The taxable value consists of the acquisition cost of shares in the mutual real estate company and loans receivable from the company or a directly owned property's undepreciated, residual value.

The change in deferred taxes between the opening and closing balance sheets is recognised in the income statement as expense/income.

The fair value of the investment properties is measured in accordance with IFRS (International Financial Reporting Standards). The provisions of the Finnish accounting and tax legislation affect the value of shares in, and loans receivable from, the mutual real estate company. For instance,

investments conducted by the mutual real estate company or depreciation recorded by subsidiaries with outstanding debt entail a change in the value of shares and loans receivable. On 31 December 2009, Group companies had confirmed losses for which tax assets of EUR 13 million (EUR 6 million in 2008) were not recognised since these Group companies are unlikely to record taxable profit, before the expiration of carry forwards of these losses, against which loss carry forwards can be utilised.

29. TRADE AND OTHER PAYABLES

EUR million	2009	2008
Trade payables	17.2	23.5
Advanced received	8.3	5.1
Accrued expenses	17.8	20.9
Other short-term payables	36.4	4.7
Total	79.7	54.3

Aging structure of future payments of trade and other payables:

EUR million	2009	2008
Due in less than 1 month	15.6	41.4
Due in 1-3 months	62.5	5.4
Due in 3-6 months	1.5	0.8
Due in 6-12 months	-0.1	5.9
Due in 1-2 years	0.2	0.2
Due in 2-5 years	0.0	0.0
Due in over 5 years	0.1	0.5
Total	79.7	54.3

Significant items included in accrued expenses:

Interest liabilities	9.3	9.7
Other liabilities	8.4	11.2
Total	17.8	20.9

30. EMPLOYEE BENEFITS

Share-based payments

A) Stock option schemes

Citycon Group has had stock option schemes in place since 1999. The Group has applied IFRS 2 Share-based Payment to its stock options granted after 7 November 2002 and not vested before 1 January 2005. Stock options granted before 7 November 2002 have not been expensed.

In 2004, the AGM decided to grant a maximum of 3,900,000 stock options. By the end of the reporting year, 345,075 option rights had been exercised for share subscription. If an employee left the Group prior to 1 September 2008, (s)he forfeited his/her right to exercise stock options for which the share subscription period had not begun on the date of the termination of his/her employment/executive contract. However, the Board of Directors could specifically decide that the stock-option holder retained

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his/her stock options or some of them. Subsequently, changes in the number of granted stock options took place before the said date. The forfeited stock options are held by Veniamo-Invest Oy, a wholly-owned subsidiary of Citycon Oy, which, however, is not entitled to subscribe for its parent company's shares. The number of granted stock options can no longer change, since the share subscription period of all stock options has commenced.

Stock options entitle their holders to subscribe for company shares at the price and within the period specified in the terms and conditions of the stock options. The subscription period with the 2004 A stock option rights expired on 31 March 2009. The number of 2004 stock options as well as the subscription ratios and subscription prices are specified in the enclosed table. The terms and conditions of the 2004 stock option scheme in their entirety are available on the company's website at www.citycon.fi/options. No shares were subscribed exercising the stock options during the reporting period.

Citycon uses the Black & Scholes option-pricing model to measure the fair value of stock options at the grant date and reports them under personnel expenses in the statement of comprehensive income allocated over the instrument's vesting period. In 2009, the expense recognised in the statement of comprehensive income totalled EUR 0.0 million (EUR 0.2 million in 2008). The expected volatility is determined by calculating the company share price's historical volatility.

Summary of the stock-option scheme 2004 on 31 December 2009:

2004 stock options	2004 A	2004 B	2004 C
Number of options granted	1,040,000	1,090,000	1,050,000
Held by Veniamo-Invest Oy, number	-	210,000	250,000
Subscription ratio, stock option/share	1:1,2127	1:1,2127	1:1,2127
Subscription price/share, EUR	2.2732	2.5908	4.2913
Share subscription period started	1.9.2006	1.9.2007	1.9.2008
Share subscription period ended/ends	31.3.2009	31.3.2010	31.3.2011
Number of exercised option rights	345,075	-	-
Number of subscribed shares	386,448	-	-
No. of options available for share subscription	-	1,090,000	1,050,000
No. of shares that can be subscribed	-	1,321,843	1,273,335

The maximum number of shares that can be subscribed for by exercising the outstanding 2004 option rights totals 2,595,178. The subscription of shares will not result in an increase in the company's share capital, since the entire subscription price is recognised under invested unrestricted equity fund.

The initial subscription prices of the shares to be subscribed for by exercising the 2004 stock options were determined on the basis of the trade-weighted average price of Citycon share quoted on the Helsinki exchange as follows:

2004A	during 1-30 April 2004
2004B	during 1-30 April 2005
2004C	during 1-30 April 2006

added with 20%. The share subscription prices will be reduced by 50 per cent of the amount of the per-share dividends and per-share equity returns paid before share subscription. The share subscription prices have been changed also due to the rights issues carried out in 2006 and 2007.

The following table provides additional information on the 2004 stock option scheme:

	2004B stock options	2004C stock options
Type of scheme	Share-based options, granted to all staff	Share-based options, granted to all staff
Grant date	13 Sept. 2005	27 April 2006
No. of instruments granted initially	1,195,000	1,250,000
Exercise price at grant date, EUR	2.91	4.62
Share subscription price at grant date, EUR	2.48	3.86
Vesting period as per agreement (No. of days)	1,660	1,799
Vesting conditions	Employment during vesting period. In case of prior employment termination, stock options forfeited.	Employment during vesting period. In case of prior employment termination, stock options forfeited.
Exercise	In terms of shares	In terms of shares
Expected volatility, %	31.18	27.84
Expected vesting period at grant date (No. of days)	943	856
Risk-free interest rate, %	2.58	3.79
Expected dividend/share, EUR	0,05*	0,07*
Expected personnel reduction (at grant date), %	0	0
Instrument fair value determined at grant date, EUR	0.96	0.75
Option-pricing model	Black&Scholes	Black&Scholes

* Expected dividend is EUR 0.10 for stock options 2004B and EUR 0.14 for stock options 2004C. EUR 0.05 (for 2004B stock options) and EUR 0.07 (for 2004C stock options) are used in the option-pricing model, based on the distributed dividends' and equity returns' reducing effect on the subscription price.

Changes in the stock options and their weighted average exercise prices during the period were as follows (excluding Veniamo-Invest Oy's stock options that cannot be exercised for share subscription):

	2009 Exercise price, weighted average, EUR/share	2008 Exercise price, weighted average, EUR/share	2009 No. of stock options	2008 No. of stock options
At period-start	3.20	3.28	2,834,925	2,883,280
New stock options granted	-	-	-	-
Forfeited stock options	-	4.38	-	-40,000
Exercised stock options	-	2.27	-	-8,355
Lapsed stock options	2.20	-	-694,925	-
At period-end	3.43	3.20	2,140,000	2,834,925
Exercisable stock options at period-end			2,140,000	2,834,925

No stock options were exercised during the financial year. (The per-share exercise price of the stock options exercised during 2008 averaged EUR 2.2732 and these were exercised in April and July of 2008. The stock options exercised during 2008 brought in EUR 0.0 million, which were recognised in invested unrestricted equity fund.)

Exercise prices and lapse periods of outstanding stock options on the balance sheet date were as follows:

Year of lapse	Exercise price, EUR	2009 (No. of shares, 1,000)	2008 (No. of shares, 1,000)
2010	2.59	1,322	1,322
2011	4.29	1,273	1,273

B) Long-term share-based incentive plan

The Board of Directors decided on 26 April 2007 on a long-term share-based incentive plan for key personnel of the Citycon Group. The aim of the plan is to encourage the key personnel to sustained efforts to increase shareholder value and to strengthen their commitment to the development of the Group's operations. The potential incentive is determined on the basis of Citycon's consolidated adjusted net cash-flow from operations per share and net rental income. The incentive plan is divided into three incentive periods of 2007, 2008 and 2009.

The incentives will be granted to the key personnel during the years 2008-2012 so that the incentives earned during each incentive period are paid evenly in the following three years. The Board of Directors decides annually on the key personnel participating in the long-term incentive plan and on setting of the incentive goals. The incentive granted will comprise Citycon shares, cash or both. The maximum number of shares granted for each incentive period was determined by their volume weighted average price during the first quarter of each period. The incentives paid in shares are charged to administration expenses and recognized as an increase in shareholders' equity, and incentives paid in cash are charged to administration expenses and recognized as liabilities. In 2009, the expense recognised in the statement of comprehensive income amounted to EUR 0.4 million (EUR 0.1 million in 2008).

The following table presents additional information on the share-based incentive plan:

	Incentive period 2009	Incentive period 2008	Incentive period 2007
Grant date	22 April 2009	15 May 2008	26 April 2007
No. of key personnel at the end of the period	27	23	15
Maximum number of shares to be granted at grant date	221,600	82,200	38,700
Shares granted in 2008	-	-	4,293
Shares granted in 2009	-	20,109	4,288

According to the terms and conditions of the incentive plan, a participant can also choose to receive shares instead of the cash component meant for paying the income tax. In addition to shares granted as presented above, 16,349 shares were granted in 2009 instead of the cash component (2,747 shares in 2008).

C) Retirement benefit obligation

Changes in present value of obligation and in fair value of pension assets

EUR million	2009	2008
Present value of obligation 1.1.	0.2	-
Interest cost	0.0	-
Current service cost	0.0	-
Present value of obligation 31.12.	0.3	-
Fair value of plan assets 1.1.	0.2	-
Expected return on P/A	0.0	-
Contributions	0.0	-
Fair value of plan assets 31.12.	0.2	-
Present value of obligation	0.3	-
Fair value of plan assets	-0.2	-
Liability recognized in balance sheet	0.1	-
Current service cost	0.0	-
Interest cost	0.0	-
Expected return on pension assets	0.0	-
Expense recognized in income statement	0.0	-
Actual return on plan assets		
Expected return on plan assets	0.0	-
Actuarial gain (loss) on plan assets	0.0	-
Actual return on plan assets	0.0	-

EUR million	2009	2008
Actuarial assumptions used		
Discount rate at start of year	5%	-
Expected rate of return on pension assets at start of year	4.5%	-
Current service cost	0.0	-
Benefits paid	0.0	-
Contribution paid	0.0	-
Present value of obligation at 31.12.	0.3	-
Fair value of pension assets at 31.12.	0.2	-
Expected avg remaining working life (yr)	9	-

31. CASH GENERATED FROM OPERATIONS

EUR million	2009	2008
Profit before tax	-37.5	-162.3
Adjustments for:		
Depreciation and amortisation	0.7	0.5
Net fair value losses (+) / gains (-) on investment property	97.4	216.1
Investment property disposal proceeds	-2.8	-7.7
Carrying value of investment property disposals	2.7	7.6
Share-based payment	0.4	0.3
Other non-cash income	-0.4	-5.9
Foreign exchange losses (+) / gains (-) in financing expenses	0.0	0.1
Fair value changes of derivatives	0.1	3.1
Interest and other financing income	-0.8	-3.2
Interest and other financing expenses	48.5	57.2
Changes in working capital		
Trade and other receivables	-22.5	3.2
Trade and other payables	33.2	-5.3
Cash generated from operations	119.0	103.7

In 2008, other non-cash operating income included EUR 5.9 million compensation from city of Helsinki relating to early termination of land lease agreement in Myllypuro retail premises. This compensation has been received during 2009.

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32. COMMITMENTS AND CONTINGENT LIABILITIES

A) Other leases - Group as lessee

The future minimum lease payments under non-cancellable other leases are as follows:

EUR million	2009	2008
Not later than 1 year	1.1	1.2
1-5 years	1.7	1.9
Over 5 years	0.1	0.0
Total	2.9	3.1

Other leases category include mainly premises and cars. Average period of agreements are three years.

B) Other leases - Group as lessor

The future minimum lease payments receivable under non-cancellable leases are as follows:

EUR million	2009	2008
Not later than 1 year	54.4	53.1
1-5 years	104.5	90.2
Over 5 years	24.6	28.2
Total	183.4	171.5

The majority of Citycon's leases falls into the category of valid-until-further-notice agreements, whereby the rental rate is determined by the absolute net lease tied to the cost-of-living index, and the maintenance rent. The maintenance rent, charged separately from the lessee, covers operating expenses incurred by the property owner due to property maintenance while enabling the provision any additional services requested by the lessee. The Shopping Centres division also has leases tied to turnover generated by retailers, these accounting for roughly 36 per cent (24 per cent) of Citycon's lease portfolio. The share of the leases tied to the lessee's turnover will increase in the future.

C) Pledges and other contingent liabilities

EUR million	2009	2008
Loans, for which mortgages are given in security and shares pledged		
Loans from financial institutions	33.0	31.3
Contingent liabilities for loans		
Mortgages on land and buildings	42.9	40.6
Bank guarantees	45.4	45.6
Capital commitments	44.0	13.0
VAT refund liabilities	46.2	21.3

Capital commitments relate mainly to development projects.

There are value-added tax refund liabilities arising from capitalized renovations and new investments in Citycon's investment properties. The VAT refund liabilities will realize if the investment property is sold or transferred to non-VAT-liability use within 5 years.

Changes in the VAT Act has become in force as of 1st of January 2008 in Finland. This change in the Act applies to VAT deduction of new investments that have been completed on the 1st of January 2008 or later. A 10 year review period applies to these investments from the day of completion. Transfer period rules apply to investments that have been completed prior to year 2008 and the review period is 5 years.

D) Equity ratio commitment and interest coverage ratio

Under a commitment given in the terms of the syndicated loan facilities, Citycon Group undertakes to maintain its equity ratio at above 32.5% and its interest coverage ratio at a minimum of 1.8. For the calculation of the equity ratio, the shareholders' equity includes the capital loans and excludes non-cash valuation gain/loss from derivative contracts recognized in equity and the minority interest. The interest coverage ratio is calculated by dividing the EBITDA - adjusted by extraordinary gains/losses, provisions and non-cash items - by net financial expenses.

Accordingly, equity ratio on 31 December 2009 stood at around 40.6 per cent and interest coverage ratio at around 2.3 (2008: equity ratio was around 45.1 per cent and interest coverage ratio around 2.0).

33. RELATED PARTY TRANSACTIONS

A) Related parties

Citycon Group's related parties comprise the parent company, subsidiaries, associated companies, minority companies, Board members, CEO, Corporate Management Committee members and Gazit-Globe Ltd., whose shareholding in Citycon Oyj accounted for 47.0% on 31 December 2009 (31 December 2008: 43.42%).

Group companies	Country	Group holding, %	Parent company holding, %
Parent company: Citycon Oyj	Finland		
Asolantien Liikekiinteistö Oy	Finland	100.0	100.0
Asunto Oy Helsingin Kivensilmänkuja 3	Finland	100.0	100.0
Asunto Oy Helsingin Myllypiha	Finland	100.0	100.0
BHM Centrumfastigheter AB	Sweden	100.0	-
Citycon AB	Sweden	100.0	100.0
Citycon Centrum Sverige AB	Sweden	100.0	-
Citycon Estonia OÜ	Estonia	100.0	-
Citycon Göteborg AB	Sweden	100.0	-
Citycon Sverige AB	Sweden	100.0	-
Coport 202 AB	Sweden	100.0	-
Espoon Asemakuja 2 Koy	Finland	100.0	100.0
Forssan Hämeentie 3 Koy	Finland	100.0	100.0
Jakobsbergs 565 Fastighets AB	Sweden	100.0	-
Jakobsbergs Centrum Fastighets AB	Sweden	100.0	-
Jakobsbergs Centrum Galleria AB	Sweden	100.0	-
Jyväskylän Forum Koy	Finland	100.0	100.0
Jyväskylän Kauppakatu 31 Koy	Finland	100.0	100.0
Järfalla 7055 Fastighets AB	Sweden	100.0	-
Helsingin Kiviparintien asumisoikeusasunnot Oy	Finland	100.0	100.0
Kaarinan Liiketalo Koy	Finland	100.0	100.0
Karjaan Ratakatu 59 Koy	Finland	100.0	100.0
Karjalan Kauppakeskus Koy	Finland	100.0	100.0
Kauppakeskus Columbus Koy	Finland	100.0	100.0
Kauppakeskus Isokarhu Oy	Finland	100.0	100.0
Kivensilmänkuja 1 Koy	Finland	100.0	100.0
Kotkan Keskuskatu 11 Koy	Finland	100.0	100.0
Kouvolan Valtakadun Kauppakeskus Koy	Finland	100.0	100.0
Kuopion Kauppakatu 41 Koy	Finland	100.0	100.0
Kuusankosken Kauppakatu 7 Koy	Finland	100.0	100.0
Kuvernöörintie 8 Koy	Finland	100.0	100.0
Lahden Hansa Koy	Finland	100.0	100.0
Lahden Kauppakatu 13 Koy	Finland	100.0	100.0
Lappeenrannan Villimiehen Vitonen Oy	Finland	100.0	100.0
Lentolan Perusyhtiö Oy	Finland	100.0	100.0
Liljeholmsplan Bostadsfastigheter AB	Sweden	100.0	-
Liljeholmsplan Fastighets AB	Sweden	100.0	-
Liljeholmsplan Hotellfastigheter AB	Sweden	100.0	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Group companies	Country	Group holding, %	Parent company holding, %
Liljeholmstorget Development Services AB	Sweden	100.0	-
Lillinkulma Koy	Finland	100.0	100.0
Lintulankulma Koy	Finland	100.0	100.0
Lippulaiva Koy	Finland	100.0	100.0
Magistral Kaubanduskeskuse OÜ	Estonia	100.0	-
Martinlaakson Kivivuorentie 4 Koy	Finland	100.0	100.0
Minkkikuja 4 Koy	Finland	100.0	100.0
Montalbas B.V.	The Netherlands	100.0	100.0
Myllypuron Ostoskeskus Oy	Finland	100.0	100.0
Myyrmanni Koy	Finland	100.0	100.0
Naantalin Tullikatu 16 Koy	Finland	100.0	100.0
Oulun Galleria Koy	Finland	100.0	100.0
Porin Asema-Aukio Koy	Finland	100.0	100.0
Porin Isolinnankatu 18 Koy	Finland	100.0	100.0
Riddarplatsen Fastigheter HB	Sweden	100.0	-
Rocca al Mare Kaubanduskeskuse AS	Estonia	100.0	-
Runeberginkatu 33 Koy	Finland	100.0	100.0
Sinikalliontie 1 Koy	Finland	100.0	100.0
Sverige 7059 Fastighets AB	Sweden	100.0	-
Säkyän Liiketalo Koy	Finland	100.0	100.0
Talvikkitie Koy 7-9	Finland	100.0	100.0
Tampereen Hatanpää Koy	Finland	100.0	100.0
Tampereen Hermanni Koy	Finland	100.0	100.0
Tampereen Suvantokatu Koy	Finland	100.0	100.0
Tenrot Fastighets AB	Sweden	100.0	-
Tumba Centrumfastigheter AB	Sweden	100.0	-
UAB Citycon	Lithuania	100.0	-
UAB Prekybos Centras Mandarinas	Lithuania	100.0	-
Ultima Oy	Finland	100.0	100.0
Valkeakosken Torikatu 2 Koy	Finland	100.0	100.0
Vantaan Kivivuorenlaki As Oy	Finland	100.0	100.0
Vantaan Laajavuoreнкуja 2 Koy	Finland	100.0	100.0
Varkauden Relanderinkatu 30 Koy	Finland	100.0	100.0
Wavulinintie 1 Koy	Finland	100.0	100.0
Veniamo-Invest Oy	Finland	100.0	100.0
Vaakalintu Koy	Finland	95.8	95.8
Lahden Trio Koy	Finland	89.7	89.7
Linjurin Kauppakeskus Koy	Finland	88.5	88.5
Mäntyvuoksi Koy	Finland	86.8	86.8
Lappeenrannan Brahenkatu 7 Koy	Finland	84.5	84.5
Tikkurilan Kauppakeskus Koy	Finland	83.8	83.8
Koskikeskuksen Huolto Oy	Finland	81.7	81.7
Lappeen Liikekeskus Koy	Finland	80.2	80.2
Orimattilan Markkinatalo Oy	Finland	77.3	77.3
Strömpilen AB	Sweden	75.0	-

Group companies	Country	Group holding, %	Parent company holding, %
Åkersberga Centrum AB	Sweden	75.0	-
Fastighets AB Fartyget i Åkersberga	Sweden	75.0	-
Hervannan Liikekeskus Oy	Finland	74.6	74.6
Myyrmäen Kauppakeskus Koy	Finland	74.0	74.0
Stenungs Torg Fastighets AB	Sweden	70.0	-
Kirkkonummen Liikekeskus Oy	Finland	66.7	66.7
Espoonatori Koy	Finland	66.6	66.6
Heikintori Oy	Finland	65.3	65.3
Tampereen Koskenranta Koy	Finland	63.7	63.7
Myyrmäen Autopaikoitus Oy	Finland	62.7	-
Vantaan Säästötalo Koy	Finland	61.2	61.2
Espoonatorin Pysäköintitalo Oy	Finland	60.1	-
Big Apple Top Oy	Finland	60.0	-
Manhattan Acquisition Oy	Finland	60.0	-
Tullintori Koy	Finland	57.4	57.4
Espoon Asematori Koy	Finland	54.1	54.1
Laajasalon Liikekeskus Oy	Finland	50.4	50.4
Retail Park Oy	Finland	50.0	50.0
Espoon Louhenkulma Koy	Finland	48.9	48.9
Pihlajamäen Liiketalo Oy	Finland	42.7	42.7
Länsi-Keskus Koy	Finland	41.4	41.4
Hakunilan Keskus Oy	Finland	41.1	41.1
Otaniemen Liikekeskus Oy	Finland	39.2	39.2
Kontulan Asemakeskus Koy	Finland	34.8	34.8
Puijonlaakson Palvelukeskus Koy	Finland	31.3	31.3
Salpauseläntie 11 Koy	Finland	31.3	31.3
Valtakatu 5-7 Koy	Finland	31.3	31.3
Jyväskylän Ydin Oy	Finland	29.0	21.5
Soukan Itäinentorni As Oy	Finland	27.3	27.3
Valkeakosken Liikekeskus Koy	Finland	25.4	25.4
Lauttasaaren Liikekeskus Oy	Finland	23.7	23.7
Hakucenter Koy	Finland	18.7	18.7
Helsingin Autotalo Oy	Finland	8.9	8.9
Tapiolan Alueen Kehitys Oy	Finland	7.7	7.7
Partnerships for taxation purposes:			
Hakarinne 4	Finland	55.6	55.6
Parkeringshuset Våpnaren	Sweden	64.0	-

B) Related party transactions

Group companies

Group companies have paid to each other a.o. maintenance and financial charges, interest expenses, loan repayments and other administrative service charges.

This income and these expenses have been eliminated in the consolidated financial statements. There has been no other related party transactions between the group companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Management benefits

EUR million	2009	2008
Personnel expenses for corporate management committee		
Wages and salaries	1.3	1.2
Pensions: defined contribution plans	0.3	0.3
Social charges	0.1	0.1
Total	1.7	1.5
EUR		
2009		
2008		
Remuneration		
CEO	409,977	342,549
Board members		
Ashkenazi Ronen (Board member as of 1 Dec. 2009)	13,000	-
Bernstein Amir (Board member until 30 Nov. 2009)	36,500	47,000
Bolotowsky Gideon	52,000	48,100
Gal Amir (Board member until 13 March 2008)	-	-
Korpinen Raimo	53,000	50,200
Lähdesmäki Tuomo	74,300	68,300
Nordman Carl G. (Board member until 13 March 2008)	-	1,200
Ottosson Claes	47,000	45,800
Segal Dor J.	49,000	47,200
Wernink Thomas W.	179,300	174,200
Westin Per-Håkan	52,000	47,500
Zochovitzky Ariella (Board member as of 18 March 2009)	50,500	-
Total	606,600	529,500

The CEO is entitled to retire upon turning 62, provided that he will remain in the company's employ until that date. Both the CEO and the company may terminate the CEO's executive contract at six months' notice. If the company terminates the contract for a reason not attributable to the CEO, it will pay the CEO lump-sum compensation equalling his 18-month salary in cash, in addition to the salary.

Based on his executive contract, the CEO was granted 1,500,000 stock options under the 1999 stock-option scheme in 2002, and, under the 2004 stock-option scheme, 150,000 2004A stock options in 2004, 140,000 2004B stock options in 2005, and 140,000 2004C stock options in 2006.

On 31 December 2009, the CEO held 100,000 2004B stock options and 140,000 2004C stock options. Related to the company's share-based incentive scheme the CEO was granted 11,730 shares in 2009 (1,012 shares in 2008). Board members do not participate in the company's share-based incentive schemes.

Reporting to Gazit-Globe Ltd

The company's main shareholder, Gazit-Globe Ltd, holding approximately 47 per cent of the shares in the company, has announced that it applies International Financial Reporting Standards (IFRS) in its financial reporting starting from the year 2007. According to IFRS one company may exercise a controlling interest in another company even if its shareholding it that company does not exceed 50 per cent. Gazit-Globe Ltd. holds the view that it exercises controlling interest, as defined in IFRS, in Citycon Oyj based on the fact that it has been able to exercise controlling interest in Citycon Oyj's shareholders' meetings pursuant to its shareholding. In accordance with an agreement concluded between the companies, Citycon Oyj will provide Gazit-Globe Ltd. with a more detailed breakdown of the accounting information it discloses in its interim and full-year reports so that Gazit-Globe Ltd. can consolidate Citycon Group figures into its own IFRS financial statements.

34. CHANGES IN GROUP STRUCTURE IN 2009

Companies acquired

AB Coport 202,
increase of ownership by 100%

Companies established

Asunto Oy Helsingin Kivensilmänkuja 3
Asunto Oy Helsingin Myllypiha
Helsingin Kiviparintien asumisoikeusasunnot Oy

Companies sold

Keijutie 15 Koy,
sold ownership of 100%

35. POST BALANCE SHEET EVENTS

Initiated development projects

In the beginning of January, the company announced the start of two planned development projects.

A new shopping centre will be built in Myllypuro in 2010-2012 to replace the current retail centre, and 255 new privately financed rental and right-of-occupancy flats will be built adjacent to it, as well as an underground parking hall for 270 cars. The total value of the project is over EUR 60 million, of which

EUR 20 million will pay for the shopping centre and parking hall to be owned by Citycon. At the beginning of 2009, Citycon sold all apartments to be built within the shopping centre, as well as the three companies incorporated by it to manage their ownership. Residential investors are responsible for the building development and the leasing of their own apartments. The leasable area of the new shopping centre will be about 7,300 square metres. Currently, over 60 per cent of the premises have been leased.

Citycon's shopping centre Espoontori in Espoo will be thoroughly redeveloped in 2010. The entire shopping centre of 10,400 square metres and the adjacent parking hall will be renovated and modernised to fit the requirements of today's clientele. Citycon's investment in this project will total EUR 18 million.

In February, the company announced that shopping centre Forum in Jyväskylä, Finland, will be redeveloped completely. The company's investment in this project will total EUR 16 million.

Citycon's total investment in these three projects amounts to approximately EUR 54 million.

Subscription of shares with option rights

A total of 356,558 new Citycon shares were subscribed for at a per-share subscription price of EUR 2.5908 exercising stock options B under the company's 2004 stock option scheme at the start of the year. The share subscription price of EUR 923,770.47 was recognised under the invested unrestricted equity fund. The new shares are expected to be registered in the Trade Register on 15 February 2010. Following the registration, the number of registered Citycon shares will amount to 221,416,293 shares. The unexercised 2004 B stock options entitle their holders to subscribe for additional 965,285 new shares.

1) Consolidated key figures and ratios for five years

EUR million	Formula	2009	2008	2007	2006	2005
Statement of comprehensive income data						
Turnover		186.3	178.3	151.4	119.4	92.2
Other operating income and expense		0.0	6.1	0.5	0.6	0.3
Operating profit/loss		10.3	-105.0	298.7	196.5	105.2
Loss/profit before taxes		-37.5	-162.3	253.5	165.6	74.2
Loss/profit attributable to parent company shareholders		-34.3	-124.1	200.3	124.9	59.2
Statement of financial position data						
Investment properties		2,147.4	2,111.6	2,248.9	1,447.9	956.6
Current assets		91.8	52.4	48.1	33.1	25.5
Equity attributable to parent company shareholders		731.1	799.1	982.0	565.3	356.6
Minority interest		36.8	38.2	28.9	15.0	3.6
Interest-bearing liabilities		1,321.7	1,199.5	1,154.0	814.0	580.5
Total liabilities		1,485.3	1,341.2	1,297.7	906.1	622.9
Total liabilities and shareholders' equity		2,253.2	2,178.5	2,308.6	1,486.4	983.1
Key performance ratios						
Equity ratio, %	1	34.2	38.5	43.9	39.1	36.7
Equity ratio for bank, %		40.6	45.1	50.1	49.8	40.8
Gearing, %	2	169.5	141.3	111.8	136.6	156.8
Return on equity, % (ROE)	3	-4.7	-15.0	23.3	25.8	22.5
Return on investment, % (ROI)	4	-0.5	-1.5	16.3	16.8	13.5
Quick ratio	5	0.4	0.5	0.3	0.2	0.3
Gross capital expenditure, EUR million		134.6	157.9	603.9	436.4	178.5
% of turnover		72.2	88.6	398.9	365.5	193.6
Per-share figures and ratios						
Earnings per share, EUR	6	-0.16	-0.56	1.00	0.76	0.46
Earnings per share, diluted, EUR	7	-0.16	-0.56	0.91	0.73	0.45
Net cash from operating activities per share, EUR	8	0.30	0.21	0.20	0.20	0.19
Equity per share, EUR	9	3.31	3.62	4.44	3.30	2.39
Net asset value (EPRA NAV) per share, EUR	10	3.54	3.88	4.82	3.52	2.46
EPRA NNNNAV per share, EUR	11	3.35	3.80	4.42	3.14	2.40
P/E (price/earnings) ratio	12	-19	-3	3	7	7
Return from invested unrestricted equity fund per share, EUR		0.10 ¹⁾	0.10	0.10	-	-
Dividend per share, EUR		0.04 ¹⁾	0.04	0.04	0.14	0.14
Dividend and return from invested unrestricted equity fund per share total, EUR		0.14 ¹⁾	0.14	0.14	0.14	0.14
Dividend and return of equity per earnings, %	13	-90.2	-24.9	13.9	18.4	30.7
Effective dividend and return of equity yield, %	14	0.0	0.1	4.3	2.8	4.5
Operative key ratios						
Net rental yield, %	15	6.1	5.8	5.8	7.1	8.4
Occupancy rate, %, EUR	17	95.0	96.0	95.7	97.1	97.2
Citycon's GLA, sq.m.		961,150	937,650	923,980	739,020	595,973
Personnel (at the end of the period)		119	113	102	73	57

1) Board proposal

Formulas are available on pages 53-54.

KEY FIGURES AND RATIOS

2) Consolidated direct and indirect result for five years

EUR million	Formula	2009	2008	2007	2006	2005
Direct result	18					
Net rental income		125.4	121.8	103.4	82.8	67.0
Direct administrative expenses		-17.7	-16.5	-16.5	-12.3	-8.3
Direct other operating income and expenses		0.0	0.1	0.5	0.6	0.3
Direct operating profit		107.7	105.3	87.4	71.1	59.0
Direct net financial income and expenses		-47.7	-54.2	-44.7	-32.0	-25.6
Direct current taxes		-6.2	-4.8	-3.4	-5.5	-4.6
Direct change in deferred taxes		-0.2	0.2	-0.2	-3.0	-2.8
Direct minority interest		-2.8	-2.8	-0.9	-0.3	-0.3
Total		50.9	43.8	38.3	30.4	25.7
Direct result per share (diluted), (diluted EPRA EPS), EUR	20	0.23	0.20	0.19	0.19	0.19
Indirect result	19					
Net fair value losses/gains on investment property		-97.4	-216.1	211.4	120.1	45.9
Profit/loss on disposal of investment property		0.1	0.1	-0.1	5.9	0.3
Indirect administrative expenses		-0.1	-0.4	0.0	-0.6	0.0
Indirect other operating income and expenses		0.0	6.0	0.0	-	-
Indirect one-off financial income and expenses (net)		-	-	-	-0.9	-5.5
Movement in fair value of financial instruments		-0.1	-3.1	-0.6	2.0	-
Indirect current taxes		-0.3	-1.8	0.0	-1.9	1.3
Change in indirect deferred taxes		7.3	29.7	-46.0	-28.8	-8.3
Indirect minority interest		5.3	17.6	-2.7	-1.3	-0.4
Total		-85.2	-167.9	162.1	94.5	33.5
Indirect result per share, diluted, EUR		-0.39	-0.76	0.71	0.54	0.25
Loss/profit for the period attributable to parent company shareholders		-34.3	-124.1	200.3	124.9	59.2

Formulas are available on pages 53-54.

3) Consolidated direct and indirect result quarterly

EUR million	Formula	Q4/2009	Q3/2009	Q2/2009	Q1/2009	Q4/2008	Q3/2008	Q2/2008	Q1/2008
Direct result	18								
Net rental income		31.6	32.5	31.0	30.3	30.2	31.5	30.5	29.7
Direct administrative expenses		-5.3	-3.9	-3.9	-4.6	-4.6	-3.9	-4.2	-3.8
Direct other operating income and expenses		0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Direct operating profit		26.3	28.6	27.1	25.7	25.6	27.6	26.2	25.9
Direct net financial income and expenses		-11.9	-11.7	-12.1	-12.0	-11.7	-14.6	-14.1	-13.8
Direct current taxes		-1.2	-2.0	-1.5	-1.4	-1.4	-1.0	-1.2	-1.2
Direct change in deferred taxes		-0.1	0.1	-0.2	0.0	0.0	0.2	0.0	-0.1
Direct minority interest		-0.6	-0.7	-0.7	-0.7	-0.7	-0.9	-0.7	-0.4
Total		12.5	14.2	12.6	11.6	11.8	11.3	10.2	10.4
Direct result per share (diluted), (diluted EPRA EPS), EUR	20	0.06	0.06	0.06	0.05	0.05	0.05	0.05	0.05
Indirect result	19								
Net fair value losses/gains on investment property		-38.6	-1.2	-26.0	-31.6	-59.3	-71.7	-85.5	0.5
Profit/loss on disposal of investment property		-	-	-	0.1	0.0	0.0	0.0	0.1
Indirect administrative expenses		-0.1	-	-	-	-0.1	0.0	-0.2	-0.2
Indirect other operating income and expenses		0.0	-	-	-	5.9	-	-	0.1
Movement in fair value of financial instruments		-0.1	0.0	0.3	-0.3	-1.4	-0.6	0.2	-1.4
Indirect current taxes		-	-	-	-0.3	-0.8	-	-	-1.1
Change in indirect deferred taxes		1.4	-0.4	4.7	1.5	7.5	8.2	11.6	2.4
Indirect minority interest		1.1	0.7	1.4	2.2	5.6	6.8	7.0	-1.8
Total		-36.3	-0.9	-19.5	-28.4	-42.5	-57.3	-66.8	-1.3
Indirect result per share, diluted, EUR		-0.16	0.00	-0.09	-0.13	-0.19	-0.26	-0.30	-0.01
Loss/profit for the period attributable to parent company shareholders		-23.8	13.3	-7.0	-16.8	-30.7	-46.0	-56.6	9.1

KEY FIGURES AND RATIOS

4) Quarterly segment information

EUR million	Q4/2009	Q3/2009	Q2/2009	Q1/2009	Q4/2008	Q3/2008	Q2/2008	Q1/2008
Turnover								
Finland	32.7	32.4	32.6	33.5	32.0	31.9	31.6	31.4
Sweden	12.4	9.9	9.5	9.3	10.1	10.5	10.6	10.7
Baltic Countries	3.8	3.6	3.5	3.1	3.1	2.1	2.1	2.2
Total	48.9	45.9	45.6	45.9	45.2	44.6	44.2	44.3
Net rental income								
Finland	23.0	23.4	22.9	23.1	22.6	23.4	22.5	22.3
Sweden	6.1	6.4	5.6	5.2	5.3	6.5	6.4	5.8
Baltic Countries	2.5	2.7	2.5	2.1	2.2	1.5	1.5	1.6
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	31.6	32.5	31.0	30.3	30.2	31.5	30.5	29.7
Direct operating profit								
Finland	21.4	22.0	21.4	21.5	21.0	22.1	21.2	21.1
Sweden	5.1	5.7	4.8	4.4	4.5	6.0	5.4	5.0
Baltic Countries	2.2	2.5	2.2	1.9	2.0	1.4	1.4	1.5
Other	-2.3	-1.6	-1.4	-2.0	-1.9	-1.9	-1.7	-1.6
Total	26.3	28.6	27.1	25.7	25.6	27.6	26.2	25.9
Operating profit/loss								
Finland	6.8	17.4	1.0	-4.0	-21.7	-22.9	-37.4	19.0
Sweden	-12.0	4.4	0.1	7.8	-16.9	-23.3	-15.7	6.7
Baltic Countries	-4.9	7.2	1.5	-7.7	12.6	4.0	-4.5	2.3
Other	-2.3	-1.6	-1.4	-2.0	-2.0	-1.9	-1.9	-1.6
Total	-12.4	27.4	1.1	-5.8	-27.9	-44.1	-59.5	26.4

PARENT COMPANY INCOME STATEMENT, FAS

EUR million	Note	1 Jan. -31 Dec. 2009	1 Jan. -31 Dec. 2008
Gross rental income		104.1	100.8
Service charge income		3.9	3.4
Turnover	2	108.1	104.2
Property operating expenses		51.0	50.6
Other expenses from leasing operations	3	0.2	0.1
Net rental income		56.9	53.5
Administrative expenses	4, 5	18.0	21.7
Other operating income and expenses	6	2.3	5.6
Operating profit		41.2	37.3
Financial income		90.1	118.2
Financial expenses		-105.2	-134.5
Net financial income and expenses	7	-15.1	-16.4
Profit before taxes		26.1	21.0
Income tax expense	8	7.5	6.9
Profit for the period		18.5	14.1

PARENT COMPANY BALANCE SHEET, FAS

EUR million	Note	31 Dec. 2009	31 Dec. 2008
ASSETS			
Non-current assets			
Intangible assets	9	10.5	11.4
Tangible assets	10	34.0	32.1
Investments			
Shares in subsidiaries	11	830.3	826.4
Shares in associated companies	12	34.8	34.8
Other investments	13	864.8	746.6
Total investments		1,729.9	1,607.8
Total non-current assets		1,774.4	1,651.3
Current assets			
Short-term receivables	15	28.5	43.1
Cash and cash equivalents		6.6	0.7
Total current assets		35.1	43.9
Total assets		1,809.5	1,695.1

EUR million	Note	31 Dec. 2009	31 Dec. 2008
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
	16		
Share capital		259.6	259.6
Share premium fund		133.1	133.1
Invested unrestricted equity fund		157.0	179.0
Retained earnings		8.9	3.7
Profit for the period		18.5	14.1
Total shareholders' equity		577.1	589.4
Liabilities			
	17		
Long-term liabilities			
Subordinated capital loan 1/2005		-	70.0
Convertible capital loan 1/2006		69.3	73.3
Bond 1/2009		39.4	-
Other long-term liabilities		955.7	860.6
Total long-term liabilities		1,064.4	1,003.9
Short-term liabilities			
Subordinated capital loan 1/2005		70.0	-
Other short-term liabilities		98.0	101.8
Total short-term liabilities		168.0	101.8
Total liabilities		1,232.4	1,105.7
Total liabilities and shareholders' equity		1,809.5	1,695.1

PARENT COMPANY CASH FLOW STATEMENT, FAS

EUR million	1 Jan. -31 Dec. 2009	1 Jan. -31 Dec. 2008
Cash flow from operating activities		
Profit before taxes	26.1	21.0
Adjustments:		
Depreciation and impairment loss	4.2	3.0
Non-cash property operating expenses	20.6	21.7
Net financial income and expenses	15.1	16.4
Other adjustments	-1.1	-4.1
Cash flow before change in working capital	64.8	57.9
Change in working capital	-10.8	1.0
Cash generated from operations	54.0	58.8
Interest expense and other financial expenses paid	-46.7	-64.8
Interest income and other financial income received	14.2	19.8
Realized exchange rate gains and losses	11.8	5.1
Income tax paid/received	-9.3	0.6
Net cash flow from operating activities	24.0	19.6
Cash flow from investing activities		
Investment in tangible and intangible assets	-4.8	-2.1
Proceeds from sale of tangible assets	-	0.7
Loans granted	-154.5	-399.5
Repayments of loans receivable	82.9	510.7
Increase of subsidiary shares	-6.2	-101.9
Sale of subsidiary shares	3.1	4.3
Purchase of minority and associate company shares	-	-0.7
Sale of associate company shares	-	0.6
Net cash used in/from investing activities	-79.5	12.1
Cash flow from financing activities		
Proceeds from short-term loans	148.5	72.0
Repayments of short-term loans	-75.9	-125.8
Proceeds from long-term loans	293.9	516.8
Repayments of long-term loans	-270.8	-469.3
Dividends paid and return from the invested unrestricted equity fund	-30.9	-30.9
Net cash from/used in financing activities	64.8	-37.2
Net change in cash and cash equivalents	9.3	-5.5
Cash and cash equivalents at period-start	-10.9	-6.8
Effects of exchange rate changes	-	1.4
Cash and cash equivalents at period-end ¹⁾	-1.5	-10.9

1) Cash and cash equivalents of Citycon Oyj were negative as at 31 December 2009 and as at 31 December 2008 due to group cash pool in which the parent company's bank account can have a negative balance. Cash pool balance of EUR -8.1 million as at 31 December 2009 and EUR -11.6 million as at 31 December 2008 has been recognized 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 and it includes both gross and net rental income.

Non-Current Assets

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

Property Portfolio

The buildings' acquisition cost is depreciated annually on a straight line basis at 2–4 per cent. Repair costs are expensed as incurred.

Other Non-Current Assets

Other non-current assets include capitalised costs related to the acquisition of properties, which are amortised over three years, and leased premises' changes, which are amortised during the lease term.

Machinery and equipment is depreciated at 25 percent annually, using the reducing balance method of depreciation. The machinery and equipment category includes also technical equipment in buildings and the depreciation is made accordingly.

Pension Scheme

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 recognized as exchange rate differences in the income statement.

Subordinated Loan And Convertible Capital Loan

The subordinated loan and convertible capital loan are shown as separate items in liabilities.

Taxes

Taxes are recognized on an accrual basis.

Important Note

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

2. TURNOVER

EUR million	2009	2008
Turnover by business segments:		
Shopping centres		
Helsinki metropolitan area	33.4	34.0
Other areas in Finland	45.6	40.4
Other retail properties	29.1	29.8
Total	108.1	104.2

Geographically the parent company's turnover is generated in Finland. Parent company turnover includes the following property management and administrative fees received from Group companies:

EUR million	2009	2008
	1.2	1.1

3. OTHER EXPENSES FROM LEASING OPERATIONS

EUR million	2009	2008
Tenant improvements and commissions	0.1	0.1
Credit losses	0.2	0.1
Total	0.2	0.1

4. PERSONNEL EXPENSES

EUR million	2009	2008
Average number of employees during period	77	75
Personnel expenses		
Wages and salaries	6.4	5.8
Pension charges	1.0	0.9
Other social charges	0.5	0.5
Total	7.9	7.2

EUR million	2009	2008
Personnel expenses include management salaries and emoluments		
CEO's salary and emoluments	0.4	0.3
Board salaries and emoluments	0.6	0.6
Total	1.0	1.0

5. DEPRECIATION AND AMORTIZATION AND IMPAIRMENTS

EUR million	2009	2008
The following depreciation and amortization as well as impairments are included in the administrative expenses:		
Amortization on intangible assets	2.9	2.1
Depreciation on buildings and constructions	0.5	0.5
Depreciation on machinery and equipment	0.4	0.4
Impairment of shares in subsidiaries	0.4	5.0
Total	4.2	8.0

6. OTHER OPERATING INCOME AND EXPENSES

EUR million	2009	2008
Profit on disposal of shares in subsidiaries and other investments	1.1	4.1
Property management fees from Group companies	1.2	1.3
Other operating income	0.0	0.2
Total	2.3	5.6

7. NET FINANCIAL INCOME AND EXPENSES

EUR million	2009	2008
Dividend income		
From Group companies	0.1	0.1
From others	0.0	0.0
Total	0.1	0.1
Interest and other financial income		
From Group companies	37.7	39.3
Gain from convertible bond buybacks	2.3	9.4
Foreign exchange gains	50.0	68.7
Other interest and financial income	0.1	0.7
Total	90.1	118.1
Total financial income	90.1	118.2

EUR million	2009	2008
Interest and other financial expenses		
To Group companies	12.4	13.1
Foreign exchange losses	49.9	68.9
Interest and other financial expenses	42.9	52.5
Total financial expenses	105.2	134.5
Total net financial income and expenses	-15.1	-16.4

8. INCOME TAX EXPENSE

EUR million	2009	2008
Taxes for the period	-7.5	-6.9

9. INTANGIBLE ASSETS

EUR million	2009	2008
Intangible rights		
Acquisition cost 1 Jan.	1.4	0.9
Additions during the period	0.3	0.5
Accumulated acquisition costs 31 Dec.	1.7	1.4
Accumulated depreciation 1 Jan.	-0.6	-0.5
Depreciation for the period	-0.2	-0.2
Accumulated depreciation 31 Dec.	-0.9	-0.6
Net carrying amount 31 Dec.	0.8	0.8
Connection fees		
Acquisition cost 1 Jan.	0.2	0.2
Net carrying amount 31 Dec.	0.2	0.2
Other non-current assets		
Acquisition cost 1 Jan.	16.6	9.6
Additions during the period	1.7	7.0
Transfer between items	0.0	0.0
Accumulated acquisition costs 31 Dec.	18.4	16.6
Accumulated depreciation 1 Jan.	-6.2	-4.3
Depreciation for the period	-2.7	-1.9
Accumulated depreciation 31 Dec.	-8.9	-6.2
Net carrying amount 31 Dec.	9.5	10.4
Total intangible assets 31 Dec.	10.5	11.4

10. TANGIBLE ASSETS

EUR million	2009	2008
Land		
Acquisition cost 1 Jan.	3.3	3.3
Net carrying amount 31 Dec.	3.3	3.3
Buildings and constructions		
Acquisition cost 1 Jan.	68.6	68.3
Additions during the period	0.1	0.4
Transfer between items	0.0	-
Accumulated acquisition costs 31 Dec.	68.7	68.6
Accumulated depreciation 1 Jan.	-43.6	-43.1
Depreciation for the period	-0.5	-0.5
Accumulated depreciation 31 Dec.	-44.1	-43.6
Net carrying amount 31 Dec.	24.6	25.0
Machinery and equipment		
Acquisition cost 1 Jan.	5.3	4.9
Additions during the period	0.2	0.4
Accumulated acquisition costs 31 Dec.	5.5	5.3
Accumulated depreciation 1 Jan.	-3.9	-3.5
Depreciation for the period	-0.4	-0.4
Accumulated depreciation 31 Dec.	-4.3	-3.9
Net carrying amount 31 Dec.	1.2	1.4
Machinery and equipment also include technical equipment in buildings.		
Other tangible assets		
Acquisition cost 1 Jan.	0.2	0.2
Accumulated acquisition costs 31 Dec.	0.2	0.2
Accumulated depreciation 1 Jan.	-0.2	-0.2
Accumulated depreciation 31 Dec.	-0.2	-0.2
Net carrying amount 31 Dec.	0.1	0.1

EUR million	2009	2008
Construction in progress		
Acquisition cost 1 Jan.	2.4	1.7
Additions during the period	2.6	1.4
Reductions during the period	0.0	-0.7
Transfer between items	0.0	0.0
Net carrying amount 31 Dec.	4.9	2.4
Total tangible assets 31 Dec.	34.0	32.1

11. SHARES IN SUBSIDIARIES

EUR million	2009	2008
Acquisition cost 1 Jan.	826.4	733.8
Additions during the period	6.2	101.9
Impairment	-0.4	-5.0
Reductions during the period	-2.0	-4.3
Net carrying amount 31 Dec.	830.3	826.4

12. SHARES IN ASSOCIATED COMPANIES

EUR million	2009	2008
Acquisition cost 1 Jan.	34.8	34.7
Additions during the period	-	0.7
Reductions during the period	-	-0.6
Net carrying amount 31 Dec.	34.8	34.8

13. OTHER INVESTMENTS

EUR million	2009	2008
Minority holdings		
Acquisition cost 1 Jan.	3.7	3.7
Net carrying amount 31 Dec.	3.7	3.7
Loan receivables from Group companies	857.3	742.9
Other receivables from outside the Group	3.8	0.0
Total other investments 31 Dec.	864.8	746.6
Total investments 31 Dec.	1,729.9	1,607.8

14. SUBSIDIARIES AND ASSOCIATED COMPANIES

Parent company's subsidiaries and associated companies are presented in the notes to the consolidated financial statements under note 33. Related party transactions.

15. SHORT-TERM RECEIVABLES

EUR million	2009	2008
Receivables from outside the Group		
Trade receivables	1.2	0.7
Derivative financial instruments	-	19.8
Other receivables	0.1	0.2
Total other receivables	0.1	20.0
Accrued income and prepaid expenses	0.4	0.2
Total	1.7	20.9
Receivables from Group companies		
Trade receivables	2.1	0.9
Loan receivables	0.8	5.8
Maintenance charge receivables	3.8	4.2
Other receivables	9.1	0.8
Total other receivables	13.7	10.8
Interest receivables	10.9	10.4
Other accrued income and prepa expenses	0.1	0.1
Total accrued income and prepaid expenses	11.0	10.5
Total	26.8	22.3
Total short-term receivables	28.5	43.1

16. SHAREHOLDERS' EQUITY

EUR million	2009	2008
Share capital 1 Jan.	259.6	259.6
Share capital 31 Dec.	259.6	259.6
Share premium fund 1 Jan.	133.1	133.1
Share premium fund 31 Dec.	133.1	133.1
Invested unrestricted equity fund 1 Jan.	179.0	201.1
Stock options	-	0.0
Sale of treasury shares	0.0	-
Return from the invested unrestricted equity fund	-22.1	-22.1
Invested unrestricted equity fund 31 Dec.	157.0	179.0
Retained earnings 1 Jan.	17.8	12.6
Dividends	-8.8	-8.8
Net profit for the period	18.5	14.1
Retained earnings 31 Dec.	27.5	17.8
Total shareholders' equity 31 Dec.	577.1	589.4
17. LIABILITIES		
A) Long-term liabilities		
EUR million	2009	2008
Fixed-rate loans		
Subordinated capital loan 1/2005 ¹⁾	-	70.0
Convertible capital loan 1/2006 ¹⁾	69.3	73.3
Bond 1/2009	39.4	-
Floating-rate loans, which are		
converted into fixed rates through interest-rate swaps	737.6	609.8
tied to market interest rates	195.1	239.6
Total	932.7	849.4
Current portion of long-term loans	-18.0	-18.0
Total	914.7	831.4

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS, FAS

EUR million	2009	2008
Long-term loans		
Loans from financial institutions	914.7	831.4
Loans from Group companies	41.0	29.2
Total long-term liabilities	955.7	860.6
Loans maturing later than 5 years	17.5	270.7
B) Short-term liabilities		
EUR million	2009	2008
Short-term interest-bearing liabilities		
Subordinated capital loan 1/2005	70.0	-
Commercial papers	32.6	-
Loans from financial institutions	18.0	48.0
Loans from Group companies	18.3	18.9
Total	138.9	66.9
Short-term non interest-bearing liabilities		
Payables to outside the Group		
Advances received	0.3	0.2
Accounts payable	0.7	0.9
Tax liability	1.4	3.1
VAT liability	1.1	1.2
Derivative financial instruments	0.2	3.6
Other payables	0.1	0.0
Total other payables	2.8	7.9
Interest liability	7.8	8.3
Other accruals	2.3	2.1
Total accruals	10.1	10.3
Total	13.9	19.4
Payables to Group companies		
Accounts payable	0.0	0.4
Charge-for-financial cost payables	12.3	12.3
Other payables	1.9	1.6
Total other payables	14.2	13.9
Accruals	1.1	1.1
Total	15.2	15.4
Total short-term liabilities	168.0	101.8
Total liabilities	1,232.4	1,105.7

1) The terms and conditions of subordinated loan and convertible capital loan are presented in the notes to the consolidated financial statements under note 26. Interest-bearing liabilities.

All derivative financial instruments in Citycon are executed by the parent company Citycon Oyj. The fair values of derivative financial instruments are presented in the notes to the consolidated financial statements under note 27. Financial instruments.

18. CONTINGENT LIABILITIES

The parent company doesn't have any mortgages nor given securities.

A) Lease liabilities

EUR million	2009	2008
Payables on lease commitments		
Maturing next financial year	1.0	1.1
Maturing later	1.0	1.1
Total	2.0	2.2

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

B) Guarantees given

EUR million	2009	2008
Bank guarantees	45.4	45.6
On behalf of group companies	5.4	5.4

C) VAT refund liabilities

EUR million	5 year review period 2009	2008	10 year review period 2009	2008
Property investment (net)	0.9	0.9	0.5	0.5
VAT of property investment (100%)	0.3	0.3	0.1	0.1
out of which has been deducted	0.3	0.3	0.1	0.1
Annual amount under review	0.1	0.1	0.0	0.0
VAT refund liability 31 Dec.	0.0	0.1	0.0	0.1

SHAREHOLDERS AND SHARES

MAJOR SHAREHOLDERS 31 DECEMBER 2009

Name	Number of shares	% of shares and votes
Ilmarinen Mutual Pension Insurance Company	1,868,914	0.85
Investment Fund Aktia Capital	1,400,000	0.63
Odin Finland	1,276,111	0.58
OP-Finland Value Fund	1,188,401	0.54
Bnp Paribas Arbitrage	720,995	0.33
SR Danske Invest Finnish Equity	659,287	0.30
Nordea Fennia Fund	503,000	0.23
The State Pension Fund of Finland	500,000	0.23
von Fieandt Johan	480,000	0.22
Tudeer Lauri	466,920	0.21
10 major, total	9,063,628	4.10
Nominee-registered shares		
Sampo Bank Plc	104,361,526	47.21
Skandinaviska Enskilda Banken AB	43,078,941	19.49
Nordea Bank Finland Plc	30,726,617	13.90
Svenska Handelsbanken AB (publ.) Filialverksamheten i Finland	15,590,123	7.05
Other nominee-registered shares	2,552,337	1.15
Nominee-registered shares, total	196,309,544	88.80
Others	15,686,563	7.10
Shares, total	221,059,735	100.00

Gazit-Globe Ltd. has informed the company that the number of shares held by it on 31 December 2009 totalled 105,791,279 shares accounting for 47.0 per cent of the shares and voting rights in the company at the year-end of 2009. Gazit-Globe Ltd's shareholding is nominee-registered.

NOTIFICATIONS OF CHANGES IN SHAREHOLDING DURING 2009

Shareholder	Date of change in holding	New holding, No of shares	% of shares and votes on the date of change
AXA S.A. and its subsidiaries	10 Dec. 2009	10,070,707	4.56
AXA S.A. and its subsidiaries	9 Dec. 2009	11,089,353	5.02
AXA S.A. and its subsidiaries	25 Nov. 2009	10,828,321	4.90
AXA S.A. and its subsidiaries	7 Aug. 2009	11,105,522	5.02
Perennial Investment Partners Limited	12 March 2009	7,770,418	3.52

SHAREHOLDERS BY OWNERGROUP ON 31 DECEMBER 2009

	Number of owners	Percentage of owners	Number of shares	Percentage of shares and voting rights
Financial and insurance corporations	39	1.05	202,969,133	91.82
Corporations	257	6.89	2,631,912	1.19
Households	3,372	90.32	9,279,146	4.20
General government	5	0.13	2,524,814	1.14
Foreign	35	0.94	3,181,775	1.44
Non-profit institutions	25	0.67	472,955	0.21
Total	3,733	100.00	221,059,735	100.00
of which nominee-registered	10		196,309,544	88.80
Issued stock, total			221,059,735	

BREAKDOWN OF SHAREHOLDERS AS AT 31 DECEMBER 2009 BY NUMBER OF SHARES

	Number of shareholders	Percentage of owners	Number of shares	Percentage of shares and voting rights
1 - 100	378	10.12	23,000	0.01
101 - 1,000	1,734	46.45	872,533	0.40
1,001 - 5,000	1,166	31.24	2,768,957	1.25
5,001 - 10,000	211	5.65	1,551,514	0.70
10,001 - 50,000	184	4.93	4,022,659	1.82
50,001 - 100,000	22	0.59	1,538,419	0.70
100,001 - 500,000	25	0.67	6,372,067	2.88
500,001 - 1,000,000	4	0.11	2,683,170	1.21
1,000,001 -	9	0.24	201,227,416	91.03
Total	3,733	100.00	221,059,735	100.00
of which nominee-registered	10		196,309,544	88.80
Issued stock, total			221,059,735	

SHAREHOLDERS AND SHARES

SHARE PRICE AND TRADING VOLUME

	Formula	2009	2008	2007	2006	2005
Share price, transactions, EUR						
Low		1.30	1.26	3.24	3.02	2.36
High		3.16	4.28	6.09	5.09	3.50
Average	21	1.99	2.94	4.76	3.86	2.95
Market capitalisation, EUR million	22	649.9	371.3	806.6	844.3	424.1
Share trading volume						
No. of shares traded as of year-start, 1,000		149,340	150,852	153,696	51,193	40,695
Percentage of total		67.0	68.3	69.6	30.6	29.8
Issue-adjusted average number of shares, 1,000		221,035	220,991	199,404	163,339	129,903
Issue-adjusted average number of shares, diluted, 1,000		239,502	247,223	227,122	175,345	132,427
Issue-adjusted number of shares on 31. Dec., 1,000		221,060	220,999	220,981	171,233	149,029

FORMULAS FOR KEY FIGURES AND RATIOS

1) Equity ratio, %	$\frac{\text{Shareholders' equity}}{\text{Balance sheet total - advances received}}$	X 100
2) Gearing, %	$\frac{\text{Interest-bearing liabilities - cash and cash equivalents}}{\text{Shareholders' equity}}$	X 100
3) Return on equity (ROE), %	$\frac{\text{Profit/loss for the period}}{\text{Shareholders' equity (weighted average)}}$	X 100
4) Return on investment (ROI), %	$\frac{\text{Profit/loss before taxes + interest and other financial expenses}}{\text{Balance sheet total (weighted average) - (non-interest-bearing liabilities on the balance sheet date + opening balance of non-interest-bearing liabilities)/2}}$	X 100
5) Quick ratio	$\frac{\text{Current assets}}{\text{Short-term liabilities}}$	
6) Earnings per share (EPS), EUR	$\frac{\text{Profit/loss for the period attributable to parent company shareholders}}{\text{Issue-adjusted average number of shares for the period}}$	X 100
7) Earnings per share, diluted, EUR	$\frac{\text{Profit/loss for the period attributable to parent company shareholders}}{\text{Diluted, issue-adjusted average number of shares for the period}}$	X 100
8) Net cash from operating activities per share, EUR	$\frac{\text{Net cash from operating activities}}{\text{Issue-adjusted average number of shares for the period}}$	X 100
9) Equity per share, EUR	$\frac{\text{Equity attributable to parent company shareholders}}{\text{Issue-adjusted number of shares on the balance sheet date}}$	
10) Net asset value (EPRA NAV) per share, EUR	$\frac{\begin{aligned} &\text{Equity attributable to parent company shareholders} \\ &+/- \text{ Deferred taxes from the difference of fair value} \\ &\text{and fiscal value of investment properties} \\ &+/- \text{ Fair value of financial instruments} \end{aligned}}{\text{Issue-adjusted number of shares on the balance sheet date}}$	
11) EPRA NNAV per share, EUR	$\frac{\begin{aligned} &\text{Net asset value (EPRA NAV)} \\ &-/+ \text{ Deferred taxes from the difference of fair value} \\ &\text{and fiscal value of investment properties} \\ &+/- \text{ The difference between the secondary market price and fair value of bonds and capital loans} \\ &-/+ \text{ Fair value of financial instruments} \end{aligned}}{\text{Issue-adjusted number of shares on the balance sheet date}}$	
12) P/E ratio (price/earnings)	$\frac{\text{Issue-adjusted closing price at year-end}}{\text{EPS}}$	
13) Dividend and return of equity per earnings, %	$\frac{\text{Dividend per share}}{\text{EPS}}$	X 100

FORMULAS FOR KEY FIGURES AND RATIOS

14) Effective dividend and return of equity yield, %	$\frac{\text{Dividend per share}}{\text{Issue-adjusted closing price at year-end}}$	X 100
15) Net rental yield, %	$\frac{\text{Net rental income (last 12 months)}}{\text{Average fair value of investment property}}$	X 100
16) Occupancy rate, %, sq.m.	$\frac{\text{Leased space}}{\text{Leasable space}}$	X 100
17) Occupancy rate, %, EUR	$\frac{\text{Rental income as per leases}}{\text{Estimated market rent of vacant premises + rental income as per leases}}$	X 100
18) Direct result, EUR million	<ul style="list-style-type: none"> Net rental income - Direct administrative expenses +/- Direct other operating income and expenses - Direct net financial income and expenses - Direct current taxes -/+ Change in direct deferred taxes - Direct minority interest 	
19) Indirect result, EUR million	<ul style="list-style-type: none"> Net fair value gains/losses on investment property +/- Profit/loss on disposal of investment property - Indirect administrative expenses +/- Indirect other operating income and expenses - Indirect one-off financial income and expenses - Movement in fair value of financial instruments - Indirect current taxes -/+ Change in indirect deferred taxes - Indirect minority interest 	
20) Direct result per share, diluted, EUR	$\frac{\text{Direct result + expenses from convertible loan, the tax effect deducted}}{\text{Diluted, issue-adjusted average number of shares for the period}}$	
21) Average share price, EUR	$\frac{\text{Value of shares traded (EUR)}}{\text{Average number of shares traded}}$	
22) Market capitalisation	Number of shares x closing price for the period excl. treasury shares	
23) Net interest-bearing debt (fair value), EUR million	Fair value of interest-bearing debts - cash and cash equivalents	

SIGNATURES TO THE FINANCIAL STATEMENTS

Signatures to the Financial Statements 1 January - 31 December 2009

Amsterdam, 9 February 2010

Thomas W. Wernink

Tuomo Lähdesmäki

Ronen Ashkenazi

Gideon Bolotowsky

Raimo Korpinen

Claes Ottosson

Dor J. Segal

Per-Håkan Westin

Ariella Zochovitzky

Petri Olkinuora
CEO

We have today submitted the report on the conducted audit.

Amsterdam, 9 February 2010

Ernst & Young Oy
Authorized Public Accountants

Tuija Korpelainen
Authorized Public Accountant

AUDITORS' REPORT

TO THE ANNUAL GENERAL MEETING OF CITYCON OYJ

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Citycon Oyj for the year ended on 31 December 2009. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

The responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated

financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors and the Managing Director have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial

position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements, together with the consolidated financial statements included therein, and the report of the Board of Directors give a true and fair view of the financial performance and financial position of the company in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Amsterdam, 9 February 2010

Ernst & Young Oy
Authorized Public Accountants

Tuija Korpelainen
Authorized Public Accountant

PROPERTY LIST

Property	Address		Built in / renovated in	Holding, %	Citycon's GLA, sq.m.	Occupancy rate, %, sq.m. ¹⁾	Occupancy rate, %, EUR ¹⁾	
FINLAND								
HELSINKI METROPOLITAN AREA								
1	Asolantien Liikekiinteistö Oy	Asolanväylä 50	01360 VANTAA	1986	100%	1,900	55.1	59.4
2	Columbus					21,000	98.6	99.6
	Kauppakeskus Columbus Koy	Vuotie 45	00980 HELSINKI	1997/2007	100%			
3	Espoon Louhenkulma Koy	Louhentie 2	02130 ESPOO	1963	49%	880	100.0	100.0
4	Espoonatori					17,300	95.4	95.7
	Espoon Asemakuja 2 Koy	Asemakuja 2	02770 ESPOO	1991	100%	6,300		
	Espoon Asematori Koy	Kamreerintie 5	02770 ESPOO	1989	54%	1,900		
	Espoonatori Koy	Kamreerintie 3	02770 ESPOO	1987	67%	9,100		
5	Hakarinne 4	Hakarinne 4	02120 ESPOO	1985	56%	380	100.0	100.0
6	Hakunilan Keskus					3,780	88.6	87.1
	Hakucenter Koy	Laukkarinne 6	01200 VANTAA	1986	19%	780		
	Hakunilan Keskus Oy	Laukkarinne 4	01200 VANTAA	1982	41%	3,000		
7	Heikintori					5,800	89.9	95.2
	Heikintori Oy	Kauppamiehentie 1	02100 ESPOO	1968	65%			
8	Helsingin Autotalo Oy	Salomonkatu 17	00100 HELSINKI	1958	9%	1,300	79.3	85.9
9	Iso Omena					60,400	98.0	98.6
	Big Apple Top Oy	Piispansilta 9	02230 ESPOO	2001	60%			
10	Isomyyri					10,900	56.7	61.3
	Myyrmäen Kauppakeskus Koy	Liesitori 1	01600 VANTAA	1987	74%			
11	Kirkkonummen Liikekeskus Oy	Asematie 3	02400 KIRKKONUMMI	1991	67%	5,000	100.0	100.0
12	Kontulan Asemakeskus Koy	Keinulaudankuja 4	00940 HELSINKI	1988/2007	35%	4,500	100.0	100.0
13	Laajasalon Liikekeskus					2,660	90.6	91.8
	Laajasalon Liikekeskus Oy	Yliskyläntie 3	00840 HELSINKI	1972/1995	50%	2,300		
	Kuvernöörintie 8 Koy	Kuvernöörintie 8	00840 HELSINKI	1982	100%	360		
14	Lauttasaaren Liikekeskus Oy	Lauttasaarentie 28-30	00200 HELSINKI	1970	24%	1,500	100.0	100.0
15	Lippulaiva					23,400	99.7	99.8
	Lippulaiva Koy	Espoonlahdenkatu 4	02320 ESPOO	1993/2007	100%			
16	Länsi-Keskus Koy	Pihatörmä 1	02210 ESPOO	1989	41%	8,600	100.0	100.0
17	Martinlaakson Kivivuorentie 4 Koy	Kivivuorentie 4	01620 VANTAA	1976	100%	3,800	100.0	100.0
18	Minkkikuja 4 Koy	Minkkikuja 4	01450 VANTAA	1989	100%	2,300	100.0	100.0
19	Myllypuron Ostoskeskus					1,400	100.0	100.0
	Kivensilmänkuja 1 Koy	Kivensilmänkuja 1	00920 HELSINKI	1988	100%	1,400		
	Myllypuron Ostoskeskus Oy	Kiviparantie 2	00920 HELSINKI	Building demolished in 2009	100%			
	Asunto Oy Helsingin Myllypiha	Kiviparantie 2	00920 HELSINKI	lot	100%			
	Asunto Oy Helsingin Kivensilmänkuja 3	Kivensilmänkuja 1-3	00920 HELSINKI	lot	100%			
	Helsingin Kiviparantien asumisoikeusasunnot Oy	Kiviparantie 2 A	00920 HELSINKI	lot	100%			
20	Myyrmani					40,300	96.3	97.0
	Myyrmani Koy	Iskoskuja 3	01600 VANTAA	1994/2007	100%			
21	Otaniemen Liikekeskus Oy	Otakaari 11	02150 ESPOO	1969	39%	340	0.0	0.0
22	Pihlajamäen liiketalo Oy	Meripihkatie 1	00710 HELSINKI	1970	43%	1,700	75.6	75.5
23	Salpausseläntie 11 Koy	Salpausseläntie 11	00710 HELSINKI	1973	31%	600	100.0	100.0
24	Sampotori	Heikintori, Kauppamiehentie 1	02100 ESPOO	lot	100%	50	100.0	100.0
25	Sinikalliontie 1 Koy	Sinikalliontie 1	02630 ESPOO	1964/1992	100%	15,700	93.7	97.1

PROPERTY LIST

Property	Address	Built in / renovated in	Holding, %	Citycon's GLA, sq.m.	Occupancy rate, %, sq.m. ¹⁾	Occupancy rate, %, EUR ²⁾
26 Soukan Itäinen torni As Oy	Soukantie 16	02360 ESPOO	1972	27%	1,600	100.0
27 Talvikkitie 7-9 Koy	Talvikkitie 7-9	01300 VANTAA	1989	100%	9,800	100.0
29 Tikkuri					10,700	90.1
Tikkurilan Kauppakeskus Koy	Asematie 4-10	01300 VANTAA	1984/1991	84%		94.5
29 Ultima Oy	Äyritie 1	01510 VANTAA	lot	100%		
30 Vantaan Laajavuorencuja 2 Koy	Laajavuorencuja 2	01620 VANTAA	1976	100%	2,000	100.0
31 Vantaan Säästötaloy Koy	Kielotie 20	01300 VANTAA	1983	61%	3,800	98.1
32 Wavulinentie 1 Koy	Wavulinentie 1	00210 HELSINKI	1950/1992	100%	1,700	29.5
OTHER AREAS IN FINLAND						
33 Forssan Hämeentie 3 Koy	Hämeentie 3	31100 FORSSA	1978	100%	4,500	1.9
34 Forum					17,500	97.1
Jyväskylän Forum Koy	Asemakatu 5	40100 JYVÄSKYLÄ	1953/1972/1980/1991	100%		97.5
35 Galleria					3,500	91.1
Oulun Galleria Koy	Isokatu 23	90100 OULU	1987	100%		94.3
36 Isokarhu					14,800	89.3
Kauppakeskus IsoKarhu Oy	Yrjönkatu 14	28100 PORI	1972/2001/2004	100%		94.2
37 IsoKristiina					18,700	90.0
Karjalan Kauppakeskus Koy	Brahenkatu 3	53100 LAPPEENRANTA	1987	100%	8,400	
Lappeen Liikekeskus Koy	Brahenkatu 5	53100 LAPPEENRANTA	1987	80%	6,600	
Lappeenrannan Brahenkatu 7 Koy	Brahenkatu 7	53100 LAPPEENRANTA	1993	84%	3,700	
38 Isolinnankatu 18 Koy	Isolinnankatu 18	28100 PORI	1986	100%	5,300	80.4
39 Jyväskeskus					5,800	96.3
Jyväskylän Kauppakatu 31 Koy	Kauppakatu 31	40100 JYVÄSKYLÄ	1955/1993	100%		97.8
40 Kaarinnan Liiketalo Koy	Oskarinkatu 5	20780 KAARINA	1979/1982	100%	9,200	90.2
41 Karjaan Ratakatu 59 Koy	Ratakatu 59	10320 KARJAA	1993	100%	3,100	100.0
42 Duo					13,000	92.9
Hervannan Liikekeskus Oy	Insinöörinkatu 23	33720 TAMPERE	1979	75%	4,700	
Tampereen Hermanni Koy	Pietilänkatu 2	33720 TAMPERE	2007	100%	8,300	
43 Koskikara					5,800	92.5
Valkeakosken Liikekeskus Koy	Valtakatu 9-11	37600 VALKEAKOSKI	1993	25%	1,500	
Valkeakosken Torikatu 2 Koy	Valtakatu 9-11	37600 VALKEAKOSKI	1993	100%	4,300	
44 Koskikeskus					26,300	94.9
Tampereen Koskenranta Koy	Hatanpään valtatie 1	33100 TAMPERE	1988/1995	64%	10,700	
Tampereen Hatanpää Koy	Hatanpään valtatie 1	33100 TAMPERE	1988	100%	7,200	
Tampereen Suvantokatu Koy	Hatanpään valtatie 1	33100 TAMPERE	1988	100%	8,400	
45 Kotkan Keskuskatu 11 Koy	Keskuskatu 11	48100 KOTKA	1976	100%	4,300	100.0
46 Kuopion Kauppakatu 41 Koy	Kauppakatu 41	70100 KUOPIO	1977	100%	11,200	96.7
47 Kuusankosken Kauppakatu 7 Koy	Kauppakatu 7	45700 KUUSANKOSKI	1980	100%	2,100	100.0
48 Lahden Kauppakatu 13 Koy	Kauppakatu 13	15140 LAHTI	1971	100%	8,600	100.0
49 Lentolan Perusyhtiö Oy	Mäkirinteentie 4	36220 KANGASALA	2007	100%	11,900	86.1
50 Lillinkulma Koy	Jännekatu 2-4	20760 PIISPANRISTI	2007	100%	7,400	100.0

PROPERTY LIST

Property	Address	Built in / renovated in	Holding, %	Citycon's GLA, sq.m.	Occupancy rate, %, sq.m. ¹⁾	Occupancy rate, %, EUR ¹⁾
51 Linjuri				9,300	88.5	88.5
Linjuriin Kauppakeskus Koy	Vilhonkatu 14	24100 SALO	1993/2007			
52 Mäntyvuoksi Koy	Vuoksenniskantie 50	55800 IMATRA	1974	1,300	100.0	100.0
53 Naantalin Tullikatu 16 Koy	Tullikatu 16	21100 NAANTALI	1985	3,100	17.3	19.9
54 Orimattilan Markkinatalo Oy	Erkontie 3	16300 ORIMATTILA	1983	3,500	100.0	100.0
55 Porin Asema-aukio Koy	Satakunnankatu 23	28130 PORI	1957/1993	18,900	78.8	86.6
56 Puijonlaakson Palvelukeskus Koy	Sammakkolammentie 6	70200 KUOPIO	1971	1,500	100.0	100.0
57 Runeberginkatu 33 Koy	Runeberginkatu 33	06100 PORVOO	1988	6,300	100.0	100.0
58 Sampokeskus				14,000	76.5	80.8
Rovaniemen Sampotalo	Maakuntakatu 29-31	96200 ROVANIEMI	1990	12,000		
Lintulankulma Koy	Rovakatu 28	96200 ROVANIEMI	1989/1890	2,000		
59 Säskylän Liiketalo Koy	Pyhäjärventie	27800 SÄSKYLÄ	1969	1,200	100.0	100.0
60 Torikeskus	Kauppatori 1	60100 SEINÄJOKI	1992/2007	11,500	86.2	89.6
61 Trio				45,700	90.2	94.6
Lahden Hansa Koy	Kauppakatu 10	15140 LAHTI	1992	10,700		
Lahden Trio Koy	Aleksanterinkatu 20	15140 LAHTI	1977/1985-1987 /1992/2007/2008	35,000		
62 Tullintori				10,300	74.4	75.0
Tullintori Koy	Hammareninkatu 2	33100 TAMPERE	1930/1990		57%	
63 Vaakalintu Koy	Keskuskatu 15	11100 RIIHIMÄKI	1980	6,700	100.0	100.0
64 Valtakatu 5-7 Koy	Valtakatu 5-7	37600 VALKEAKOSKI	1938/1992	460	51.2	44.6
65 Valtari				7,600	85.6	90.6
Kouvolan Valtakadun Kauppakeskus Koy	Valtakatu 15	45100 KOUVOLA	1971-1975 /1994-2002		100%	
66 Varkauden Relanderinkatu 30 Koy	Relanderinkatu 28-34	78200 VARKAUS	1990	8,200	100.0	100.0
66 FINLAND TOTAL				587,650	91.2	94.6
THE BALTIC COUNTRIES						
ESTONIA						
1 Rocca al Mare				53,500	98.8	99.3
Rocca al Mare Kaubanduskeskuse AS	Paldiski mnt. 102	13522 TALLINN	1998 /2000/2007/2008/2009		100%	
2 Magistral				9,500	100.0	100.0
Magistral Kaubanduskeskuse Oü	Sõpruse pst 201/203	13419 TALLINN	2000		100%	
LITHUANIA						
3 Mandarin				8,000	100.0	100.0
UAB Prekybos Centras Mandarinas	Ateities g.91	06324 VILNIUS	2005		100%	
3 THE BALTIC COUNTRIES TOTAL				71,000	99.1	99.4

PROPERTY LIST

Property	Address	Built in / renovated in	Holding, %	Citycon's GLA, sq.m.	Occupancy rate, % ¹⁾ , sq.m.	Occupancy rate, % ¹⁾ , EUR
SWEDEN						
STOCKHOLM AREA AND UMEÅ						
1	Åkersberga Centrum			30,500	97.4	97.2
	Åkersberga Centrum AB	Storängsvägen	18430 ÅKERSBERGA	1985/1995/1996	75%	
2	Åkermyntan Centrum			8,400	91.0	92.3
		Drivbänksvägen 1	16574 HÄSSELBY	1977	100%	
3	Kallhäll			3,500	100.0	100.0
		Skarprättarvägen 36-38	17677 JÄRFALLA	1991	100%	
4	Jakobsbergs Centrum			69,300	92.5	94.1
	Jakobsberg Centrum Fastighets AB	Tornérplatsen 30	17730 JÄRFALLA	1959/1993	100%	
	Jakobsberg Centrum Galleria AB	Tornérplatsen 30	17730 JÄRFALLA		100%	
	Jakobsberg 565 Fastighets AB	Tornérplatsen 30	17730 JÄRFALLA		100%	
5	Fruängen Centrum			14,600	89.8	92.1
		Fruängsgången	12952 HÄGERSTERN	1965	100%	
6	Liljeholmstorget			40,700	92.4	91.3
	Liljeholmsplan Fastighets AB	Liljeholmstorget 7	11763 STOCKHOLM	1973/1986/2007/2008/2009	100%	
7	Strömpilen			27,000	87.4	95.9
	Strömpilen AB	Strömpilsplatsen	90743 UMEÅ	1927/1997	75%	
8	Länken			7,300	100.0	100.0
		Gräddvägen 1	90620 UMEÅ	1978/2004/2006	75%	
9	Tumba Centrum			31,300	98.8	98.5
	Tumba Centrumfastigheter Aktiebolag	Tumba Torg 115	14730 BOTKYRKA	1954/2000	100%	
GOTHENBURG AREA						
10	Stenungs Torg			36,400	95.9	96.0
	Stenungs Torg Fastighets AB	Östra Köpmansgatan 2-16, 18A-C	44430 STENUNGSUND	1967/1993	70%	
11	Backa			7,800	87.3	88.4
		Backavägen 3-5	41705 GOTHENBURG	1990	100%	
12	Floda			11,400	89.9	91.8
		Rurik Holms väg	44830 FLODA	1960/1990	100%	
13	Hindås			1,700	93.8	95.1
		Hindås Stationväg 41-47	43063 HINDÅS	1978/1999	100%	
14	Landvetter			4,800	100.0	100.0
		Brattåsvägen	43832 LANDVETTER	1975/1988/1999	100%	
15	Lindome			7,800	97.9	98.1
		Almåsgången	43730 LINDOME	1974	100%	
SWEDEN TOTAL				302,500	93.7	94.7
84	TOTAL ALL			961,150	92.6	95.0

1) Formulas are available on pages 53-54.

1. APPRAISAL METHOD

Realia Management Oy has made a valuation of Citycon's property portfolio as at 31st of December 2009. The valuation was carried out as a cash flow analysis of the net operating income for a period of 10 years. For undeveloped plots, and for properties subject to significant town plan alterations, market values for the relevant assets are determined by the amount of building right in the existing town plan.

The properties have been inspected by Realia Management Oy originally during 2007. Reinspection of properties is carried out as needed, giving emphasising to the most important assets, such as newly acquired properties and development projects. Other properties are selected at random for inspection. During the fourth quarter of 2009, the following assets were re-inspected: Iso Omena, Lippulaiva, Columbus, Rocca Al Mare, Myyrmanni, IsoMyyri, IsoKristiina, Trio, Myllypuro shopping centre and Otaniemi shopping centre.

1.1 Cash Flow Calculation Method

The year-on-year cash flow was calculated on Citycon's existing leases, upon the expiry of which, the contract rent has been replaced with Realia Management Oy's view of the market rent. Potential Gross Rental Income (PGI) equals leased space with respect to contract rents and vacant space with respect to market rents. Deducting both the market rent for the idle time between the expired contract and assumed new contract, and the assumed general vacancy level, results in the Effective Gross Rental Income. Effective Gross Rental Income less operating expenses (incl. repairs and tenant improvements) equals the Net Operating Income (NOI). NOI less any investment type of repairs (CAPEX) equals the bottom level cash

flow that has been discounted (IRR) to reach the present value of the income stream.

The exit value at the end of the valuation period was calculated by capitalising the 11th year cash flow (base year) with an exit yield. The total value of the property was calculated as the sum of the yearly discounted net income stream, the discounted residual value at the end of the calculation period and any other value added assets such as unused building rights or unbuilt lots.

All variables were estimated based on Realia Management's knowledge of the markets and specified market observations, such as transactions, rental levels and other observations. The collection of relevant information was done in close cooperation with Citycon's property management in order to obtain an extensive set of data, where Realia Management used its objective veto on the data provided.

1.2 Market Analysis

The first uneasy steps towards an economic recovery, widely anticipated in the markets, have essentially been taken during the autumn of 2009. While the fear of a double dip recession has seemingly subsided, it has been replaced by a concern for a long-run market lethargy as a rapid economic recovery and the return to pre-crisis levels of GDP growth look increasingly unlikely. The extensive Europe-wide government and central bank interventions have steered the financial markets away from the brink, but at a cost; the now increasingly debt-laden European governments are likely to cause new volatility in the global finance markets in yet unforeseen ways, and are unlikely or unable to actively prop up market confidence and demand much longer. Thus, the European economy as a whole is set to face a prolonged period of near-zero growth

or, at best, a period of modest growth lacking the bullish sentiments observed before the financial crisis.

The return to robust growth in the world economy is now largely dependent on increasing economic activity in Asia and increased demand in the US, but for Europe, and especially for the Nordic countries with sizeable investments in the Baltic region, the instability of the Eastern European and Baltic markets remain a serious risk on the road to recovery. In addition, the Russian economy has been badly hit and even moderate increases in oil and gas prices, its main export products, are unlikely to bring about a solid recovery, effectively limiting the importance of Russia as a trading partner. According to Eurostat, the eurozone grew by 0.4% in the third quarter (+0.3% for EU27) compared to the previous quarter and -4.1% when compared to a year earlier (4.3% for EU27).

The ECB has kept its benchmark rate at the record low level of 1.0%, where it is expected to remain during the first half of 2010 due to weak economic fundamentals. Some of the most drastic actions by the ECB, such as considerable liquidity injections at fixed rates, have not yet been met by a backlash in the form of excessive inflation. The ECB, however, is likely to refrain from further emergency measures for fear of creating speculative bubbles e.g. in the property and commodity markets, although the precarious debt situation of some of the sovereign EU nations may warrant future intervention. While the contraction of broad money supply (M3) and better than expected private credit figures are giving mixed signals, they suggest a fragile financial market no longer constrained by liquidity.

Finland

According to Statistic Finland, the Finnish economy contracted by 9.1 percent year-on-year during the third quarter of 2009. The economy expanded by 0.3 percent in the third quarter when compared to the prior quarter. The Finnish export industry has been particularly badly hit by the world recession as demand for traditional Finnish export goods, such as heavy machinery and shipbuilding, has faltered. Year-on-year change in exports was negative 26.6 percent in the third quarter, while there was sequential growth of 0.3 % from the previous quarter. Investments were also hit, down 20.0 percent year-on-year (7.9 % quarter-on-quarter) while private consumption decreased by a more moderate 1.1 percent year-on-year and increased by 0.3 percent quarter-on-quarter. Finland's economy is widely expected to start recovering by the end of 2010, and estimates for change in gross domestic product during 2009 have gradually been revised, shifting the brunt of the remaining recessionary period from the beginning of 2010 to the end of 2009. However, the economic growth in the coming years is expected to be moderate and far from the strong expansion experienced before the recession took hold. The year-on-year harmonised inflation rate was -1.3 percent in November 2009, a monthly change of +0.2 percent.

Sweden

The Swedish economy is expected to contract by 4.5 percent in 2009 and expand by 2.7 percent in 2010 according to figures revised in December by the central bank of Sweden. While Sweden has also suffered from dwindling exports and rocketing unemployment, Sweden has nevertheless fared better throughout the recession than Finland. A weak

VALUATION STATEMENT

recovery appears to be underway and the Swedish central bank Riksbanken is likely to keep its benchmark rate at 0.25 percent until autumn 2010 when the economic recovery is expected to begin to solidify. The seasonally adjusted unemployment rate, according to Eurostat, has increased to 8.9 percent in November, a rise of 0.3 percentage points compared to three months back and a rise of 2.1 percentage points from a year ago. There is also some additional currency risk concerning the Swedish Krona. Further problems in the Baltic economies may very well have ripple effects on the value of the Krona due to heavy exposure of Swedish companies and banks to the Baltic markets. Some of the risk is, however, mitigated by active EU and IMF involvement.

Baltics

The economic outlook in the Baltic countries remains bleak although a full economic meltdown has thus far been avoided. Estonia has, however, reached a budget surplus for the third quarter and despite otherwise grim figures, the overall sentiments have become noticeably optimistic. Latvia's economy, in the worst shape of the 27 EU countries, is now largely dependent on the support by the EU and the IMF. Of the Baltic countries, Latvia and Lithuania have large budget deficits, increasingly high unemployment rates, double-digit GDP contractions and unwilling to devalue to the heavy exposure to euro loans. Were one of the currencies suddenly forced to devalue, it would have a detrimental effect on the value of foreign direct investments in the country and spread economic havoc and uncertainty around the Baltic area. The situation has remained volatile and currency risk remains a considerable factor.

1.3 Property Market Analysis

Year 2009 has been a period of calm when measured in property transactions volumes. Both in Finland and across the whole of Europe transaction volumes remained at their lowest levels since the start of the 21st century. Investor activity was barely observed during the first three quarters of 2009 while signs of increased activity and markets reviving have been observed, especially in the major property markets in the UK and France, towards the end of the year. These major markets have also seen falling yield levels, although one should keep in mind that the upward shift in yields during 2007-2008 was very drastic when compared e.g. to the Nordic countries.

In Finland, transaction volumes have also begun to increase during the last quarter of 2009. During the final quarter, transactions were completed for approximately EUR 700 million, while for the previous three quarters transactions totalled approximately EUR 1 billion. For the whole of 2009, a transaction level of EUR 1.7 billion is expected for Finland. Despite the markets picking up pace towards the end of the year, the figures are still far lower than what was considered normal in previous years and still below the levels seen during the first years of the 21st century.

While the Finnish property market is showing signs life, no changes for the better have been observed in yield or prices levels. Increased investor activity towards the end of the year merely suggests that the sellers and purchasers have come to a mutual understanding of the current price level. So far, the purchasers have yet to compromise their yield requirements to a great degree. Before year change, there are always transactions that stem from strategic and financial statement needs, but in Finland,

distressed sales have been observed in very limited quantities. The transactions that have taken place have not included prime properties in the Helsinki Metropolitan Area. In the provincial cities, yield levels for good commercial property assets have, by and large, settled at around a yield level of 7-8 percent.

The domestic investors have been prominent players in the property market during the past year. Since autumn 2008 and throughout 2009 the most active commercial property purchasers by far have been domestic pension and insurance institutions. This trend is the result of tighter bank credit terms, which, in turn, has resulted in deteriorated operating environment for investors relying on borrowed capital giving the capital-intensive institutional operators a competitive edge and a chance to improve their market positioning. Correspondingly, small-scale local investors have been observed to raise their profile in the Finnish property market. The large national and international investors have either entirely halted the purchasing of, or increased their risk premiums for properties located in the provinces, subsequently creating good investment opportunities for those well acquainted with local markets.

Nonetheless, there is still foreign demand and capital looking for suitable property investments in the Finnish and Nordic property markets. These parties are, however, above all looking for prime Helsinki Metropolitan Area properties that, by and large, have not been available. In addition, increased cross-border investor caution and the strong increases in yield requirements for investment grade properties in provincial cities have resulted in the completion of very few deals in the past year.

The increases in yield requirement, nevertheless, have levelled off towards the end of the

year, especially for prime properties. Currently, the most pertinent issue concerning investment properties are the rental markets. Thus far, rental levels and occupancy levels for retail space in particular have remained quite steady, while e.g. in the Helsinki Metropolitan area the market for office space has been challenging. Spring 2010 will no doubt give an indication of how the retail space market has fared throughout the recession. It is feared that the increased unemployment will negatively affect consumer preferences and consumption, resulting in pressure on rental levels for retail premises.

Shopping centre and grocery store sales have held rather steady throughout 2009 and no significant changes from the 2008 sales figures have been observed. On the other hand, for the space intensive retail sectors, such as car, furniture and white goods, the change in sales volume has been sharply negative. In these sectors, vacancy rates and the number of obscure lease terminations have also increased.

Due to the recession, construction of new retail space has slowed considerably. Kesko and S-group have nevertheless been active in expanding their grocery chains. There are also some pending redevelopment projects of old suburb shopping malls and shopping centres. However, no new large shopping centres are under construction at this time.

1.4 Development Projects

Some development projects were valued using a special project model. This model is only used in a project accompanied by: 1) a Citycon's board decision, and 2) enough information for a reliable valuation. Such information includes e.g. an extensive project plan, several new rental agreements, future investments, etc. The appraiser makes the final decision on the use of the model.

The project model is a 10-year cash flow model, which also takes the projects' future investments and changing cash flows into consideration. It includes present cash flows up to the end of the development phase and future cash flows after the development.

The project model was used in the valuation of one property in this valuation. The property in question was the shopping centre Åkersberga Centrum in Sweden. In other assets, valuation was based on the regular cash flow analysis adjusted for small-scale development projects on the property. Properties were evaluated based on the current rental situation and current allocation of premises. If necessary, future development potential has been taken into account in the value of unused building right or in the form of expected cash flow increase while including necessary development costs as investment costs in the calculations.

All undeveloped plots or those under development are evaluated based on their current plan and the amount of unused building right. If there is an ongoing official plan alteration process, and the property's purpose of use and attributes are substantially changed, the altered plan can be taken into account in valuation through the value of unused building right. Prerequisite for the valuation is that the sanctioning of the plan is highly likely and that the new plan regulations are fully known. In that case, the remaining (current) rental income flow and demolition costs are also considered in the valuation.

2. RESULTS

Citycon Oyj owns 72 properties in Finland, 15 properties in Sweden, and, in the Baltic countries, two in Estonia and one in Lithuania. All in all Citycon Oyj either fully owns, or owns a share

of 90 different properties. The property portfolio is very heterogeneous both in quality and in value. The body of the holding is formed by 30 shopping centre properties, although the portfolio also includes occasional small commercial buildings, development properties in the demolishing stage and, for example, one unbuilt lot.

The value of the total portfolio is calculated as the sum of the individual properties. A separate adjustment for the aggregate value has not been applied. In the sections below, we have presented the valuation result on an aggregate and a sub-market level. The portfolio has been further regrouped geographically based on the locations of the properties.

Citycon primarily owns retail properties. Only in a few selected properties, the main use is other than retail. A large majority of the portfolio value is in shopping centres (approximately 86 percent). Especially in Finland, Citycon has a strong position in the shopping centre market by owning five of the 20 largest shopping centres and in total, by owning 22 properties that are classified as shopping centres.

Citycon has announced that its strategic focus is the development of existing properties. For example in the Helsinki region Citycon owns several of the old suburb shopping centres and retail premises. In these properties, major development is also expected in conjunction with reworking of town plans. These properties are always evaluated on a case-by-case basis. In case a new, updated town plan is enforced and as a result, a schedule for the development project is determined, the building right can be taken into consideration in valuation, or, if necessary, the valuation will be done through the so-called development model analysis (where also the outcome of development project is included in valuation). Myllypuro shopping centre

is now valued through building right after a lot purchase by Citycon Oyj.

Several retail properties, both in Finland and Sweden, either have development plans underway or potential for development. These properties include e.g. Tumba Centrum and Åkersberga Centrum in Sweden, as well as Trio, Iso Omena and Isokristiina in Finland. The development of these properties is always considered case-by-case, often advancing in phases. Development is taken into account in valuation when credible plans exist and there is evidence of high likelihood for letting. In appraisal, the development potential signifies a potential increase in rental income either through an increase in average rent or through an increase in the lettable area or average rent, requiring investment for realisation in addition to a feasible construction or development time.

The aggregated market value of the whole portfolio has been valued at approximately EUR 2.162 billion. The aggregated value of portfolio has increased quarter-on-quarter by approximately EUR 8 million (EUR 2.154 billion in Q3 2009). The change in relative terms is approximately +0.4% overall. The positive change in value is largely caused by the progression of major development projects Liljeholmstorget and Åkersberga Centrum. The market value of the properties has increased as construction has advanced, construction costs materialised and the letting progressed. In addition, Myllypuro shopping centre has increased considerably in value after the inclusion of Citycon Oyj's property transaction with the city of Helsinki in the valuation. For the fourth quarter, the change in market value for these three properties amounts to over EUR 26 million. If the development projects are left out from the analysis, the value of the property portfolio decreased by

approximately 1 percent in the fourth quarter.

The weighted average yield requirement of the portfolio has remained at 6.6 percent (6.6% Q3 2009).

3. PROPERTIES SENSITIVITY ANALYSIS

The sensitivity analysis of the fair value of the portfolio was tested by creating a so-called portfolio cash flow statement based on individual cash flow calculations. Changes in fair value have then been examined by modifying key input parameters of the calculations one at a time. The parameters tested were required yield, market rent level, operational costs and vacancy rate. The current market value of the properties is used as a reference for the analysis. The analysis is performed by changing one parameter at a time while all others remain unchanged, and then calculating the corresponding market value of the total portfolio. The sensitivity analysis is a simplified model intended to facilitate understanding of the effect of different parameters on the valuation.

The results indicate that the market value is most sensitive to yield requirement and market rent levels. A ten percent decrease in yield requirement results in an approximately 11 percent increase in value. Correspondingly, a ten percent increase in rental income increases the value by approximately 15 percent.

The value is not particularly sensitive to changes in the levels of expenses or long-term vacancy. A ten percent increase in the expenses decreases the market value of the property portfolio by approximately four percents. It should also be noted that in retail premises, the rental income and property expenses are often linked through the changes in the rental level in the form of maintenance rent charged from tenants. The ratio is not quite one-to-one, but the

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correlation is still strong enough to decrease the expense risk in the valuation.

The effects of changes in the vacancy rate are not studied on a similar scale as other parameters – vacancy level is altered by 50 or 100 basis points at a time. Therefore, the relative change is larger than if adjusting by five or ten percents at a time, as is the case in other parameters. Still, the effect of changes in the vacancy level is smaller than in other parameters – a change of 100 basis points (one percentage point) in the vacancy level alters the value of the portfolio by less than two percent.