
CITYCON
Annual and Corporate Social Responsibility Report
2009

Citycon's Shopping Centres in Finland

MEETING POINTS IN CITY CENTRES

Forum

Jyväskylä

Citycon's gross leasable area 17,500 sq.m.
Built in 1953/1972/1980.
Extended and/or renovated in 1991.

IsoKristiina

Lappeenranta

Citycon's gross leasable area 18,700 sq.m.
Built in 1987/1993.

Torikeskus

Seinäjoki

Citycon's gross leasable area 11,500 sq.m.
Built in 1992.
Extended and/or renovated in 2007.

Galleria

Oulu

Citycon's gross leasable area 3,500 sq.m.
Built in 1987.

Jyväskeskus

Jyväskylä

Citycon's gross leasable area 5,800 sq.m.
Built in 1955.
Extended and/or renovated in 1993.

Trio

Lahti

Citycon's gross leasable area 45,700 (incl. Hansa) sq.m.
Built in 1987.
Extended and/or renovated in 1992/2008.

Heikintori

Espoo, Tapiola

Citycon's gross leasable area 5,800 sq.m.
Built in 1968.

Koskikeskus

Tampere

Citycon's gross leasable area 26,300 sq.m.
Built in 1988.
Extended and/or renovated in 1995/2007.

More information on Citycon's shopping centre classifications can be found on page 30.

IsoKarhu

Pori

Citycon's gross leasable area 14,800 sq.m.
Built in 1972/2001.
Extended and/or renovated in 2004.

Sampokeskus

Rovaniemi

Citycon's gross leasable area 14,000 sq.m.
Built in 1989/1990.

Iso Omena

Espoo, Matinkylä

Citycon's gross leasable area 60,400 sq.m.
Built in 2001.

Shopping centre Iso Omena is not classified.

LOCAL SHOPPING CENTRES

Columbus

Helsinki, Vuosaari

Citycon's gross leasable area 21,000 sq.m.
Built in 1997.
Extended and/or renovated in 2007.

Myyrmanni

Vantaa, Myyrmäki

Citycon's gross leasable area 40,300 sq.m.
Built in 1994.
Extended and/or renovated in 2007.

Duo

Tampere, Hervanta

Citycon's gross leasable area 13,000 sq.m.
Built in 1979.
Extended and/or renovated in 2007.

Tikkuri

Vantaa, Tikkurila

Citycon's gross leasable area 10,700 sq.m.
Built in 1984/1991.

Koskikara

Valkeakoski

Citycon's gross leasable area 5,800 sq.m.
Built in 1993.

Valtari

Kouvola

Citycon's gross leasable area 7,600 sq.m.
Built in 1971-1975.
Extended and/or renovated in 2002.

Lippulaiva

Espoo, Espoonlahti

Citycon's gross leasable area 23,400 sq.m.
Built in 1993.
Extended and/or renovated in 2007.

PARTNERS IN EVERYDAY LIFE CENTRES

Espoontori

Espoo, Espoon keskus

Citycon's gross leasable area 17,300 sq.m.
Built in 1987.
Extended and/or renovated in 2010.

Isomyyri

Vantaa, Myyrmäki

Citycon's gross leasable area 10,900 sq.m.
Built in 1987.

Linjuri

Salo

Citycon's gross leasable area 9,300 sq.m.
Built in 1993.
Extended and/or renovated in 2007.

Tullintori

Tampere

Citycon's gross leasable area 10,300 sq.m.
Built in 1930.
Extended and/or renovated in 1990.


trio
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Citycon in Brief

Forward-looking statements

Some statements in this Annual Report are not historical facts and are "forward-looking". Words such as "believes", "expects", "estimates", "may", "intends", "will", "should", or "anticipates" and similar expressions or their negatives frequently identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance, achievements or industry results to be materially different from those expressed or implied by those forward-looking statements.

Citycon is an active owner and long-term developer of shopping centres, laying the foundation for a successful retail business. Citycon's retail properties serve both consumers and retailers. The company takes into account environmental aspects and the well-being of the areas surrounding its shopping centres. Citycon is the market leader in the Finnish shopping centre business and has a strong position in Sweden and a solid foothold in the Baltic countries.

At the end of 2009, Citycon owned a total of 33 shopping centres and 51 other properties. The fair value of the company's property portfolio totalled EUR 2,147.4 million.

Citycon Oyj's shares are listed on NASDAQ OMX Helsinki. Citycon's trading code is CTY and the company is classified under Financials, Real Estate Operating Companies.

Citycon in Brief

KEY FIGURES

	2009	2008
Turnover, EUR million	**186.3**	178.3
Operating profit/loss, EUR million	**10.3**	-105.0
% of turnover	**5.5**	-
Loss before taxes, EUR million	**-37.5**	-162.3
Loss for the period, EUR million	**-36.9**	-138.9
Direct operating profit, EUR million	**107.7**	105.3
Fair market value of investment properties, EUR million	**2,147.4**	2,111.6
Earnings per share (basic), EUR	**-0.16**	-0.56
Earnings per share (diluted), EUR	**-0.16**	-0.56
Direct result per share (diluted), (diluted EPRA EPS), EUR	**0.23**	0.20
Dividend and return from invested unrestricted equity fund per share, total, EUR	**0.14*)**	0.14*)
Net cash from operating activities per share, EUR	**0.30**	0.21
Equity per share, EUR	**3.31**	3.62
Net asset value (EPRA NAV) per share, EUR	**3.54**	3.88
EPRA NNNAV, EUR	**3.35**	3.80
P/E (price / earnings) ratio	**-19**	-3
Return on equity (ROE), %	**-4.7**	-15.0
Return on investment (ROI), %	**-0.5**	-1.5
Equity ratio, %	**34.2**	38.5
Gearing, %	**169.5**	141.3
Net interest-bearing debt (fair value), EUR million	**1,312.2**	1,194.6
Net rental yield, %	**6.1**	5.8
Average net yield requirement by external appraiser	**6.6**	6.4
Occupancy rate, %	**95.0**	96.0
Personnel (average for the period)	**117**	109
Personnel at the end of the period	**119**	113
Carbon footprint, $tnCO_2e$	**31,801**	-
Carbon footprint, $tnCO_2e$/GLA	**0.03**	-
Average water consumption, l/visitor/year	**3.9**	-
Average recycling rate, %	**48.5**	-

*) The figure includes a per-share dividend of EUR 0.04 and a return of equity from invested unresticted equity fund of EUR 0.10 per share. Year 2009 figure is a proposal by the Board of Directors.

Key events in 2009

- Liljeholmstorget Galleria in Stockholm was opened on 22 October with nearly all premises leased. With a total investment of almost EUR 200 million, Liljeholmstorget Galleria is the largest single development project in Citycon's history.
- The second phase of the extension and redevelopment project of Tallinn's largest shopping centre, Rocca al Mare, was opened on 7 May and the third and final phase on 12 November. Both extensions were opened with all premises fully leased.
- In June, the Trio shopping centre in Lahti was awarded the Nordic countries' first LEED environmental certification.
- The project for extension and redevelopment of the Åkersberga shopping centre located in the Greater Stockholm Area was launched in July. The estimated investment is SEK 467 million, or approximately EUR 46 million. Citycon owns 75 per cent of the property and answers for the same proportion of the project's costs.
- In July, Citycon agreed to sell 181 apartments in the Åkersberga shopping centre in Sweden for a sale price of SEK 181 million (approx. EUR 16.7 million). Similarly, an agreement was reached to sell the apartments to be completed in Liljeholmen in spring 2010 for a sale price of SEK 176 million (approx. EUR 16.3 million).


Opening of Liljeholmstorget, Stockholm


Opening of Rocca al Mare, Tallinn


Shopping centre Trio, Lahti

Key results in Environmental Responsibility in 2009

- The first LEED certificate in the Nordic countries was awarded to Trio shopping centre.
- Green Shopping Centre Management programme was launched.
- Action was taken to improve environmental reporting, and the first report was published.
- Citycon participated in the "Ilmastotalkoot" climate campaign.

Report scope

This is Citycon's first combined Annual Report and Corporate Social Responsibility Report. The aim of this report is to provide a comprehensive description of the economic, social and environmental pillars of responsibility and to increase reporting transparency for Citycon's various stakeholders.

Reporting covers all Citycon's operations in all operating regions and countries. This report has been prepared applying the recommendations issued by the Global Reporting Initiative (GRI) concerning the content and reporting principles in CSR reporting. Coverage in terms of GRI's G3 reporting recommendations is presented on pages 55-56. Citycon's self-declared GRI Application Level of this report is C. This level has been verified by a third party.

The report is published annually and the presented information corresponds to the company's financial year i.e. 1 January – 31 December. The following report will be published during the first quarter of 2011.

The presented financial key figures are based on audited accounting records and approved annual accounts. Principles and calculation methods used in the calculation of social and environmental responsibility indicators have been declared in their respective sections.

CEO's Review

Good sales, better result

In spite of the economic downturn, Citycon achieved the best direct result per share in its history. Turnover increased by 4.5 per cent, and the company's cash flow per share and net rental income grew as well. Our shopping centres' sales were stable and the occupancy rate remained at a good level. This year, Citycon was again capable of creating success for retailing.

The business environment was characterised by turbulence on the financial market. Securing financing became easier towards the end of the year, but the associated expenses grew markedly. In these exceptionally challenging market conditions, we were still able to maintain our stable financing position. The rapid fall in interest rates and the repurchase of our convertible capital bonds clearly reduced our interest costs. Since the financing of ongoing development and redevelopment projects has been secured, Citycon has no significant refinancing needs in the near future. We booked fair value losses on our properties, but the equity ration still remained at a good level. Changes in the business environment and the general uncertainty hindered the demand for retail premises and the rise in market rents levelled off.

The company continued its growth, through the development and redevelopment of shopping centres. Our main development projects were Rocca al Mare in Tallinn and Liljeholmstorget Galleria in Stockholm. Both of these centres were opened successfully during the last quarter of the year. In the Greater Stockholm Area, we initiated the extension and redevelopment of the Åkersberga Centrum shopping centre. We also have several major construction projects going on or under planning in Finland, including Myllypuro in Helsinki, Espoontori in Espoo, Forum in Jyväskylä and, at the future Matinkylä metro station to be located by the Iso Omena shopping centre in Espoo.

Our development and redevelopment projects reflect our company's strong design and construction competence, which we combine with our solid shopping centre management. We offer our tenants well-planned and –managed, competitive shopping centres. Citycon's shopping centres are managed by our own on-site personnel adhering to common principles, which generates efficiency and guarantees knowledge of local markets. In this way we are able to meet the needs and expectations of our customers.

The rapid change in market conditions was reflected in the volume of real property transactions. Citycon agreed to sell its Stockholm area residential units in both Åkersberga and Liljeholmstorget and purchased the lots for the Myllypuro shopping centre in Finland. No other major transactions took place during the year.

The recession also affected retail trade, reducing consumers' purchasing power and willingness to spend. Demand for various expensive consumer durables faded during the second half of the year. Grocery sales, however, grew markedly in Finland and Sweden. Grocery stores and providers of daily necessities are anchor tenants in many of Citycon's shopping centres, which is a real strength in the current market conditions.

At the end of the year, Citycon owned 33 shopping centres and 50 other retail properties. In Finland, our market share was 22 per cent and the total sales of our shopping centres amounted to approximately 1.6 billion euros. Our market position strengthened further in both Stockholm and Tallinn, as a result of the completion of our major construction projects.

Responsible business in Citycon means financial efficiency and effectiveness, fair play and solutions which take account of the environment in all of the company's activities. Responsibility stems from openness and transparency. Accordingly, for the first time Citycon is now issuing a combined Annual Report and Corporate Social Responsibility Report.

In 2009, we launched an extensive environmental programme for reducing the environmental impacts of our business and enhancing internal processes, by integrating environmental aspects into daily operations. As a result of the development of our reporting, for the first time we are now publishing energy and water consumption data for our properties, their waste recycling rates and the carbon footprint value arising from Citycon's business.

Finally, I should like to take this opportunity to thank our shareholders, customers and partners for the confidence you have shown in our operations. I would also like to express my special thanks to every Citycon employee for their contribution to our company and its continued success.

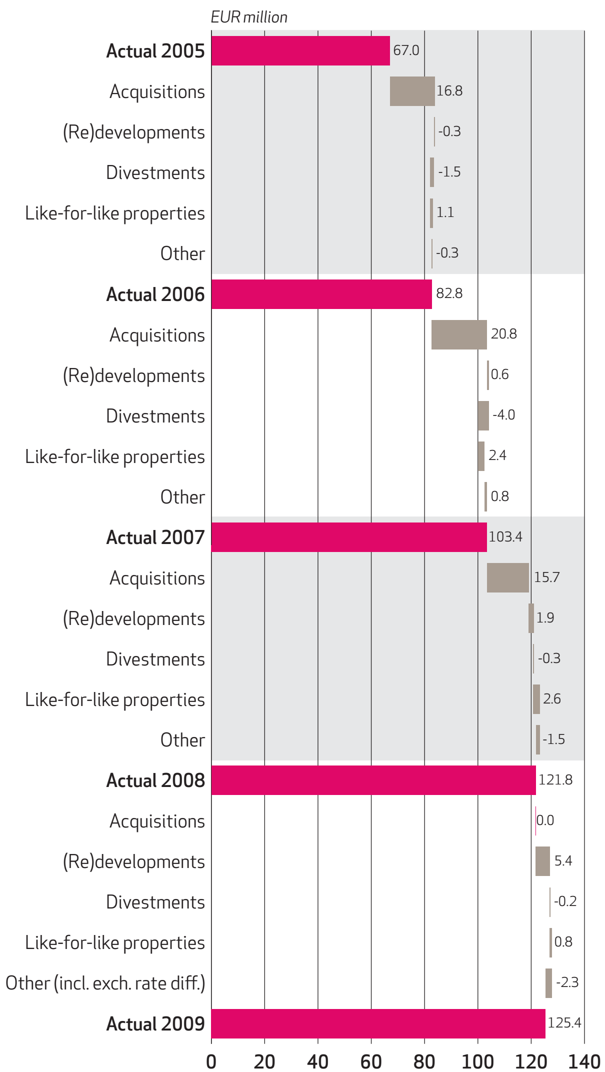
Helsinki, 15 February 2010

Petri Olkinuora
CEO


omanik ja haldaja
citycon
owned and managed by

Strategy

DEVELOPMENT OF NET RENTAL INCOME 2005-2009



Mission:

Citycon's shopping centres are attractive retail properties offering successful business locations for retail trade. Citycon combines solid shopping-centre expertise with strong property investment competence. Thanks to its versatility, Citycon is an appealing lease provider and an interesting investment target for investors, with sustainable shareholder value.

Vision:

Citycon is a strong expert in shopping centre business, an active owner and long-term developer of its properties. Citycon develops its retail properties systematically and on a long-term basis, which increases their value. For the retail trade, Citycon's properties provide desired premises for lease. Citycon is an appreciated employer, and professionals from various sectors wish to join the company.

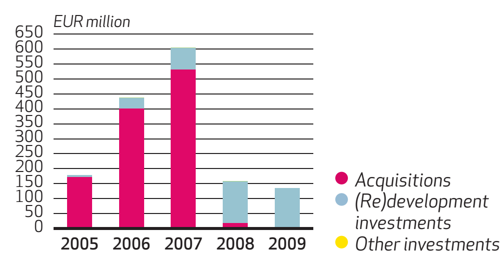
Strategy:

- To concentrate on shopping centre business in the Nordic and the Baltic countries.
- To manage and develop its shopping centres actively, using Citycon's own, professional personnel working locally.
- To create added value for customers and to enhance its properties' appeal, considering each retail property's and its catchment area's commercial preconditions: purchasing power, competition and consumer demand.
- To reduce business risks through a strong financial position and cash flow, combined with a conservative financing policy.
- Sustainability forms an essential part of Citycon's strategy.

LIKE-FOR-LIKE NET RENTAL INCOME BY SEGMENTS

EUR million	Finland	Sweden	The Baltic Countries	Other	Total
Actual 2007	75.7	21.6	6.0	0.1	103.4
Acquisitions	13.5	1.4	0.7	-	15.7
(Re)developments	1.2	0.4	0.4	-	1.9
Divestments	-0.3	0.0	0.0	-	-0.3
Like-for-like properties	1.8	0.7	0.0	-	2.5
Other	-1.0	-0.2	-0.3	-0.1	-1.5
Actual 2008	90.9	24.1	6.8	0.0	121.8
Acquisitions	0.0	0.0	0.0	-	0.0
(Re)developments	1.0	1.0	3.3	-	5.4
Divestments	-0.2	0.0	0.0	-	-0.2
Like-for-like properties	0.7	0.5	-0.4	-	0.8
Other (incl. exchange rate diff.)	0.0	-2.4	0.1	0.0	-2.3
Actual 2009	92.4	23.2	9.8	0.0	125.4

DEVELOPMENT OF INVESTMENTS DURING 2005-2009



Strategic objectives related to environmental responsibility

Climate change

- Reduction of greenhouse gas emissions by 20 per cent by year 2020 from the 2009 level

Energy

- Reduction of energy consumption (electricity and heat) by 9 per cent by 2016 from the 2009 level
- Improvements in energy efficiency
- Finding renewable energy solutions

Water

- Lowering water consumption to an average level of less than 3.5 litres per visitor

Waste

- Shopping centre waste recycling rate to be raised to at least 50 per cent by 2015
- Reduction of landfill waste to a maximum of 30 per cent of total waste volume by 2015

Land use and sustainable construction

- All development projects to be implemented in accordance with environmental classification principles
- Development projects are located in built-up environments, within reach of good public transport connections

Short-term actions

- Specifying the environmental policy
- Definition of property-level targets and action programmes
- Inclusion of responsibility in subcontractor chains
- Tenant co-operation and training
- Continuous development of reporting practices

KEY PERFORMANCE INDICATORS (KPI'S)

1. Strategic objective: Growth through selected (re)development projects and acquisitions (partnerships and joint-venture-based financial arrangements can also be used for individual properties)	**2. Strategic objective: Property portfolio optimisation**	**3. Strategic objective: Controlling vacancy, improving efficiency, and adding value through good shopping centre management**
• KPIs: For (re)development projects, the yield, costs, and pre-leasing rate will be carefully determined as a prerequisite for an investment decision. • Objectives for 2010–2012: Detailed financial objectives will be specified for each project. The return on investment (ROI) in a (re)development project must clearly exceed the weighted average cost of capital (WACC).	• KPIs: Divestments of non-core properties will continue. In Sweden, the residential portfolio still amounts to approximately EUR 40 million. • Objectives for 2010–2012: Property portfolio optimasation by carrying out the (re)development projects in the pipeline worth several hundred millions of euros (see pages 22-23); divestment of residential and other non-core units.	• KPIs: Reorganisation of the Finnish Operations resulted to improved leasing and marketing. • Objectives for 2010–2012: Controlling and reducing vacancy.
4. Strategic objective: More efficient property maintenance and improved maintenance quality	**5. Strategic objective: Sustainability in business operations**	**6. Strategic objective: Active and conservative financing policy**
• KPIs: Property maintenance will be centralised to specified service providers with extensive frame agreements; improvement of purchasing. • Objectives for 2010–2012: Controlling property maintenance costs and improving quality level in line with Citycon Standard.	• KPIs: Energy consumption, energy efficiency, water consumption, recycling, environmental certificates, Green Shopping Centre Management program, and CSR report according to GRI Guidelines . • Objectives: Strategic objectives related to environmental responsibility are presented enclosed.	• KPIs: Long-term equity ratio of 40%, the debt portfolio's hedging ratio of 70–90%, financing in local currencies, and stable dividend-payment ability – at least 50% of the profit for the period after taxes (excluding changes in fair value). • Objectives for 2010–2012: Complying with the loan covenants, long-term equity ratio of 40%, conservative financing policy, and optimal and versatile use of financial instruments.

Columbus, Helsinki

Business Environment

The year 2009 had a challenging start in all of Citycon's operating countries. The global economic downturn turned into recession most visibly in the Baltic countries, but the Finnish and Swedish economies also showed negative figures. In spite of hardship in the real economy, the stock market's downward slide took an upward trend in the late summer. At the same time, consumer confidence in economic development strengthened, particularly in Finland and Sweden.

In Sweden, retail sales saw an upward turn in the summer, and in Finland retail sales picked up a little from the figures in the spring. Meanwhile, economic conditions continue to be harsh in the Baltic countries and retail sales have fallen.[1)2)3)] Grocery sales grew in Finland and Sweden, and in Estonia decreased by less than retail sales in general[4)2)3)]. Affordable clothing sales grew in Finland and Sweden while furniture and car sales suffered most[5)].

Inflation gave way to deflation during the year. Interest rate levels for the whole year were at a record low in all of Citycon's operating countries[1)2)3)]. The volatility of the global financial markets affected the cost and availability of financing for the financial year. Although availability improved from the first half of the year, loan margins continued to be rather high. Citycon's financial position remained good throughout the year. The available liquidity will cover authorised investments and scheduled debt interest and repayments until at least the end of 2010. More detailed information on Citycon's profit performance and financial position can be found on pages 47–48 of this Annual Report.

Prospects for the retail trade

During the year, changes in real economy trends reflected on retail trade. In all, retail sales measured in current prices in Finland declined in 2009 by 1.6 per cent and grocery sales grew by 2.1 per cent. In Sweden, retail sales grew by 3.6 per cent and grocery sales by 4.5 per cent. The greatest slowdown in sales was seen in the Baltic countries. In Estonia, retail sales measured in constant prices decreased by 15 per cent and grocery sales by 8 per cent. For Lithuania, the corresponding figures were -21.6 per cent and -18.7 per cent[1)2)6)3)7)].

In Finland, value added tax on food was cut from 17 to 12 per cent at the beginning of October. The -2.5 per cent decrease observed in October grocery sales indicates that the VAT reduction on food was directly transferred to prices.

Among retailers in Finland, the S Group in particular continued to increase its market share in grocery retail and now accounts for more than 40 per cent of all grocery retail in Finland. Kesko ranked second largest in Finland, with its market share of some 35 per cent and, among the rest of the retailers, Suomen Lähikauppa Oy's (previously Tradeka) market share was approximately 10 per cent. The rest of the market is split between several retailers.[8)]

In Sweden, ICA is the grocery market leader with its 50 per cent share. COOP has an approximately 20 per cent market share[9)]. In Estonia, the largest grocery retailers include Rimi owned by the Swedish ICA; local co-operative ETK; Selver, the subsidiary of Tallinna Kaubamaja; the Lithuanian Maxima and Prisma of the Finnish S Group. In Lithuania, the local Maxima has a nearly 50 per cent share of the market, other larger retailers include Rimi and the local IKI.

While grocery sales have been least affected by the economic turmoil, speciality retail and the hardware trade in particular have suffered in all of Citycon's operating countries. In accordance with its strategy, grocery stores or retailers of daily necessities are usually anchor tenants in Citycon's shopping centres.

Grocery represents around 21 per cent of the company's rental income.

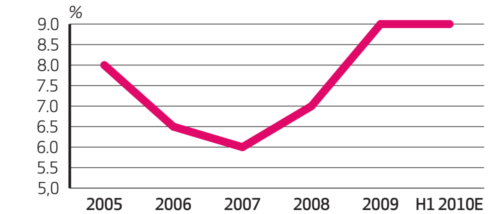
Property market

In the Finnish and Swedish property markets, the greatest impacts of the economic downturn were felt by office properties, whose vacancy rates clearly rose during 2009. By contrast, occupancy rates in shopping centres continue to be high both in Finland and in Sweden.

The steepest fall in occupancy rates was experienced in large-format retail units that do not represent Citycon's core business[10)].

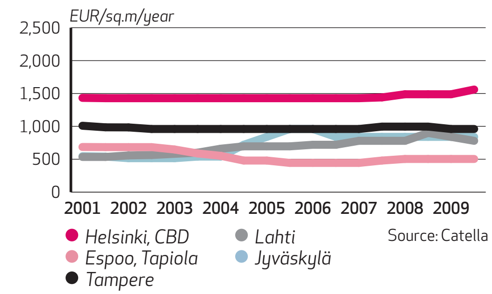
In the Baltic countries, the property market faces a tougher situation, vacancy rates also being a problem for some shopping centres. Over recent years several new, large shopping centres have been built in Lithuania, and some of those completed in 2009 had to open with a high proportion of vacant premises. Citycon's situation in the Baltic countries is, however,

SHOPPING CENTRE YIELDS IN ESTONIA



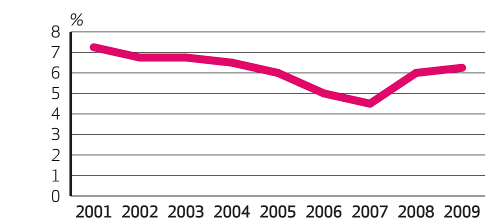
Source: Re&Solution

RENTAL LEVELS OF RETAIL PREMISES IN FINLAND



Source: Catella

SHOPPING CENTRE YIELDS IN HELSINKI AREA



Source: Jones Lang LaSalle

Consumers demand environmental responsibility and seek experiences

The economic downturn is having an impact on Finns' willingness to consume. According to consumers themselves, the materialism of the boom years has made way for softer values: leisure time has become more important and longing for more money is not the priority. On the other hand, consumers look for experiences, and buying also means seeking enjoyment and an escape from the everyday life. Indeed, luxury treatments, games, confectionery and films are highly popular. (Source: Redera)

A survey commissioned by the Finnish Ministry of the Environment also suggests that enjoyment is emphasised in shopping behaviour. Shopping is not merely viewed as a way of spending time, but customers require high-quality shopping venues with an inspiring ambience. The general household structure also supports this trend: the number of small households is on the rise, and they spend more money on services and specialty goods.

Consumers' environmental awareness has increased markedly, with many Finns stating that climate change affects their purchase decisions. For example, consumers appreciate energy-efficient housing and wish to avoid unnecessary car use and throwing away food (source: Kuulas Milward Brown, the 'Ilmastotalkoot' Climate Co-operation campaign, February 2009). Some 60 per cent of Finns consider that, over the next ten years, climate change will represent a greater threat than economic recession.

A similar trend emerges in the views of food business executives. In 2008, they already regarded corporate social responsibility as the main concern in the food industry, while the second most important issue was the purity and safety of food. Both issues achieved a higher ranking than in 2007. (Source: CIES, Top of Minds)

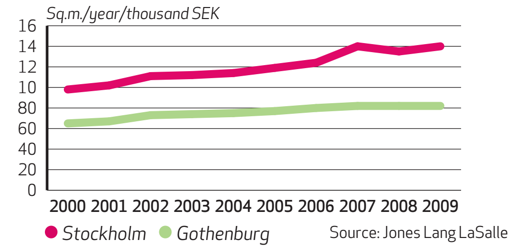
good since it does not have any vacancy problems. Indeed, the two latest phases of the extension and redevelopment project of Estonia's largest shopping centre, Rocca al Mare, opened in 2009 fully leased.

Construction costs have decreased clearly in all of Citycon's operating regions, which supports the company's property development operations. While construction costs declined the most in the Baltic countries, prices quoted in Finnish and Swedish contract tenders also decreased throughout 2009.

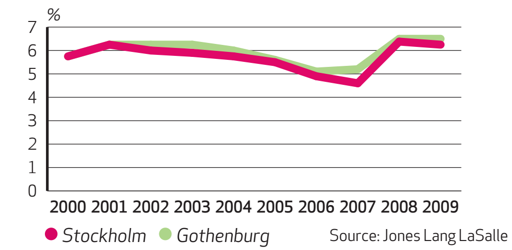
The property transaction market has been slow both in Finland, Sweden and the Baltic countries. Owing to the low interest rate levels, there has been hardly any distressed sales, even in the case of high-leverage property deals. Transaction volume has also decelerated due to a mismatch between demand and supply on the market. While demand has focused mainly on low-risk properties with a central location, mainly higher-risk, non-prime properties have been on sale.[10)]

1) Statistics Finland
2) Statistics Sweden
3) Statistics Estonia
4) The Finnish Grocery Trade Association
5) Newsec Property Report, Autumn 2009
6) Handelns Utredningsinstitut
7) Statistics Lithuania
8) A.C. Nielsen
9) Fri köpenskap
10) Jones Lang Lasalle, Nordic City Report, Autumn 2009

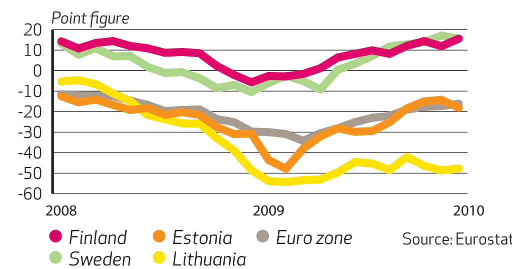
RENTAL LEVELS OF SHOPPING CENTRES IN STOCKHOLM AND GOTHENBURG AREA



SHOPPING CENTRE YIELDS IN STOCKHOLM AND GOTHENBURG AREA



CONSUMER CONFIDENCE INDICATOR



Citycon's Stakeholders

Citycon aims to operate actively and interactively with its stakeholders and wishes to learn about stakeholders' values and interests as well as their expectations towards the company. Citycon's stakeholders are:

- Consumers
- Tenants
- Co-operation partners (service providers, suppliers, contractors)
- Shareholders, lenders and analysts
- Employees
- Authorities and local communities
- Media
- Industry associations and non-governmental organisations (NGOs).

In the stakeholder definition process, stakeholders' expectations towards the company were assessed based both on experiences and feedback. Stakeholders' expectations, tools of interaction and key results from 2009 are presented on pages 12–13.

Citycon's tools of interaction include annual and interim reports, stock exchange and press releases, shareholders' meetings, websites, customer satisfaction surveys, events in shopping centres, market studies and consumer surveys, press conferences, employee performance reviews and personnel satisfaction surveys and company representatives' appearances at different events.

MATERIALITY MATRIX

Level of interest to stakeholders	Significance to Citycon's business: +		+++
+++	Local community development	Safety and health in shopping centres Land use and zoning Sustainable construction Transparency and reliability	Successful retail locations Cost effective use of resourses in daily operations Profitability and growth Continuous development of properties
	Transport	Stakeholder relations Code of ethics Supply chain management Improvement of employee competencies	Shopping center as a product meets the consumer needs Accessibility of the retail properties Corporate governance Carbon footprint
+	Cultural heritage Biodiversity	Promotion of environmental consciousness	Job satisfaction Climate change risks

Topics are reported extensively (green) *Topics are reported, focus on their development* (yellow) *Topics are reported* (blue)

Definition of materiality

This integrated Annual and CSR Report includes selected topics from the areas of economic, social and environmental responsibility which are material for Citycon's business and for its stakeholders. The topics that are addressed in this report were discussed and selected by the extended Corporate Management Committee.

The significance of the topics may vary by stakeholder. All topics included in the table above are covered in this report.

Stakeholders' level of interest on the topics was assessed on the following scale:

- Low (+) – stakeholders show no interest on the topic and it is hardly discussed in interaction situations.
- Medium – stakeholders are aware of the topic and it is occasionally discussed.
- High (+++) – stakeholders continuously discuss the topic.

The topic's significance to business operations was assessed on the following scale:

- Low (+) – a small risk, no significant financial impact and no major opportunities.
- Medium – a medium risk, a reasonable financial impact and reasonable opportunities.
- High (+++) – a high risk, a major financial impact and considerable opportunities.

STAKEHOLDER GROUPS

Stakeholder group	Expectations towards Citycon	Interaction tools	Key results in 2009
Consumers	Shopping centre as a product and consumer relationship • right tenant mix and service offering • clean and safety shopping centre Accessibility • public transportation • parking possibilities Ability to serve the community • development of services Green topics • properties' environmental impacts • availability of ecological products	Consumer surveys Market research Events Campaigns Communication CSR report	In Finland, spontaneous awareness figures of 14 shopping centres above 40% ; over 60% of the shopping centre customers consider the offering as an important criteria for visiting a shopping centre. The development of cluster strategy continued in Finland. Rocca al Mare invested heavily in marketing and shows higher awareness growth figures than other shopping centres in Tallinn (source: TNS Emor). According to Swedish Consumer Index, the strengths in Citycon shopping centres are accessibility, parking facilities and safety (source: Centrumbarometern 2009, CFI Group). New free shuttle bus connection started between the Rocca al Mare and the harbour of Tallinn. All Citycon's shopping centres except one are located in urban environments with good public transportation. Openings of redeveloped shopping centres: Rocca al Mare's phase 2 in May and Liljeholmstorget and Rocca al Mare's phase 3 in November. The first ever LEED certificate in the Nordic countries was granted to shopping centre Trio in Lahti. Visible campaigns for environment and social responsibility took place in shopping centres, e.g. Toy collection campaign, No Plastic Bags, Earth Hour.
Tenants	Successful retail location • achievement of sales targets Rent level • rent level proportional to sales Relationship • transparent and flexible operating methods Efficient retail property management • cost-efficient use of resources • appropriate quality level of operations • green topics	Market research OCR% (Occupancy Cost Ratio) rent's share of the tenant's sales Co-operation practices CSR report	The footfall and sales of the shopping centres remained in average stable, see figures of each business unit on pages 27, 31 and 33. Capital expenditure on redevelopment projects totalled EUR 134 million. The most significant changes in footfall and sales were due to a significant change in the tenant mix or in the local market or competition. In shopping centres, the OCR% development was closely monitored by branches and by shopping centres. OCR% was in line with profitability structure in each branch. Regular contacts and disccussions with tenants. The development of environmental reporting: carbon footprint, energy efficiency, water consumption and waste recycling are reported for the first time. Green Shopping Centre Management program was launched and all shopping centres were assessed with consistent criteria. Purchasing of Green Electricity in Rocca al Mare, Liljeholmstorget and Åkersberga.
Employees	Job satisfaction • challenging and versatile tasks • maintaining ability to work Remuneration • competitive salary, bonuses Competence development	Personnel survey Equality assessment Employee performance reviews Co-operation group and Occupational safety committee Training programs In-house job rotation New recruits Intranet	The personnel survey was not conducted in 2009, because the survey cycle will be rescheduled to adjust better with the annual planning. The equality assessment covering the entire personnel was conducted: the response rate was 84% and based on the results, equality is effectively realised. Focus areas for HR strategy were developed by personnel interviews and workshops. Free time culture club started. 16 new recruitments, 8 in-house transfers. Time spent for training: 6.9 days/employee.

Stakeholder group	Expectations towards Citycon	Interaction tools	Key results in 2009
Investors Lenders Analyst	Profit • increasing/maintaining asset value • profitable growth • earnings per share • dividend payment capability Growth • growth of the company's net rental income • property portfolio and market value growth Transparency and reliability • reporting methods and schedule Ownership structure and management • duration of holding • shareholders' capability to participate in share issues • nature and location of the investors Investor relations • awareness of shareholders' expectations • open discussion between shareholders and the company Sustainability • economical, social and environmental responsibility	Reliable and comparable reports Releases Presentations Investor meetings Asset tours Result press conferences, webcasting Annual and CSR report Financial Statements and Interim Reports	Net rental income and turnover increased, financing expenses decreased, dividend and equity return have stayed at the same level for 6 years in a row. New (re)development projects launched as planned to increase net rental income and value of the property portfolio. Share performance improved due to above-expectation achievements. Four new analysts started covering the company in 2009 partly because of the company's transparency. Number of domestic shareholders (=registered) nearly doubled. New bond issued successfully to domestic retail investors. Investor meetings after each quarter in Finland and abroad. The 2nd Capital Market's Day organised 16 September 2009. Reporting took place according to schedule. The first integrated Annual and CSR Report was published. Investors interest towards sustainability increased substantially.
Co-operation partners	Agreement procedures Long-term partnerships Reputation and reliability Professional process management	Agreements Partnership models Co-operation programmes	It was decided to develop methods and tools for measuring co-operation and responsibility in supply chain.
Authorities Local communities	Land use and city planning • pleasant environment • interactive planning Local community development Communication and open discussion Compliance Corporate Governance Sunday opening hours (Finland)	Zoning process Panels Briefings Communication	All ongoing development projects are extensions and redevelopments of existing shopping centres and are situated in the urban environment. In the Finnish "Local Shopping Centres" cluster there were co-operation initiatives with local associations, communities and local development projects (e.g. in Myyrmäki, Vantaa, in Espoonlahti, Espoo and in Vuosaari, Helsinki). The development project in Myllypuro, Helsinki was prepared in close co-operation with the Local Residents' Association. In Finland, a common Citycon level policy with local implementation according to the local market situation for Sunday opening hours.
Media	Open and reliable communication	Stock exchange and press releases Annual and Interim reports Websites	According to media monitor tool Citycon increased media hits (494 pc) by 20% compared to the previous year.
Industry associations NGOs	Development of the industry	Memberships and positions of trust Participation and influence in the industry development	Representations and memberships at RAKLI, EPRA, ICSC, NCSC, the Finnish Council of Shopping Centres and in other industry associations. Participation in Global Reporting Initiative's Construction and Real Estate Sector Supplement work. A need for identification of NGO's relevant to Citycon's operations was recognised.

Property Portfolio

Market value of the property portfolio EUR 2.1 billion.

PORTFOLIO BY MARKET VALUE AND NUMBER OF PROPERTIES ON 31 DEC. 2009

Market value, EUR million	Share of total portfolio, %	Number of properties
over 100	49%	6
80-100	5%	1
60-80	6%	2
40-60	13%	6
20-40	9%	7
10-20	11%	17
5-10	5%	15
0-5	3%	30

Changes in property portfolio

Citycon owns a total of 33 shopping centres, 22 being in Finland, eight in Sweden, two in Estonia, and one in Lithuania. In addition to shopping centres, Citycon owns 51 other properties, 44 of them in Finland and seven in Sweden.

In 2009, Citycon focused on the redevelopment and extension of its shopping centres. No new shopping centres were acquired or sold.

Instead, one non-core retail property in Lahti, Finland, was sold in January for approximately EUR 3 million.

In Sweden, divestments involved residential units which are also considered as non-core business. Residential units in Åkersberga Centrum were agreed to be sold for SEK 181 million (approx. EUR 16.7 million) to Tegeltornet AB. A total of 72 residential units being built in the centre of Stockholm at Liljeholmen are due for completion in the spring of 2010 and, once completed, they will be sold for SEK 176 million (approx. EUR 16.3 million) to Heba Fastighets AB.

Property valuation

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 recent years, this valuation has been conducted on a quarterly basis, due to market volatility and rapidly changing market conditions. The most recent valuation statement on the situation at the end of 2009 begins from page 61 in the appended Financial Statements. The valuation has been conducted by Realia Management Oy, part of the Realia Group. Realia Management Oy is the preferred appraisal service provider of CB Richard Ellis in Finland. The valuation statement includes a description of the valuation process, factors contributing to the valuation as well as the valuation results and sensitivity analysis.

The valuation has principally been conducted using a cash-flow method for a period of 10 years. For vacant lots and properties clearly involving amendments to land use plans, the market values have been determined according to the building rights available under the currently valid local detailed plan. Development projects have been appraised using an especially designed project calculation model. Further information on the valuation methods is also provided in said valuation statement.

On 31 December 2009, Realia Management Oy evaluated the average net yield requirement for Citycon's property portfolio at 6.6 per cent. The net yield requirement for properties in Finland, Sweden and the Baltic countries stood at 6.6 per cent, 6.4 per cent and 8.1 per cent, respectively.

Recognition of market value

Citycon recognises its investment property at fair value in accordance with IAS 40. Its properties' combined market value (fair value) at the closing date of the accounts is recorded in the statement of financial position and any changes in their fair value are recognised in the statement of comprehensive income under net fair value losses/gains on investment property. Thus, the change in fair value also has a profit impact, and this is reported as a separate item in the company's financial reports as a part of the operating profit and, consequently, the profit per the period.

In addition to the property portfolio's total value, determined by the external appraiser, the fair value of the company's investment properties in the statement of financial position includes capital expenditure on development projects that the external appraiser does not take into account in the valuation, as well as the acquisition cost of new properties acquired during the last three months.

Fair value development in 2009

In 2009, the fair value loss of Citycon's property portfolio was EUR 97.4 million. This decrease was caused by the general economic downturn in the property and financial market as well as increased yield requirements resulting from the general economic recession. The year saw a total increase of EUR 5.5 million in the value of 9 properties and a total decrease of EUR 102.9 million in the value of 70 properties.

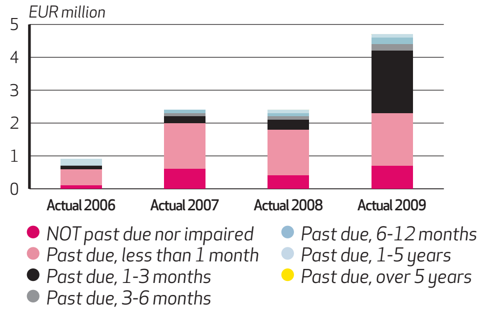
MARKET VALUE ANALYSIS, 31 DEC. 2009

Total portfolio	Fair market value, EUR million 31 Dec. 2009	31 Dec. 2008	Change in market value, year 2009, EUR million Positive	Negative	Total	Average yield requirement, % 31.12.2009	31.12.2008	Average market rent, EUR/sq.m./month 31 Dec. 2009	Average operating expences EUR/sq.m./month 31 Dec. 2009	Average initial yield (%) 31 Dec. 2009	Average reversionary yield, (%) 31 Dec. 2009
Finland											
Helsinki Metropolitan Area	786.0	806.9	1.2	-32.1	-30.8	6.3	6.1	24.7	5.6	6.6	6.7
Other areas in Finland	656.0	687.1	1.7	-36.1	-34.3	6.8	6.7	19.8	4.3	6.9	7.6
Finland, total	**1,442.0**	**1,494.0**	**3.0**	**-68.1**	**-65.1**	**6.6**	**6.4**	**22.5**	**5.0**	**6.8**	**7.1**
Sweden											
Stockholm area and Umeå	479.1	397.3	2.6	-19.5	-16.9	6.3	6.3	22.7	6.0	6.5	7.8
Gothenburg area	69.7	65.1	0.0	-2.6	-2.6	7.2	7.1	11.2	3.9	7.8	8.8
Sweden, total	**548.8**	**462.4**	**2.6**	**-22.1**	**-19.6**	**6.4**	**6.4**	**21.3**	**5.7**	**6.7**	**7.9**
Baltic Countries											
Estonia	145.9	140.3	0.0	-8.4	-8.4	8.0	7.3	21.6	4.2	8.0	8.8
Lithuania	10.7	15.0	0.0	-4.3	-4.3	9.3	8.1	18.4	6.8	8.2	10.3
Baltic Countries, total	**156.6**	**155.3**	**0.0**	**-12.7**	**-12.7**	**8.1**	**7.4**	**21.4**	**4.3**	**8.0**	**8.9**
Total portfolio	**2,147.4**	**2,111.6**	**5.5**	**-102.9**	**-97.4**	**6.6**	**6.4**	**22.1**	**5.1**	**6.8**	**7.4**

Like-for-like properties	Fair market value, EUR million 31 Dec. 2009	31 Dec. 2008	Change in market value, year 2009, EUR million Positive	Negative	Total
Finland					
Helsinki Metropolitan Area	689.6	715.5	0.1	-28.6	-28.5
Other areas in Finland	501.5	520.4	1.7	-27.0	-25.3
Finland, total	**1,191.1**	**1,235.9**	**1.8**	**-55.7**	**-53.8**
Sweden					
Stockholm area	233.6	221.8	2.6	-6.3	-3.8
Gothenburg area	69.7	65.1	0.0	-2.6	-2.6
Sweden, total	**303.3**	**286.9**	**2.6**	**-9.0**	**-6.4**
Baltic Countries					
Tallin and Vilnius	22.9	30.2	0.0	-7.4	-7.4
Like-for -like properties, total	**1,517.4**	**1,553.0**	**4.4**	**-72.1**	**-67.7**

Professional Shopping Centre Management Helps Control Leasing Risk

AGING STRUCTURE OF TRADE RECEIVABLES



Citycon aims to have a versatile and easily manageable lease portfolio, based primarily on fixed-term leases. As a rule, all leases on new business premises are signed for a fixed period in all countries. The only exception to this rule is apartments and storage facilities, or individual parking spaces. Leases in effect until further notice represent about 17 per cent of Citycon's property portfolio. Finland accounts for 81 per cent of the until further notice leases, Sweden for 19 per cent and the Baltic Countries for one per cent.

In Sweden, all retail property leases are signed for a fixed term. Meanwhile, in the Baltic Countries, there are some single leases which will continue to be in effect until further notice after the first fixed-term period of a few years. In Finland, there is more variation in the lease portfolio, and leases in effect until further notice account for about 21 per cent of the total lease portfolio. More than 30 per cent of the leases in effect until further notice were signed before 1999; the oldest ones more than 30 years ago. Previously leases in effect until further notice were a typical feature of the Finnish market; they are not regarded as greater risk, nor are they associated with a particular tenant group.

In some cases, a lease in effect until further notice or a lease signed for a short fixed term is in Citycon's interest. This might be the case in properties where a development project is being planned. In this situation, it may not be in Citycon's interest to form long-term ties with all tenants, but at the same time it is necessary to secure cash flows from the property before a development project begins. About 10 per cent of all leases signed in Finland in 2009 are in effect until further notice.

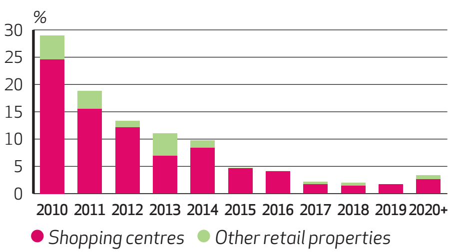
In Sweden, leases are typically signed for a term of 3-5 years, after which the lessor may terminate the lease contract or propose new lease terms. Tenants cannot be asked to pay a higher-than-market rent, because the tenants may appeal to a lease board (Hyresnämden), which specialises in resolving disputes. The lessor must be able to prove that the market rents have increased by presenting the board with recent leases on similar premises in the area.

In the Baltic countries, major anchor tenants' lease term is ten years, for smaller players they are approximately three years. A five-year lease term is also quite common.

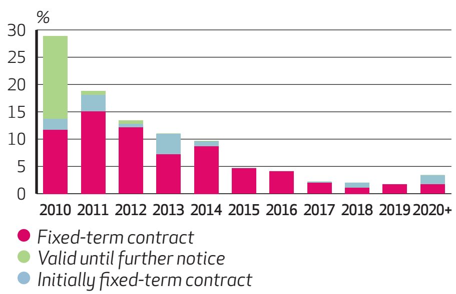
Few overdue lease payments in 2009

The local management in Citycon's shopping centres handles tenant-related risks. The tenants have a duty to report their monthly sales

FIRST POSSIBLE TERMINATION YEAR OF THE LEASES



FIRST POSSIBLE TERMINATION YEAR OF THE LEASES BY CONTRACT TYPE



Lease portfolio used in the calculation is measured in euros (not in number of agreements).

FIRST POSSIBLE TERMINATION YEAR OF THE LEASES

Enclosed chart illustrates Citycon's lease agreements divided into fixed-term contracts, contracts valid until further notice and initially fixed-term contracts.

- *Fixed-term contracts expire at the end of the contract period, after which will be negotiated on a potential new lease agreement.*
- *Contracts valid until further notice are valid for the time being and their typical notice period extends from 3 to 12 months.*
- *Initially fixed-term contracts include the first possible termination date, after which the contract period may continue either until further notice or for a rolling fixed-term period of time. A rolling fixed-term contract means that if the agreement is not terminated to expire at the end of the first contract period, it continues for another agreed period, typically from 12 to 36 months, at a time. The contract can only be terminated to expire at the end of the agreed period. The notice period is generally from 3 to 12 months.*

figures to the shopping centre's management. Management closely monitors the performance of each store and makes every effort to contribute to their success. If the tenant's lease in relation to the annual sales (Occupancy cost ratio, OCR) is clearly different from the average of other similar businesses in the shopping centre, or if sales per square metre are too low, management will take immediate action regardless of the duration of the lease term. The tenant may be offered assistance with marketing, premises may be downsized, or relocation to a premise with a lower lease per square metre may be recommended.

Despite the recession, overdue lease payments have so far not been a problem. Major tenants have a financial buffer, which means a small sales decline will not cause any problems in lease payment. Citycon makes determined efforts to enhance property maintenance as the costs are creating pressure to increase the tenants' maintenance fees. Citycon's base rents are close to the market rent level. Leases often – especially in Sweden and in the Baltic Countries – contain a turnover-linked component but due to the level of the base rent it is not a significant source of additional rental income. At the end of the year, turn-over-based lease agreements accounted for 36 per cent of Citycon's lease portfolio and approximately one per cent of the rental income came from the turn-over-based part of leases.

LEASING ACTIVITY

	Number of lease agreements	Citycon's GLA, sq.m.	Leased area, sq.m.	Average rent, EUR/sq.m./month
Finland				
Status 1 Jan. 2009	**1,795**	**600,750**	**534,030**	**18.6**
Leases started				
New or extended leases	295	400	57,220	22.5
Leases ended				
Expired, fixed-term leases	176		29,020	26.2
Terminated, until-further-notice leases	207		40,660	19.1
Leases terminated due to development projects	24	6,300	4,600	9.7
Divestments	1	7,200	7,200	3.3
Status 31 Dec. 2009	**1,682**	**587,650**	**509,770**	**19.7**
Sweden				
Status 1 Jan. 2009 *)	**2,114**	**282,700**	**259,280**	**11.8**
Leases started				
New or extended leases	339		32,810	24.7
Leases started due to development projects	110	28,510	26,540	22.1
Leases ended				
Expired and terminated leases	317		36,740	13.0
Leases terminated due to development projects	1	8,710	680	3.1
Status 31 Dec. 2009	**2,245**	**302,500**	**281,210**	**13.3**
Baltic Countries				
Status 1 Jan. 2009	**234**	**54,200**	**53,920**	**19.0**
Leases started				
New or extended leases	11		620	12.0
Leases started due to development projects	118	16,800	24,440	26.4
Leases ended				
Expired and terminated leases	11		980	16.9
Leases terminated due to development projects	44		7,850	17.1
Status 31 Dec. 2009	**308**	**71,000**	**70,150**	**18.6**

*) The calculation method of the Swedish lease portfolio has been revised to correspond that of Finland and the Baltic Countries.

PORTFOLIO ANALYSIS 31 DEC. 2009

Total portfolio	Location	Citycon's GLA sq.m	Number of lease agreements	Fair market value, EUR million 31 Dec. 2009	Fair market value, EUR million 31 Dec. 2008	Occupancy rate, % EUR 31 Dec. 2009	Occupancy rate, % Sq.m. 31 Dec. 2009
Finland							
Shopping centres, Helsinki Metropolitan Area							
Columbus	Helsinki	21,000	74	74.1	74.7	99.6	98.6
Espoontori	Espoo	17,300	43	29.8	31.6	95.7	95.4
Heikintori	Espoo	5,800	39	10.5	11.8	95.2	89.9
Isomyyri	Vantaa	10,900	17	17.6	20.6	61.3	56.7
Iso Omena	Espoo	60,400	198	299.7	305.6	98.6	98.0
Lippulaiva	Espoo	23,400	83	63.5	62.1	99.8	99.7
Myyrmanni	Vantaa	40,300	109	152.3	158.4	97.0	96.3
Tikkuri	Vantaa	10,700	48	26.0	27.5	94.5	90.1
Shopping centres, Helsinki Metropolitan Area, total		**189,800**	**611**	**673.6**	**692.4**	**96.8**	**94.6**
Shopping centres, other areas in Finland							
Duo	Tampere	13,000	42	29.8	32.3	94.2	92.9
IsoKarhu	Pori	14,800	44	43.1	42.4	94.2	89.3
IsoKristiina	Lappeenranta	18,700	55	34.8	34.2	93.7	90.0
Jyväskeskus	Jyväskylä	5,800	71	14.5	15.1	97.8	96.3
Jyväskylän Forum	Jyväskylä	17,500	58	55.2	57.6	97.5	97.1
Koskikara	Valkeakoski	5,800	35	5.3	5.7	94.4	92.5
Koskikeskus	Tampere	26,300	155	113.4	114.8	96.4	94.9
Linjuri	Salo	9,300	9	15.1	15.8	88.5	88.5
Oulun Galleria	Oulu	3,500	33	8.2	8.9	94.3	91.1
Sampokeskus	Rovaniemi	14,000	80	23.2	25.0	80.8	76.5
Torikeskus	Seinäjoki	11,500	61	11.9	12.5	89.6	86.2
Trio	Lahti	45,700	164	143.2	150.7	94.6	90.2
Tullintori	Tampere	10,300	38	8.4	8.9	75.0	74.4
Valtari	Kouvola	7,600	20	4.8	5.0	90.6	85.6
Shopping centres, other areas in Finland, total		**203,800**	**865**	**510.8**	**529.0**	**93.3**	**89.5**
Other retail properties		**194,050**	**206**	**257.7**	**272.5**	**92.6**	**89.7**
Finland, total		**587,650**	**1,682**	**1,442.0**	**1,494.0**	**94.6**	**91.2**
Sweden							
Shopping centres, Stockholm area and Umeå							
Fruängen Centrum	Stockholm	14,600	90	13.9	12.2	92.1	89.8
Jakobsbergs Centrum	Järfälla	69,300	646	99.8	93.3	94.1	92.5
Liljeholmstorget	Stockholm	40,700	131	205.3	126.9	91.3	92.4
Strömpilen	Umeå	27,000	33	40.4	42.0	95.9	87.4
Tumba Centrum	Botkyrka	31,300	467	51.4	47.4	98.5	98.8
Åkermyntan Centrum	Hässelby	8,400	41	10.8	10.0	92.3	91.0
Åkersberga Centrum	Österåker	30,500	354	40.2	48.6	97.2	97.4
Shopping centres, Stockholm area and Umeå, total		**221,800**	**1,762**	**461.7**	**380.4**	**94.4**	**93.2**
Shopping centres, Gothenburg area							
Stenungs Torg	Stenungsund	36,400	319	43.8	38.4	96.0	95.9
Shopping centres, Sweden, total		**258,200**	**2,081**	**505.6**	**418.8**	**94.6**	**93.6**
Other retail properties, total		**44,300**	**164**	**43.2**	**43.6**	**95.9**	**94.5**
Sweden, total		**302,500**	**2,245**	**548.8**	**462.4**	**94.7**	**93.7**
Baltic Countries							
Estonia							
Rocca al Mare	Tallinn	53,500	192	133.7	125.1	99.3	98.8
Magistral	Tallinn	9,500	58	12.2	15.2	100.0	100.0
Lithuania							
Mandarinas	Vilnius	8,000	58	10.7	15.0	100.0	100.0
Baltic Countries, total		**71,000**	**308**	**156.6**	**155.3**	**99.4**	**99.1**
Total portfolio		**961,150**	**4,235**	**2,147.4**	**2,111.6**	**95.0**	**92.6**

Rocca al Mare, Tallinn

PORTFOLIO ANALYSIS 31 DEC. 2009

Like-for-like portfolio	Citycon's GLA, sq.m.	Number of lease agreements	Fair market value, EUR million 31 Dec. 2009	Fair market value, EUR million 31 Dec. 2008	Occupancy rate, % EUR 31 Dec. 2009	Occupancy rate, % Sq.m. 31 Dec. 2009
Finland						
Helsinki Metropolitan Area	214,190	577	689.6	715.5	96.1	93.4
Other areas	268,460	792	501.5	520.4	92.8	89.4
Finland, total	**482,650**	**1,369**	**1,191.1**	**1,235.9**	**94.6**	**91.2**
Sweden						
Stockholm area	161,400	1,280	233.6	221.8	95.5	93.0
Gothenburg area	69,900	480	69.7	65.1	95.2	94.4
Sweden, total	**231,300**	**1,760**	**303.3**	**286.9**	**95.4**	**93.5**
Baltic Countries						
Tallinn and Vilnius	17,500	116	22.9	30.2	100.0	100.0
Like-for-like portfolio, total	**731,450**	**3,245**	**1,517.4**	**1,553.0**	**94.9**	**92.1**

Total portfolio	Average length of lease agreements 31 Dec. 2009	Average rent, EUR/sq.m./year 31 Dec. 2009	Rental income, EUR million Gross rental income Year 2009	Rental income, EUR million Net rental income Year 2009
Finland				
Shopping centres, Helsinki Metropolitan Area	2.6	299	53.8	39.5
Shopping centres, other areas in Finland	3.0	247	45.6	33.0
Other retail properties	3.1	159	27.2	19.9
Finland, total	**2.8**	**237**	**126.5**	**92.4**
Sweden				
Shopping centres	2.9	165	34.6	20.5
Other retail properties	3.2	123	4.7	2.8
Sweden, total	**3.0**	**159**	**39.3**	**23.2**
Baltic Countries, total	**5.2**	**224**	**12.0**	**9.8**
Total portfolio	**3.1**	**211**	**177.8**	**125.4**

Like-for-like portfolio	Average length of lease agreements 31 Dec. 2009	Average rent, EUR/sq.m./year 31 Dec. 2009	Rental income, EUR million Gross rental income Year 2009	Rental income, EUR million Net rental income Year 2009
Finland				
Helsinki Metropolitan Area	2.2	278	57.8	43.4
Other areas	3.1	198	49.4	35.4
Finland, total	**2.6**	**234**	**107.2**	**78.8**
Sweden				
Stockholm area	2.3	154	22.7	13.9
Gothenburg area	2.6	128	7.9	4.5
Sweden, total	**2.4**	**146**	**30.6**	**18.4**
Baltic Countries	**2.9**	**175**	**2.7**	**2.1**
Like-for-like portfolio, total	**2.6**	**204**	**140.5**	**99.2**

COMPLETED (RE)DEVELOPMENT PROJECTS IN 2008 AND 2009

Property	Location	Country	Market value, MEUR (31 Dec. 2009)	Area, sq.m. 1)	Post-development area, sq.m.	Estimated total investment, MEUR 2)	Actual cumulative CAPEX by the end of the period, MEUR	Additional information
Rocca al Mare	Tallinn	EST	133.7	28,600	53,500	58.3	49.9 3)	Shopping centre built in 1998 was totally rebuilt and substantially extended. Now there are more than 170 stores and the anchor tenant is the largest Prisma hypermarket in Estonia. One of Citycon's pilot projects in the sustainable development of its properties. The entire project was completed in November 2009 as planned.
Liljeholms-torget	Stockholm	SWE	205.3	20,100	27,100 retail + 13,600 offices	138	132.1	Construction of a new shopping centre south-west of Stockholm city centre. Liljeholmen is a major traffic hub and the whole area is being redeveloped. The existing building is totally developed and a new shopping centre was built adjacent to a subway station. Underground parking. The project was completed in October 2009 as planned. The project is one of Citycon's pilot projects in sustainable development of its properties.
Trio (exc. Hansa)	Lahti	FIN	118.8	32,300	35,000	60	58.3	Total redevelopment and extension of the retail premises of the existing downtown shopping centre. The project was carried out in two stages and the entire project was completed in autumn 2008 as planned. In summer 2009, Trio received the first environmental LEED-certificate in the Nordic Countries.

1) Leasable area owned by Citycon before the project start. 2) New capital tied on the project. 3) Remaining capital expenditure payable in 2010.

ONGOING (RE)DEVELOPMENT PROJECTS

Property	Location	Country	Market value, MEUR 31 Dec. 2009	Project area, sq.m.	Post-development area, sq.m.	Total estimated investment, MEUR 1)	Actual cumulative CAPEX by the end of the period, MEUR	Target year of completion	Additional information
Åkersberga Centrum	Österåker	SWE	40.2	20,000	33,000	20.5	12.0	2011	Refurbishment and extension of the shopping centre in the Greater Stockholm area, north-east of Stockholm. Very good pubic transportation. The shopping centre was built in 1985 and refurbished/extended in 1995/1996. The development project was 75% pre-let already in the beginning of the project. Large grocery store as anchor tenant. Minority owner (25%) is a local real estate company owned by the municipality.
Torikeskus	Seinäjoki	FIN	11.9	11,300	11,500	4	2.7	2010	Refurbishment of interior premises of the shopping centre.
Myllypuro			5.3	7,700	7,300	20		2012	Building of a new retail centre replacing the existing one next to the Myllypuro subway station. Underground parking facility will be built in conjunction to the shopping centre. Also rental and right-of-residence apartments will be built, that Citycon has sold. The estimated investment need for the whole project totals more than 60 EUR million.
Espoontori	Espoo	FIN	29.8	10,400	10,400	18		2010	Refurbishment of 10,400 sq.m. of interior premises and the parking facility. The refurbishment of the premises will be completed in phases: the first phase will open in May 2010. The entire project will be completed in December 2010. There are also plans to extend Espoontori, once the commercial requirements are in place.
Forum	Jyväskylä	FIN	55.2	12,000	12,000	16		2010	Refurbishment of interior premises (12,000 sq.m) of the shopping centre. Shopping centre is located in the middle of vivid university town, Jyväskylä. Especially fashion and restaurant offering will be strengthened.
Hansa (Trio)	Lahti	FIN	24.4	8,000	8,000	8	0.5	2010	The refurbishment of Hansa property located adjacent to the redeveloped shopiing centreTrio. The goal is to connect the property better and more commercially to Trio. Alteration of the city plan pending to allow building of retail premises on the bridge connecting Trio and Hansa, over the street of Vapaudenkatu.
Myyrmanni	Vantaa	FIN	152.3	8,400	8,400	4.8	0.6	2010	Refurbishment of the first floor premises that will become vacant as Anttila moves to smaller space. Tenant improvement works will take place at the same time on the ground floor.
Isolinnan-katu	Pori	FIN	4.4	7,600	7,600	3		2010	Refurbishment of the retail premises in two phases. The first 1.5 EUR million and 2,500 sq.m. phase was completed. The letting of the second phase on-going.

1) New capital tied on the project.

(RE)DEVELOPMENT PROJECTS UNDER PLANNING

Citycon's Board of Directors has not yet made a decision on the (re)development project, but it is under planning, an alteration of the city plan is pending or Citycon (or its partner) has a site reservation.

Property	Location	Country	Market value, MEUR (31 Dec. 2009)	Project area, sq.m. [1]	Estimated investment need, MEUR [2]	Target year of project launch	Target year of completion	Additional information
Lippulaiva	Espoo	FIN	63.5	35,000	60-70	2011	2013	Refurbishment and extension of the existing shopping centre. The refurbishment of interior premises completed. Planning of the extension project continues.
Iso Omena	Espoo	FIN	299.7	20,000-25,000 [3) 4)]	100-130	2011	2013	Planning reservation together with the construction company NCC for subway centre which will be build on the future Matinkylä subway station adjacent to the shopping centre. The goal is to create a subway centre, that combines excellent commercial services and well-functioning connections to the future subway and commuter parking. The western subway line, that connects Helsinki and Espoo is planned to be completed in 2014.
				5 000 [4)]	15	2012	2013	Extension of the shopping centre in two phases depending on the final conclusion of the above mentioned subway centre project.
Myyrmanni	Vantaa	FIN	152.3	20,000 [3), 4)]	50-60	2012	2014	The City of Vantaa granted site reservations to Citycon for the former health care centre's and Paalutori's plot, on which the centre is planned to be extended. Prisma hypermarket is planned to Myyrmanni's immediate vicinity.
Galleria	Oulu	FIN	8.2	17,000	50-55	2012	2014	Redevelopment of the Galleria block into a shopping centre in co-operation with the block's and the adjacent block's other property owners. The other main owner is retail cooperative Arina. The estimated investment need for the whole project totals 130-140 EUR million. Due to the city of Oulu's decision on the underground parking matter, the grounds to carry out the project will be re-analyzed. [3)]
Koskikeskus	Tampere	FIN	113.4	2,000 [5)]	8-12	2010	2011	Refurbishment of interior premises of the shopping centre underway, the project started in 2007.
Kuopion Anttila	Kuopio	FIN	21.4	12,000	20-25	2011	2013	Redevelopment of interior premises of the existing building. Commercial concept of the project will be analyzed in the beginning of 2010. The project has been postponed due to more difficult market conditions and it starts at the earliest in summer 2011. [3)]
Heikintori [6)]	Espoo	FIN	10.5	23,000	6-7	2011	2011	Renovation of interior premises of the existing shopping centre. The contemplated redevelopment and extension project as well as the related zoning has not proceeded according to the earlier plans since the shareholders of the shopping centre company do not have a common understanding on the project.
Martinlaakso	Vantaa	FIN	4.5	7,400	20-25	2010	2011	Building a new shopping centre replacing the existing retail centre. Negotiations with the possible final owners of the residential units on-going.
Laajasalo	Helsinki	FIN	3.8	8,000	25-30	2012	2013	Building a new retail centre replacing the existing one. Site reservation together with Kesko and HOK-Elanto (S Group). [3)]
IsoKristiina	Lappeenranta	FIN	34.8	25,000	60-70	2011	2013	Refurbishment and extension of the existing shopping centre under planning. Citycon purchased the adjacent plot for the extension in February 2009. Commercial concept as well as the city plan ready.
Kirkkonummen Liikekeskus	Kirkkonummi	FIN	5.5	5,000	4	2010	2010	Market-property will be refurbished after Kesko agreement's expiry into a Partner in Everyday Life Centre.
Isomyyri	Vantaa	FIN	17.6	5,000	5-7	2010	2011	Refurbishment of premises owned by Citycon. Commercial concept under planning.
Lauttasaari retail centre	Helsinki	FIN	2.4	2,600 [3)]	10-15	2011	2013	Refurbishment or possible demolition and new construction of the retail centre. Future subway station entrance of western subway line on the plot. Planning process required by zoning under way. 10,000 sq.m. of apartments under planning. Citycon is a minority owner of the property.

Property	Location	Country	Market value, MEUR (31 Dec. 2009)	Project area, sq.m. (1	Estimated investment need, MEUR 2)	Target year of project launch	Target year of completion	Additional information
Tikkurilan Anttila	Vantaa	FIN	15.0	9,700	10-15	2011	2012	Indoor refurbishment of the department store property.
Porin Asema-aukio	Pori	FIN	17.3	10,000	10-15	2010	2011	Indoor refurbishment and renewed tenant concept. Kesko continues with smaller grocery concept. Building of residential units is being analyzed.
Tumba Centrum	Botkyrka	SWE	51.4	20,000	35	2011	2012	Redevelopment and extension of the shopping centre. In the first phase the centre will be refurbished and extented slightly, the project (approx. EUR 6 million) is on-going and included in the figure. The second phase includes remarkable redevelopment and extension and is planned to start 2011.
Stenungs Torg 6)	Stenungsund	SWE	43.8	15,000	30	2010	2012	Citycon has agreed with the shopping centre's minority shareholder on the redevelopment and extension of the shopping centre. The estimated investment refers to Citycon's share. First phase started in January 2009.
Strömpilen 6)	Umeå	SWE	40.4	40,000	50	2010	2013	Refurbishment and extension of the shopping centre.
Länken 6)	Umeå	SWE	12.2	5,000	9	2010	2011	Refurbishment and extension of the retail property.
Jakobsbergs Centrum	Järfälla	SWE	99.8	12,000	30	2010	2012	Redevelopment and extension of the shopping centre. Started in January 2009.
Åkermyntan Centrum	Hässelby	SWE	10.8	10,000	15	2010	2012	Redevelopment of the shopping centre, building of new residential units adjoining the centre under review.
Magistral	Tallinn	EST	12.2	10,000	10	2010	2011	Refurbishment and extension of the shopping centre.

1) The project area refers to the combination of the area of the existing premises under refurbishment owned by Citycon and the area of the extension. 2) The amount of investment needed will change and become more precise as the planning process proceeds. The figure is the best current estimate. 3) The schedule for the project completion and/or project launch and/or project area involves risks associated with city planning. 4) The project area refers only to the area of the planned extension. 5) The leasable area may be larger than indicated. 6) Partly-owned property.

POTENTIAL (RE)DEVELOPMENT PROJECTS

Citycon is analysing opportunities for the development and/extension of for example the properties below. Neither an alteration of city plan has been applied for nor any other official decisions made.

Property	Location	Country	Market value, MEUR (31 Dec. 2009)	Area, sq.m.	Additional information
Ultima	Vantaa	FIN	4.2	-	Vacant plot of approximately 42,000 sq.m. with 20,000 sq.m. in current permitted office and/or warehouse building right.
Valtari	Kouvola	FIN	4.8	7,600	Opportunities to redevelop the property are analysed.
Columbus	Helsinki	FIN	74.1	21,000	Opportunities to expand the shopping centre are reviewed.
Sampokeskus	Rovaniemi	FIN	23.2	14,000	Opportunities to redevelop the property are analysed.
Kaarinan liiketalo	Kaarina	FIN	6.1	9,200	The redevelopment of the existing retail property in line with the development plan of the town centre is analyzed.
Tullintori	Tampere	FIN	8.4	10,300	Refurbishment on the property is under consideration.
Hakunila	Vantaa	FIN	4.2	3,000	Opportunities to redevelop the property are analysed.
Tikkuri	Vantaa	FIN	26.0	10,700	Opportunities to redevelop and extend the shopping centre by 20000 sq.m. are analysed. Underground parking under planning.
Backa	Gothenburg	SWE	6.4	7,800	Opportunities to develop the property are analysed.
Fruängen Centrum	Stockholm	SWE	13.9	14,600	Opportunities to refurbish and possibly extend the property are analysed.
Lindome	Gothenburg	SWE	6.3	7,800	Possibilities to build residential units adjoining the retail centre under review.
Liljeholmstorget	Stockholm	SWE	205.3	40,700	Possibilities to extend the shopping centre is under review.

Citycon is a Versatile Shopping Centre Expert

Business Units

Citycon owns and develops all its shopping centres actively and with long term perspective.

In Finland, Citycon is the market leader in the shopping centre business and the only property investment company specialising in retail premises. In Sweden, Citycon holds a solid position which strengthened markedly in October, when the new Liljeholmstorget shopping centre was opened in Stockholm's centre. Citycon also has a good foothold on the Baltic market. In Tallinn, Citycon already grew into a significant player in 2009 when Tallinn's largest shopping centre, Rocca al Mare, opened the (re)development project's second phase in May and third phase in November.

Citycon is a versatile shopping centre expert which owns, develops and manages all of its shopping centres itself, on a long-term basis. This approach differentiates Citycon from most other property investors and construction firms with property developing operations. These are the company's major competitors, particularly on the Finnish property development market.

Suitable retail premises for each tenant

Citycon's strength lies in its versatile knowledge of retail business as well as its shopping centre expertise, which have proven particularly important during 2009's economic downturn. The company has a strong, comprehensive understanding of shopping centre management and defining the tenant mix best suited to each shopping centre. This expertise has borne fruit, especially in the midst of the very challenging market situation in the Baltic countries: both the second and third phases of Rocca al Mare's (re)development project were fully leased by the time of their opening. Meanwhile, many competitors had to struggle with major vacancy problems.

Citycon's main product is shopping centres, its core business being shopping centre management and development. In line with Citycon's brand promise, the key business objective is the creation of successful retail premises for retail business. For Citycon to succeed, its tenants need to flourish and prosper in their own business operations. In practice, this means that shopping centres must remain attractive to consumers and be constantly developed to correspond to consumer demand. Citycon's business operations include the efficient leasing, marketing and maintenance of retail premises. These are considered Citycon's core operations, which are the responsibility of the company's own employees.

In particular, shopping centre marketing and chain leasing are operated on a centralised basis. Leasing to key customers within each industry is centralised into a responsibility area managed by a designated individual in Citycon. For instance, fashion and clothing brands and restaurant chains have their own managers. The underlying idea is that a person responsible for industry-specific customers will have a deep

LEASE PORTFOLIO BY BUSINESS UNITS

	Finland	Sweden	Baltic Countries	Total
Number of leases started during the financial year	295	449	129	**873**
Total area of leases started, sq.m.	57,220	59,351	25,057	**141,628**
Occupancy rate at end of financial year, %	94.6	94.7	99.4	**95.0**
Average length of lease portfolio at the end of financial year, year	2.8	3.0	5.2	**3.1**

PROPERTY PORTFOLIO BY REGION, 31 DEC. 2009, EUR MILLION

EUR million		Total
Finland	Helsinki Metropolitan Area	786.0
	Other areas in Finland	656.0
Sweden	Stockholm area and Umeå	479.1
	Gothenburg area	69.7
Baltic Countries	Estonia and Lithuania	156.6
Total		**2,147.4**

Based on market value of property portfolio on 31 Dec. 2009 understanding of the industry's competitive environment and the customers' business.

However, each shopping centre has its own local management, which precisely understands the structure of local consumer demand, the area's competition and other local characteristics. Based on these factors, Citycon seeks to provide each customer with the most suitable retail location.

In addition to shopping centres, Citycon owns other retail properties: local retail centres, supermarkets and shops as well as large retail units. These complement its property portfolio and represent an integral part of Citycon's business.

Groceries and fashion as leading tenants

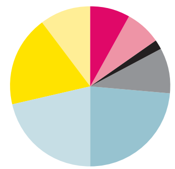
By far the greatest share of Citycon's cash flow is based on rental income from retail properties. Among tenants, grocery and specialty chains are of particular importance. Other major tenant groups include cafés, restaurants, banks and financial institutions and public administration.

In Finland, the largest tenants include the various Kesko chains, such as the K-citymarket hypermarkets, the K-market supermarkets and other specialty brands such as K-kenkä, Musta Pörssi and Intersport. These represent a total of 23.2 per cent (26.6% in 2008). Lease agreements being shop-specific, Kesko and Citycon have a total of 75 agreements involving 40 properties. Other large tenants in fashion and clothing include Lindex, KappAhl, Seppälä and H&M. In addition to Kesko, the S Group is also a key tenant.

The Swedish tenant structure is highly similar. The largest grocery retail tenants include the big operators on the Swedish market: ICA, COOP and Axfood. During the autumn, ICA opened a large ICA Kvantum store at Liljeholmstorget. Specialty retail tenants include many of the same fashion and clothing chains as in Finland. The Swedish tenant structure is different from its Finnish equivalent in that Swedish shopping centres more often include public administration's operations. Indeed, a key Swedish tenant is the Stockholm County Council (Stockholms Läns Landsting).

In the Baltic countries, Rocca al Mare focuses firmly on specialty retail, with several strong fashion brands as its tenants. The largest single tenant, however, is the Prisma hypermarket which is part of the Finnish S Group. In the smaller-scale Baltic shopping centres, Magistral in Tallinn and Mandarinas in Vilnius, the key tenant is the RIMI grocery chain representing the Swedish ICA chain.

SHOPPING CENTRE RENTAL INCOME BY BRANCHES BASED ON VALID RENT ROLL AT 31 DEC. 2009



KEY INDICATORS OF PROPERTY PORTFOLIO 2009

	Finland	Sweden	Baltic Countries	Total
Citycon's GLA, sq.m.	587,650	302,500	71,000	**961,150**
Gross rental income, EUR million	126.5	39.3	12.0	**177.8**
Net rental income, EUR million	92.4	23.2	9.8	**125.4**
Net rental income yield, %	6.5	4.7	6.4	**6.1**
Net rental income yield, like-for-like properties, %	6.7	6.5	8.2	**6.7**

CITYCON'S TOP FIVE TENANTS

	Proportion of rental income based on valid rent roll at 31 Dec. 2009, %
Kesko	23.2%
S Group	4.8%
ICA	3.2%
Stockmann	2.9%
H & M Hennes & Mauritz	1.5%
Top 5, total	**35.6%**


In 2009
Citycon's
shopping centres
attracted
81.4
million customers
Nestlé
Fitness
PAKKAUKSESSA
KUNTOILU
VIDEO CD-LEVY
54% TÄYSJYVÄÄ
Kellogg's
ALL-BRAN
Dark Chocolate
Yoghurty
Special K
RED BERRIES
KIDS' HAPPY MOMENT
KAIKKELLE ON AIKANSA JA PAIKKANSA
FROSTIES
Weetabix Minis
Original
Krispiga Flingor
hunajamuroja
Vanillin-honungsflingor
Duo, Tampere

(Re)development Projects Prepared, Sales Withstood Downturn

Business Units: Finland

Citycon's position in Finland

Citycon is the clear market leader in the Finnish shopping centre market. The company has 22 shopping centres in Finland, located in major cities. Its share of the Finnish shopping centre market is around 22 per cent. Last year, Citycon's shopping centres attracted 81.4 million customers, the number of visitors decreasing by 1.5 per cent from 2008.

Citycon's business differs from that of its competitors in the shopping centre industry, in that Citycon is the only Finnish property investment company focusing solely in retail properties. Citycon is not only the owner of its centres, but also develops and manages them. Therefore, Citycon's core business is more than property investment, it comprises versatile shopping centre expertise based on all of the above elements.

In addition to shopping centres, Citycon's Finnish property portfolio includes 43 other retail properties and one undeveloped plot near the Helsinki-Vantaa Airport. In January, Citycon sold a Finnish property located at Keijutie 15, Lahti, for approximately EUR 3 million. The divestment of non-core properties may continue in 2010.

Year 2009

In terms of sales, Citycon's Finnish shopping centres performed well, despite the downturn. Sales in shopping centres fell by only approximately one per cent compared to 2008. A large share of Citycon's shopping centres are service entities focusing on groceries and daily necessities intended for the whole family. Only a small portion of shopping centres' turnover originates in activities more sensitive to the downturn. For instance, sports shops and chain stores selling well-known fashion brands have continued to perform well.

For this reason, rent rebates in Finland have only concerned individual cases, which have been few in number. However, the downturn can be seen in the clear slow-down in leasing business. Tenants are now giving thorough consideration to investment decisions and decisions on renting premises take time. With res-pect to international players, rental decisions are increasingly taken abroad.

Citycon has addressed this situation by increasing its resources directed at the leasing business. The Finnish Business Unit underwent a management process reform which resulted in the dismantling of the regional director organisation and the alignment of the management focus with business processes. In practice, this means that Citycon will invest more than before in the tenant interface and retail property management. The restructured Finnish organisation began operating on 1 December 2009.

The year 2009 also saw investments in speciality leasing operations, introducing a new product package: Citycon Media (www.cityconmedia.fi). The underlying idea is that a shopping centre itself is a medium and unique due to its closeness to the customer. Opportunities to influence purchase decisions are particularly high when the customer has already entered the shopping centre. While traditional marketing channels bring the customer to the centre, Citycon Media reaches customers who are already there and ready to shop.

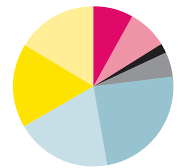
Citycon Media offers a comprehensive range of marketing means. The customer can use the shopping centre's promotion spaces, sales stands for periods under 3 months, video screens, sound advertising and special advertising spaces. Citycon benefits from strong partners: Clear Channel in outdoor advertising and JPC Studiot for sound advertising. Citycon's strength lies in its nationwide network: a customer implementing a campaign can choose suitable locations from any of the company's 22 shopping centres and use any or all marketing means. No other shopping centre operator in Finland can offer such range and scope. Reservations are made through an electronic system on the Citycon Media website.

(Re)development projects prepared

In 2009, planning was initiated for the new Matinkylä metro station area in Espoo and the adjacent shopping centre (more details on the next page 28). In Helsinki, the old Myllypuro retail centre was demolished, and the construction of a new shopping centre providing a broader offering has been launched. Redevelopment of Espoontori at Espoo has also begun.

At Myyrmanni, Vantaa, the Anttila department store will continue with more compact consept, freeing up more space for fashion-oriented specialty retail. A similar redevelopment will be carried out at Forum in the centre of Jyväskylä, when the Anttila department store moves out in February 2010 and vacates

SHOPPING CENTRE RENTAL INCOME BY BRANCHES BASED ON VALID RENT ROLL AT 31 DEC. 2009



KEY FIGURES, FINNISH OPERATIONS

	2009	2008
Gross rental income, EUR million	126.5	122.5
Turnover, EUR million	131.3	126.8
Net rental income, EUR million	92.4	90.9
Net fair value losses on investment property, EUR million	-65.1	-154.3
Operating profit/loss, EUR million	21.2	-62.9
Capital expenditure (gross), EUR million	24.5	69.2
Fair market value of investment properties, EUR million	1,442.0	1,494.0
Net rental yield, %	6.5	6.0
Net rental yield, like-for-like properties, %	6.7	6.1

TOP FIVE TENANTS IN FINLAND

	Proportion of rental income based on valid rent roll at 31 Dec. 2009, %
KESKO	34.7%
S Group	5.9%
Stockmann/Seppälä/Lindex	3.3%
Tokmanni	2.2%
Nordea	1.6%
Top 5, total	**47.7%**

Extension of metro to Matinkylä, Espoo – a major future project

In September, Citycon and NCC Property Development were granted a reservation for land use involving the metro station to be located in Matinkylä, Espoo. Matinkylä is one of seven new metro stations on the future western metro line from Helsinki to Espoo, and the terminal station for the first phase of the metro extension. The metro line will be opened to traffic in the autumn of 2014.

The Matinkylä metro station will be located right next to the shopping centre Iso Omena. In addition to the underground metro station, the hub will include a feeder bus terminal, retail premises and apartments. An indoor swimming pool is also planned to be located in the area. The new retail premises will be realised as an extension of the shopping centre Iso Omena, creating a consistent commercial entity in the area.

The metro will considerably speed up the growth and development of the Matinkylä area. Alongside the metro, the vicinity will gain more inhabitants and jobs. The feeder bus terminal will centralise transit traffic in the metro station. The library already existing in the shopping centre and the new swimming pool to be built represent important public services. Together with the shopping centre, they form an easily accessible entity, efficient in terms of land use and genuinely serving the people living in the area.

premises for specialty retail. Simultaneously, Forum's entire commercial concept will be renewed.

Several other redevelopment projects were prepared and advanced: IsoKristiina in Lappeenranta; the refurbishment of the Anttila department store in Kuopio; Heikintori in Tapiola, Espoo; the demolition of the Martinlaakso retail centre in Vantaa and construction of a shopping centre to replace it. In the centre of Kirkkonummi in the Helsinki Metropolitan Area, Kesko's lease agreement in a supermarket property by the railway station has expired, and the property will be redeveloped into everyday life cluster shopping centre.

The recession has depressed construction costs in Finland, and this was clearly shown in the tenders obtained in 2009. This lower cost level encourages to launch (re)development projects, as long as they are commercially viable.

Cluster strategy implemented

In 2008, Citycon adopted a cluster strategy in its marketing with respect to all of its Finnish shopping centres, excluding Iso Omena. This strategy forms the basis for positioning and marketing its various shopping centres.

Meeting points in city centres are shopping centres with a specialty store focus and located in the hearts of cities, grocery retail playing a smaller role. Larger-scale grocery shopping is conducted elsewhere, only mainly complementary grocery purchases take place in the city centre.

Local centres have a broad range of services but the anchor tenant is a strong grocery operator. While the centre's specialty retail offering may be wide, the offering in a certain field of activity is not as deep and versatile as in meeting points in city centres.

Partners in everyday life are strongly grocery-oriented, day-to-day service centres located on the way home and within walking distance of home. In addition to grocery shopping, daily needs can be satisfied by using services such as pharmacies, the alcohol retailer Alko or cafeterias.

Property management streamlined

The property maintenance efficiency increase project of Citycon's shopping centres and most supermarkets was started. The main idea is to concentrate cleaning, maintenance and security guard services with either one service provider or a consortium formed by several providers. While Citycon defines the quality level, the service provider is now given more freedom to decide how to attain it.

Technical building management for supermarket and shop properties was subjected to competitive tendering and consequently centralised with Corbel. The centralisation of property maintenance will continue during 2010.

CITYCON'S SHOPPING CENTRES AND OTHER MAJOR RETAIL PROPERTIES IN FINLAND 31 DEC. 2009

		Entire retail property							
Property	**Location**	**Gross leasable area total, sq.m.**	**Retail premises total, sq.m.**	**Sales, EUR million 2009**	**2008**	**Number of visitors, million 2009**	**2008**	**Catchment area population *)**	**Citycon's gross leasable area, sq.m.**
Helsinki Metropolitan Area									
Columbus	Helsinki	21,000	19,200	96.1	99.7	7.7	7.5	95,800	21,000
Iso Omena	Espoo	60,400	48,500	224.0	222.9	8.2	8.4	148,000	60,400
Espoontori [1)]	Espoo	23,800	12,000	22.7	30.9	2.9	3.3	58,000	17,300
Heikintori	Espoo	9,500	7,000	20.2	20.5	2.0	2.2	138,700	5,800
Lippulaiva (incl. Ulappatori)	Espoo	23,400	19,800	72.4	70.8	3.7	3.7	45,300	23,400
Isomyyri	Vantaa	14,800	8,800	27.7	34.2	2.2	2.6	54,100	10,900
Myyrmanni	Vantaa	42,000	32,000	158.5	159.3	7.1	7.0	97,600	40,300
Tikkuri	Vantaa	15,300	8,100	30.7	31.9	2.9	2.9	133,700	10,700
Other areas in Finland									
Jyväskeskus	Jyväskylä	12,000	7,600	22.1	22.5	4.2	4.0	141,700	5,800
Forum	Jyväskylä	23,000	18,800	65.2	66.1	6.9	6.9	142,200	17,500
Trio	Lahti	48,900	34,600	73.5	62.2	6.4	5.8	123,900	45,700
IsoKristiina	Lappeenranta	19,800	14,100	46.4	47.0	2.0	2.2	58,000	18,700
Galleria	Oulu	4,200	2,600	7.1	8.0	0.9	1.0	188,300	3,500
IsoKarhu	Pori	14,800	12,300	33.9	37.4	3.2	3.4	111,000	14,800
Koskikeskus	Tampere	29,000	24,700	115.6	117.8	5.5	5.7	342,000	26,300
Tullintori	Tampere	23,800	9,100	15.9	15.8	2.8	2.7	133,000	10,300
Duo	Tampere	13,500	11,900	50.3	48.2	3.9	3.7	38,500	13,000
Sampokeskus	Rovaniemi	14,000	7,800	17.4	20.0	2.3	2.8	53,900	14,000
Torikeskus	Seinäjoki	11,400	7,100	17.5	16.3	1.3	1.3	117,600	11,500
Koskikara	Valkeakoski	10,400	10,000	34.0	32.7	2.1	2.2	19,900	5,800
Valtari	Kouvola	7,600	6,400	4.0*	4.0*	0.5	0.5	31,300*	7,600
Linjuri	Salo	10,600	8,100	32.9	34.5	2.7	2.8	40,200	9,300
Largest other retail properties by area									
Porin Asema-Aukio Koy	Pori	18,900	10,900						
Sinikalliontie 1	Espoo	15,700	10,600						
Lentola	Kangasala	11,900	11,700						
Kauppakatu 41	Kuopio	11,200	7,300						
Talvikkitie 7-9	Vantaa	9,800	9,700						
Kaarinan Liiketalo Koy	Kaarina	9,200	5,200						
Total		**529,900**	**385,900**	**1,188.1**	**1,202.7**	**81.4**	**82.6**		**393,600**

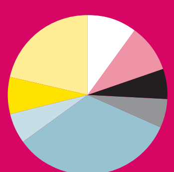
*) Estimate 1) Inc. gross leasable area of Espoon Asemakuja and Asematori

The role of shopping centres in a consumer's life

Shopping centres have different roles in a consumer's life. On this basis Citycon has classified its shopping centres and applies common marketing and management methods within these categories. This creates efficiency and synergies. Now introduced in Finland, the operating model will be extended to the company's other business units in the near future. The shopping centre Iso Omena features many characteristics of Local Shopping Centres. However, its catchment area is wider and offering more extensive than Citycon's other Local Shopping Centres.

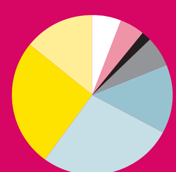
	Meeting Points in City Centres	Local Shopping Centres	Partners in Everyday Life Centres
	Forum • Galleria • Heikintori IsoKarhu • IsoKristiina Jyväskeskus • Koskikeskus Sampokeskus Torikeskus • Trio	Columbus • Duo • Koskikara Lippulaiva • Myyrmanni Tikkuri • Valtari	Espoontori • Isomyyri Linjuri • Tullintori
Brand's role in life	Beating heart of the city, offering irresistible satisfaction of shopping.	Close to its community, fulfilling all basic family needs.	Everyday service centre for busy people.
Properties	Entertaining. Offering is deep, not necessarily that wide. Perfect for "hanging around".	Offering is wide, not necessarily that deep. Public services.	Convenient and "easy going". Fast. Limited assortment. "Compact" size.
Territory	Leasure time. Social interaction.	Family everyday and festivities.	Everyday routines.

MEETING POINTS IN CITY CENTRES
RETAIL SALES AREA BY BRANCHES 12/2009



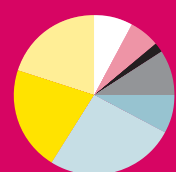
- *Cafes & Restaurants 10%*
- *Health & Beauty 10%*
- *Other Specialty Stores 6%*
- *Services and Offices 6%*
- *Clothes and Fashion 34%*
- *Groceries 6%*
- *Department Stores 7%*
- *Leisure, Home Supplies 21%*

LOCAL SHOPPING CENTRES
RETAIL SALES AREA BY BRANCHES 12/2009



- *Cafes & Restaurants 6%*
- *Health & Beauty 5%*
- *Other Specialty Stores 2%*
- *Services and Offices 6%*
- *Clothes and Fashion 14%*
- *Groceries 27%*
- *Department Stores 26%*
- *Leisure, Home Supplies 14%*

PARTNERS IN EVERYDAY LIFE CENTRES
RETAIL SALES AREA BY BRANCHES 12/2009



- *Cafes & Restaurants 8%*
- *Health & Beauty 6%*
- *Other Specialty Stores 2%*
- *Services and Offices 9%*
- *Clothes and Fashion 8%*
- *Groceries 26%*
- *Department Stores 21%*
- *Leisure, Home Supplies 20%*

Citycon's position in Sweden

In Sweden, Citycon is concentrated in the areas of the country's largest cities, Stockholm and Gothenburg, and owns a total of seven shopping centres and six other retail properties there. In addition, Citycon owns one shopping centre and one retail property in Umeå. Citycon is Sweden's ninth largest owner of retail premises (source: Fastighets Världen). In the Stockholm area, Citycon clearly sharpened its profile in the autumn alongside the opening of the new Liljeholmstorget Galleria.

In Sweden, there has been no major pressure for rent reductions. Support for getting started has been granted to some tenants in the newly opened Liljeholmstorget Galleria through rent inducements or, for instance, by participating in stores' interior construction. In addition to these, significant investments have been made in shopping centre marketing.

The leasing of premises is markedly more successful at the moment than in the first half of 2009. However, the leasing of premises to franchise chains is still slower than normal. The impacts of the financial crisis can still be seen as entrepreneurs experience more difficulties than before in finding financing for starting up business operations.

Year 2009 in Sweden

Last year's most important single event was the opening of Liljeholmstorget Galleria in the centre of Stockholm. Liljeholmstorget is Citycon's largest individual development project ever; investments in the existing properties, building right and the construction of the new shopping centre totalled approximately EUR 200 million.

Liljeholmstorget Galleria, a Major Investment, Opened in Stockholm

Business Units: Sweden

Liljeholmstorget benefits from an excellent location, only a few metro stops from downtown Stockholm. A metro station is situated right next to the shopping centre, allowing direct access from the platform area. For instance, from the grocery store ICA Kvantum's cashier section, there is just a walk of only a few dozen metres to the metro platform. A tram line and a feeder bus terminal are also located adjacent to the shopping centre. The Liljeholmen area is one of the strongest growing residential and working districts in Stockholm.

Upon its opening, Liljeholmstorget's occupancy rate was over 90 per cent. The shopping centre had an excellent start, since its footfall and sales figures during the first two months exceeded expectations.

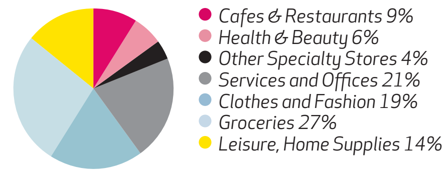
In 2009, Citycon also launched a redevelopment and extension project of the Åkersberga Centrum located in the Greater Stockholm Area. Citycon owns 75 per cent of the shopping centre, while the remainder is held by the real estate company Armada Fastigheter AB owned by the municipality of Österåker. The project's investment cost of SEK 467 million (some EUR 46 million) will be shared in proportion to holdings.

In reality, Åkersberga Centrum is the centre of the municipality of Österåker, and key municipal services are located in its immediate vicinity. At the moment, a large share of purchasing power is leaking outside the municipality due to an insufficient commercial offering. Consequently, the extension and commercial development of Åkersberga Centrum provides an opportunity to substantially increase the shopping centre's turnover. The new section will open in the autumn of 2010 and the entire redeveloped shopping centre in the summer of 2011. The shopping centre will remain open throughout this period.

Citycon has agreed to sell its residential units in Åkersberga Centrum to the Swedish investment company Tegeltornet AB for a sale price of SEK 181 million (EUR 16.7 million). A total of 72 residential units are being built in the centre of Stockholm, at Liljeholmen, and they will be sold to Heba Fastighets AB after their completion in the spring of 2010. The value of this divestment amounts to SEK 176 million (some EUR 16.3 million). In addition, Citycon agreed in February 2010 on the divestment of 89 apartments in Jakobsbergs Centrum for SEK 120 million (around EUR 12 million). Closings of these transactions are expected to take place in March-April 2010.

Tumba Centrum and Jakobsbergs Centrum also underwent refurbishing and commercial development last year. This refurbishment work attracted many new tenants to both shopping centres, remarkably increasing both their total sales and footfall. StenungsTorg, too, saw the redevelopment of the grocery store Coop.

SHOPPING CENTRE RENTAL INCOME BY BRANCHES BASED ON VALID RENT ROLL AT 31 DEC. 2009



KEY FIGURES, SWEDISH OPERATIONS

	2009	2008
Gross rental income, EUR million	39.3	41.1
Turnover, EUR million	41.0	41.9
Net rental income, EUR million	23.2	24.1
Net fair value losses on investment property, EUR million	-19.6	-70.1
Operating profit/loss, EUR million	0.3	-49.1
Capital expenditure (gross), EUR million	95.9	65.6
Fair market value of investment properties, EUR million	548.8	462.4
Net rental yield, %	4.7	5.0
Net rental yield, like-for-like properties, %	6.5	5.6

TOP FIVE TENANTS IN SWEDEN

	Proportion of rental income based on valid rent roll at 31 Dec. 2009, %
ICA	10.9%
Axfood	3.9%
Coop	3.4%
Stockholms Läns Landsting	3.3%
Systembolaget	2.4%
Top 5, total	**23.9%**

CITYCON'S SHOPPING CENTRES IN SWEDEN 31 DEC. 2009

		Entire property							
				Sales, EUR million		Number of visitors, million			
Property	**Location**	**Gross leasable area, total, sq.m.**	**Retail premises total, sq.m.**	**2009**	**2008**	**2009**	**2008**	**Catchment area population** (*	**Citycon's gross leasable area, sq.m.**
Stockholm area									
Åkersberga Centrum	Österåker	30,500	16,100	50.5	55.8*	4.1	4.3	37,000*	30,500
Åkermyntan Centrum	Hässelby	8,400	6,600	23.4*	19.5*	1.0*	0.9*	32,000*	8,400
Jakobsbergs Centrum	Järfälla	69,300	27,300	54.2	61.7	5.3	5.5	82,800	69,300
Fruängen Centrum	Stockholm	14,600	6,700	17.1*	17.8*	-	-	33,400*	14,600
Liljeholmstorget	Stockholm	40,700	27,100	19.9	-	1.7	-	104,000	40,700
Tumba Centrum	Botkyrka	31,300	13,700	35.5	35.1	3.4	3.4	58,600	31,300
Umeå									
Strömpilen	Umeå	27,000	23,600	93.2	103.1	3.4	-	109,800	27,000
Gothenburg area									
StenungsTorg	Stenungsund	36,400	17,400	45.6	39.6	3.2	3.2	74,000	36,400
Total		**258,200**	**138,500**	**339.5**	**332.6**	**22.1**	**17.3**	**-**	**258,200**

*Estimate

Outlook in Sweden

Municipalities in Sweden played a major role as developers of retail properties, particularly in the 1950–70s. In many cases, a retail centre was constructed in the suburbs built at the time. These centres remained the property of the municipality. Constructing a store was an inherent part of urban planning in suburbs, with residential units, municipal services and good public transport clustered densely around shopping centres.

Several of Citycon's Swedish shopping and retail centres have a similar history. While many of them require refurbishment and commercial development, their location within the existing community structure is excellent. Redevelopment work has already been initiated for some properties, but the Swedish property portfolio still presents further redevelopment opportunities.

Compared to Citycon's other operating areas, the Swedish market is the most liquid one. Since Citycon already is the market leader in Finland, it is Sweden that provides the company with more potential for growth. Citycon's strategy is to grow in Sweden both by redeveloping existing properties and, where possible, acquiring new ones.

Citycon still owns over 600 unsold residential units in Sweden worth some EUR 40 million. Given that residential properties are not part of Citycon's core business, the company intends to divest them and allocate the ensuing capital to growing its core business.

The shopping centre Strömpilen said no to plastic bags!

The shopping centre Strömpilen, located in Umeå, was the first Swedish retail property to begin a six-month pilot period during which all specialty stores stopped accompanying customer purchases with free-of-charge plastic bags. The pilot period started in October 2008 already. The aim was to inspire customers to bring along their own shopping bags.

The project succeeded beyond all expectations. After only two months, the number of shopping bags consumed had dropped by 200,000. Moreover, bags sold to customers were made of paper, with environmental certification, which entailed a 33.7 ton reduction in CO2 emissions.

After six months, the consumption of shopping bags had fallen by 543,000 from the year before. This represented a decrease of at least 78 per cent, perhaps even more, since the number of visitors in Strömpilen had increased from the previous year. During the first half year, CO2 emissions reduced by 85 per cent.

Strömpilen's "No plastic bags" campaign was awarded the "Stora Handelspriset – Årets Medvetna butik" prize granted for actions promoting environmental awareness. It also earned Strömpilen the Norrland region's own marketing prize, "Guldfyren 2009". Other prizes received in 2009 by Strömpilen included "Leva Bättre Priset 2009", awarded for actions acknowledging both people and the environment, and Marketer of the Year 2009, based on Strömpilen's marketing campaign, which also paid strong attention to corporate social responsibility. Furthermore, the campaign was viewed as having considerably enhanced the reputation of the people of Umeå as responsible consumers.

Citycon's position on the Baltic market

Citycon owns three shopping centres in the Baltic Countries: two in Tallinn, Estonia, and one in Vilnius, Lithuania. Citycon has a strong market share in Tallinn, of almost 25 per cent. The Rocca al Mare shopping centre became Tallinn's largest shopping centre after its three-phase redevelopment and extension project was completed.

The economic recession is affecting the Baltic countries in particular, and retail sales have decreased throughout the area by some 24 per cent (source: Economic Survey of the Baltic States 2009; Estonian Institute of Economic Research). In Tallinn, Citycon is the only real estate investor specialising in the retail properties. In the present market situation, shopping centre expertise and management play a key role, that helps Citycon and its tenants over the recession in relatively sound condition. Good tenants important for the commercial portfolio have also been supported through temporary rent reductions.

Year 2009

The year's most important events in the Baltic Countries were the openings of the second and third phases of the Rocca al Mare shopping centre's extension and redevelopment project. The second phase, the Fashion Gallery, was opened on 7 May and the third phase introducing shoe stores, wellbeing services and restaurants opened on 12 November. Both extensions opened fully leased and, at the end of the year, Rocca al Mare's occupancy rate was over 99 per cent despite the difficult economic situation in the Baltic countries. Last year, many competitive Baltic development projects had to open with vacancy rates of several tens of per cent.

Rocca al Mare has some 170 stores, strongly focusing in fashion. Among others, Rocca includes the only Marks & Spencer in Estonia and flagship

Rocca al Mare – Citycon's Flagship in the Baltic Countries

Business Units: The Baltic Countries

stores of several chains, such as Reserver, New Yorker and the Estonian cosmetics chain I.L.U. A new thematic approach was followed in Tallinn's Rocca al Mare: stores operating in the same field of activity were grouped together to form a commercial entity. The shoe store area totals more than 2,000 square metres and includes more than ten stores located close to one another. The versatile food court, which opened in November, is Tallinn's first restaurant cluster inside a shopping centre.

Rocca al Mare has invested strongly in marketing and shows higher awareness growth figures than other shopping centres in Tallinn (source: TNS EMOR Track of shopping centres in Tallinn August – September 2009). In addition, the number of visitors increased in Rocca al Mare, whereas for competitors they have decreased. An important booster in the footfall are Finnish travellers who mainly arrive in Tallinn by ferry. These customers are served by a free-of-charge bus connection from the harbour to Rocca al Mare.

Magistral, the other shopping centre in Tallinn, and Mandarinas located in Lithuania both have a firm foothold as a provider of local services. In addition to the grocery anchor tenant Rimi, both host a bank and post office which add significantly to the footfall since, for instance, pensions are still often paid via the post office in these countries. Furthermore, Lithuanian Mandarinas houses the Chili-Pica restaurant chain, which is a remarkably strong local brand with a loyal clientele.

Outlook and objectives

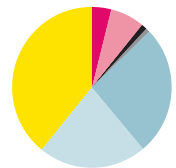
The economic situation in the Baltic countries remains challenging and the outlook is unclear. Rocca al Mare has established a sound position on Tallinn's shopping centre market and strong marketing investments will be continued. In environmental issues, Rocca al Mare is a forerunner in the Baltic countries, and in January 2010, it was awarded with the international, silver level LEED (Leadership in Energy and Environmental Design) certificate as a first building in the Baltic countries.

Expansion possibilities in the Baltic countries are being investigated particularly in Tallinn, Estonia and Riga, Latvia. While today's economic situation involves short-term risks, as a long-term owner Citycon has the possibility, through strategic acquisitions, to benefit from short-term owners' increasing willingness to sell.

Currently, Tallinn offers the possibility for organic growth: Rocca al Mare can be further extended by some 4,000 square metres and the local shopping centre Magistral by some 3,000 square metres. If needed, these extension projects can be initiated rapidly, since they necessitate no amendments in city plans. Furthermore, extension projects could now benefit from the dramatically lower construction costs.

Citycon's objective is to grow and strengthen its presence in the Baltic capitals, but in the current market situation we will steer a prudent course. Citycon's advantages include shopping centre expertise and a profound knowledge of the market and shopping centre properties. On this basis, Citycon can detect high-potential centres and understand properties' realistic value levels.

SHOPPING CENTRE RENTAL INCOME BY BRANCHES BASED ON VALID RENT ROLL AT 31 DEC. 2009



KEY FIGURES, BALTIC COUNTRIES

	2009	2008
Gross rental income, EUR million	12.0	9.3
Turnover, EUR million	14.0	9.6
Net rental income, EUR million	9.8	6.8
Net fair value losses/gains on investment property, EUR million	-12.7	8.3
Operating loss/profit, EUR million	-3.8	14.4
Capital expenditure (gross), EUR million	13.9	22.7
Fair market value of investment properties, EUR million	156.6	155.3
Net rental yield, %	6.4	6.2
Net rental yield, like-for-like properties, %	8.2	7.4

TOP FIVE TENANTS IN BALTIC COUNTRIES

	Proportion of rental income based on valid rent roll at 31 Dec. 2009, %
S Group (Prisma)	14.6%
ICA (RIMI)	7.0%
Stockmann	2.5%
KoduExtra	2.8%
Rademar	2.2%
Top 5, total	**29.0%**

CITYCON'S SHOPPING CENTRES IN THE BALTIC COUNTRIES 31 DEC. 2009

Property	Location	Entire shopping centre: Gross leasable area total, sq.m.	Retail premises total, sq.m.	Sales, EUR million 2009	Sales, EUR million 2008	number of visitors, million 2009	number of visitors, million 2008	Catchment Area Population (*	Citycon's gross leasable area, sq.m.
Estonia									
Rocca al Mare	Tallinn	53,500	52,200	77.0	62.3	5.4	4.5	340,000	53,500
Magistral	Tallinn	9,500	9,400	14.9	18.3	3.3	3.5	64,000	9,500
Lithuania									
Mandarinas	Vilnius	8,000	7,900	16.5*	22.5*	2.4	2.7	50,000	8,000
Total		**71,000**	**69,500**	**108.4**	**103.1**	**11.1**	**10.7**	-	**71,000**

*Estimate

Liljeholmstorget, Stockholm

Environmental Responsibility

A framework for sustainable development

Properties generate approximately 30–40 per cent of all greenhouse gas emissions worldwide, which is why the property business can also significantly contribute to the prevention and reduction of emissions. The best ways of cutting greenhouse gas emissions are to improve energy efficiency and to increase the use of renewable energy sources in energy production and procurement.

According to the Sustainable Buildings and Climate Change Initiative of the United Nations Environment Programme (UNEP), the built environment accounts for 30 per cent of all material and 20 per cent of water consumption. Consequently, the built environment also has an impact on ecosystems. Large amounts of waste during the construction and use of buildings create 30 per cent of all solid waste.

Shopping centres are located in built-up environments, which cause smaller environmental impacts as less customer traffic is required. Citycon redevelops shopping centres, lots or land areas that are located within good transport connections.

Why does Citycon take action?

Citycon has made a strategic choice to pursue sustainable development. As a result of the climate change, and particularly its consequences, changes are expected in legislation on energy and emissions as well as in taxation, and materials costs are expected to grow. Consumers are becoming increasingly eco-conscious, and both tenants and investors expect action in these matters.

Furthermore, Citycon's strategic choices have been guided by the keen interest expressed by different stakeholder groups and their demands for more transparency in operations. Employees are also showing growing concern for environmental, health and safety issues. Other motivational factors for fostering sustainable development include cost-efficiency and competitive advantage.

The Green Shopping Centre Management programme

The technical solutions used in existing properties significantly affect energy consumption and emissions, which is why it is important for shopping centres to actively monitor their energy and water consumption as well as waste processing efficiency.

Citycon's development efforts produced the Green Shopping Centre Management programme that allows the assessment of shopping centre management in several areas:

- Energy consumption and energy efficiency
- Water consumption
- Waste management and recycling
- Refrigerants
- Procurement and co-operation agreements
- Transport
- Marketing and external communications
- Training and internal communications
- Follow-up and reporting

The programme is a tool for planning and improving management and operations in practice. The audit consists of 73 questions that help assess the level of operations in the before mentioned areas. The results and feedback from assessment enable the principle of continuous improvement on the country and the property levels. In 2009 consistent criterias were applied in the assessment of all shopping centres. As a result of auditing few development ideas concerning Citycon as a company level were recognised, e.g. an initiative to develop methods and tools to measure co-operation and responsibility in supply chain.

Eco Office increases workplace efficiency

Citycon's efforts to make operations more ecological and energy efficient include changing the way people work in office environments. Key priority areas include energy efficiency of office premises and IT equipment, waste management, paper consumption, travel policies and company car policy. Citycon applies 3 Step IT Oy's IT equipment life cycle management model in which more than 95 per cent of the IT equipment will be reused after the lease period is expired.

Campaigns to increase awareness

Ilmastotalkoot is the largest climate campaign organised in Finland. The purpose of the campaign is to tell Finnish people what kind of small actions individuals can take to curb the climate change. In January-February 2010, eight Citycon-owned shopping centres participate in a climate campaign focusing on ways of reducing carbon dioxide emission in everyday activities.

All 33 Citycon-owned shopping centres in Finland, Sweden and the Baltic countries participated in the Earth Hour campaign in March 2009 to express concerns over the climate change by switching the lights off in the shopping centres for one hour. The energy saving during the hour was 5-7 per cent compared to regular consumption during the corresponding period.

Key performance in 2009

- The first LEED certificate in the Nordic countries was awarded to Trio shopping centre.
- The Green Shopping Centre Management programme was launched.
- Action was taken to improve environmental reporting, and the first report was published.
- Citycon participated in the Ilmastotalkoot climate campaign.

Impact areas in which Citycon can lead environmental management

- Climate change
- Energy
- Water
- Waste
- Land use and sustainable construction

Climate change

Action Citycon can take to fight the climate change:

- Central locations of the shopping centres with good public transport connections reduce customer traffic and the resulting harmful environmental impacts.
- Specifying energy savings measures for each property.
- Initiating tenant co-operation aimed to generate energy savings.
- Increasing the proportion of renewable energy in electricity procurement.

Energy

Increased energy efficiency can be a challenge in old buildings constructed using building techniques and official regulations that are insufficient in terms of the current standards and requirements. In the future, when building new properties and extensions or redeveloping existing ones, objectives will be specified for energy consumption and follow-up systems as feasible, and these are monitored during the design and building stage and during use.

Annual energy performance certificates are prepared for all properties in Finland and Sweden. The energy performance certificate indicates the total energy consumption in the property that includes heating energy, electricity and cooling energy. An energy efficiency rating, the total consumption per gross area, shows how energy efficient the property is. Energy-saving measures in each property are specified on the basis of consumption, energy audits and equipment life cycle analyses.

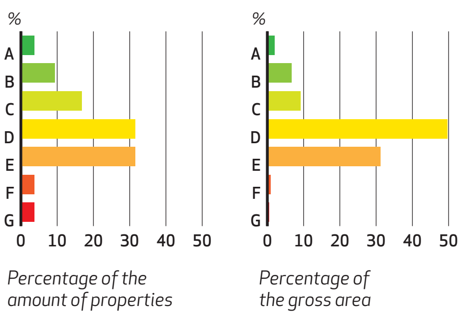
The energy consumption most relevant for Citycon's operations covers the electricity and heating in its properties. All energy consumption in Citycon's properties is indirect, in other words, there are no heating plants in the properties whose fuels are reported as direct energy consumption. In 2009, Citycon's electricity purchases totalled 117 GWh and heating purchases 142 GWh. Out of purchased energy 67.3 per cent originates from fossil fuels and peat, 9.5 per cent from nuclear power and 23.2 per cent from renewable energy sources.

The energy consumption include all Citycon-owned shopping centres and other retail properties in which Citycon's holding is at least 50 per cent. Citycon has limited the reported electricity consumption to such areas that it can directly influence. These include general lighting, ventilation, lifts and escalators and other building technical systems, excluding electricity consumption used by tenants. As a rule, tenant facilities are equipped with their own meters – only five Citycon shopping centres do not have separate meters for tenants.

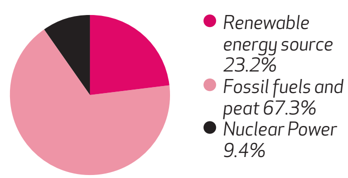
In 2009, Citycon's primary energy consumption totalled 1,713 TJ. The volume of primary energy was estimated by first calculating distribution by source in relation to the electricity suppliers disclosing this information[1]). For other Nordic electricity companies the source distribution is estimated by using the source distribution of Nord Pool market electricity. For Baltic countries the source distribution is based on country-specific energy generation statistics and the IEA's statis-

1) The source of electricity is known for almost 90 per cent of electricity purchased by Citycon. No statutory obligation to disclose CO_2 emissions exists in Sweden and the Baltic countries. Since no environmental profile for 2009 was available from electricity producers by the time of calculation in January 2010, each producer's environmental profiles for 2008 are used in calculations.

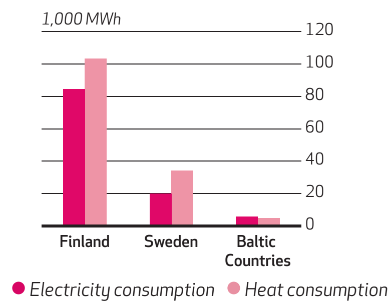
ENERGY EFFICIENCY RATING, FINNISH PORTFOLIO



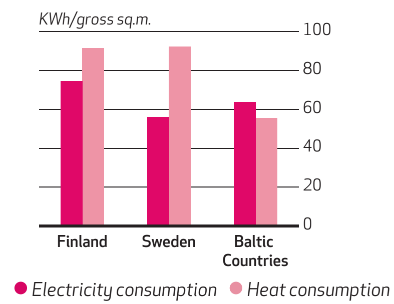
PRIMARY ENERGY SOURCES



ENERGY CONSUMPTION, TOTAL PORTFOLIO



CHARACTERISTIC CONSUMPTION OF ENERGY, SHOPPING CENTRES



tics. Heat source distribution has been estimated for Finland based on the Finnish Energy Industries' (ET) statistics and for other countries, based on country-specific energy production statistics and the IEA's statistics. The primary source factors come from EU's CHP-directive and EN 15603 standard. Factors have been chosen according to the prudence principle[2)].

Emissions

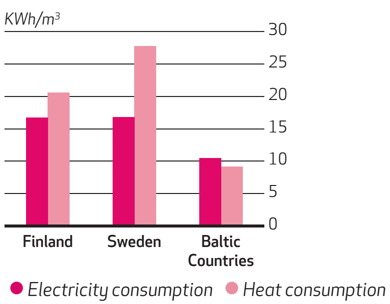
For the year 2009, Citycon is reporting its carbon footprint for the first time. In this calculation, Citycon uses the Greenhouse Gas Protocol (GHG Protocol) developed by World Resources Institute and World Business Council for Sustainable Development, which represents the best available calculation method.

In Citycon's case, relevant carbon dioxide emissions originate from properties' electricity and heat consumption and waste. This calculation also takes account of water consumption, emissions from Citycon's own offices for the above-mentioned emission sources, paper consumption, business travel and commuting. Citycon's carbon footprint in 2009 totalled 31,801 tonnes of CO_2 equivalent, broken down as illustrated in figure on page 38. The accuracy of calculations, +/-6.4 per cent, is at a good level, based on the GHG Protocol.

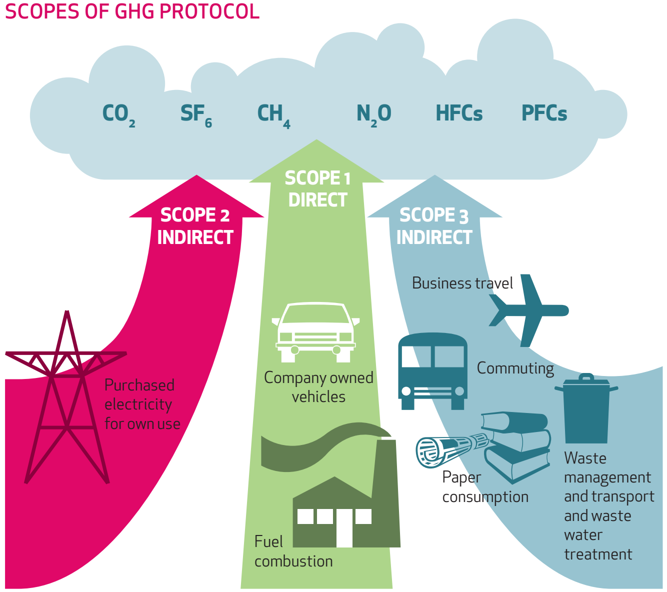
In addition to CO_2 emissions, relevant GHG emissions arise from sulphur and nitrogen oxides released in energy production which, for example, cause acidification of waters, decelerate plant growth and corrode buildings. For energy purchased by Citycon, acidifying emissions are estimated to

2) According to the prudence principle the factor for renewable energy is the factor of biomass, which is bigger than the factor for wind or hydro electric power. When the energy source is defined as wind or water in the electricity agreement, the factor of that energy source have been used.

CHARACTERISTIC CONSUMPTION OF ENERGY, SHOPPING CENTRES



SCOPES OF GHG PROTOCOL



New energy-efficient lifts for Myyrmanni

The three scenic lifts at Vantaa's Myyrmanni Shopping Centre were modernised and made eco-efficient in 2009. This lift modernisation was performed by the Finnish KONE Elevators Ltd, which develops energy-efficient lift solutions. Myyrmanni's scenic lifts were now fitted with a KONE EcoDisc® hoisting machine, consuming 50 per cent less energy than the technology previously used.

While the new lifts cost some 10 per cent more than lifts using conventional technology, this investment is expected to pay itself back during the lifts' estimated service life or, depending on energy price fluctuations, even earlier. The lifts' lighting uses eco-efficient LED lamps which reduce energy consumption by 80 per cent and last 10 times longer than conventional lights. In addition, the lifts are regularly serviced in line with a preventive maintenance system. This minimises the number of surprise repairs, which also reduces the lifts' ecological footprint.

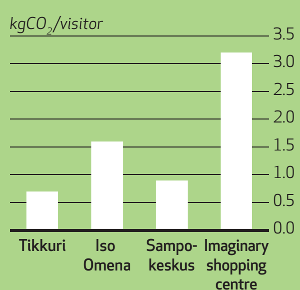
Myyrmanni still has six customer lifts equipped with older technology. Their energy efficiency will be enhanced as their service lives draw to an end.

Carbon footprint of shopping centre visit

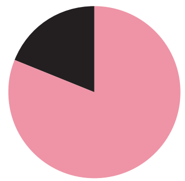
In 2009, Citycon surveyed the means of transport used by the customers of its shopping centres in Finland. From the survey data, the following three centres were selected for the calculation of the carbon footprint of shopping centre visit: Tikkuri at Vantaa, showing the highest share of public transport users, and the two centres with the highest share of customers using a private car, Iso Omena at Espoo and Sampokeskus at Rovaniemi. The carbon footprints arising from these shopping centres visit were compared with that of an imaginary shopping centre located outside population centres (the average one-way shopping journey being 10 km), to which people mainly arrive (75 per cent) by car.

The location of the shopping centre and the means of transport used by customers has an impact on the carbon footprint arising from shopping centre visit. Due to good public transport and light traffic connections, the carbon footprint of shopping centre visit from Citycon's shopping centres remains below average.

CARBON FOOTPRINT OF SHOPPING CENTRE VISIT BY VISITOR'S TRAFFIC

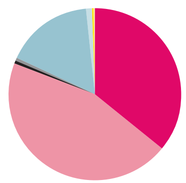


EMISSIONS 2009



- *Scope 1, direct 0.0%*
- *Scope 2, indirect 81.2% (25,652 $tnCO_2$)*
- *Scope 3, indirect 18.8% (5,937 $tnCO_2$)*

EMISSIONS 2009



- *Electricity in properties 36.1%*
- *Heat in properties 44.8%*
- *Electricity and heat in own operations (offices) 0.5%*
- *Wastewater in properties 0.6%*
- *Waste in properties 16.6%*
- *Business travel 1.0%*
- *Commuting 0.3%*
- *Other emissions caused by own operations 0.1%*

total 223 metric tonnes of sulphur dioxide equivalents. Since electricity traders are under no statutory obligation to disclose nitrogen oxide or sulphur dioxide emissions arising in production, emissions have been estimated based on country-specific production profiles. Acidifying emissions from traffic due to Citycon's operations were excluded from the calculation.

The production of nuclear electricity purchased by Citycon generated a total of 112 kg of radioactive waste.

Water

The total water consumption in Citycon-owned retail properties in 2009 was 541,833 cubic metres, including water consumed by the real estate companies and tenants. Tenant water consumption was highest in grocery stores, restaurants and cafes, hair salons, laundries and car wash facilities. The objective is to install more water meters to enable follow-up of user-specific consumption. The property's water consumption includes water used in public facilities such as customer toilets, and water used for cleaning, property maintenance and for watering plants.

WATER CONSUMPTION, SHOPPING CENTRES

	litres / visitor / year
Finland	2.9
Sweden*)	8.9
The Baltic Countries	2.8
Total	**3.9**

*) includes water used in apartments

Waste

Increasingly strict objectives for waste management are set to prevent harm to the environment. Sorting even small amounts of waste helps save waste-processing costs and protect the environment. Cost savings benefit the entire property and the shopping centre's tenants.

In 2009, properties managed by Citycon generated 11,813 tonnes of waste, of which 11,275 tonnes were collected from shopping centres and 538 tonnes from other properties. The average recycling rate of waste materials for Citycon's shopping centres was 48.5 per cent, the share of landfill waste being approximately 39.1 per cent. A total of 16 of Citycon's shopping centres already exceed the target recycling rate of

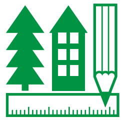
50 per cent and 12 centres managed to achieve the maximum target of sending waste to landfill. The recycling rate is calculated as the share of treated waste types, recycled or recovered, of total waste volume. Landfill waste and energy waste are excluded from recycled items.

Citycon has arranged its property waste management and sorting in accordance with the country-specific waste acts and local regulations. Citycon is responsible for waste resulting from municipal waste from tenant operations and any hazardous waste from property maintenance and repairs. Tenants are responsible for the safe and correct disposal of any hazardous waste generated through their own operations. In certain retail properties, the tenant is responsible for waste management; therefore these volumes are not shown in Citycon's report.

In LEED projects, the recycling rate of waste generated during the construction stage has been calculated. This calculation takes account of construction waste which is diverted from landfill waste flow.

WASTE COLLECTED IN SHOPPING CENTRES

Waste sort	tn	%
Landfill waste	3,928.1	34.8%
Energy waste	1,563.0	13.9%
Bio waste	1,356.7	12.0%
Paper	445.3	3.9%
Cardbord	3,303.5	29.3%
Plastic	65.1	0.6%
Glass	283.4	2.5%
Metal	123.1	1.1%
Hazardous waste	28.5	0.3%
Other reusable waste	124.6	1.1%
Other mixed waste	54.0	0.5%
Total	**11,275.1**	**100.0%**

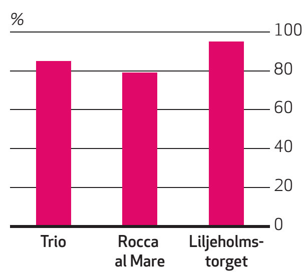


Land use and sustainable construction

Emissions can be significantly reduced by means of property development project design and implementation. To adhere to the principles of sustainable development, projects are implemented in accordance with environmental certification systems. The most widely recognised environmental certification systems are the LEED® (Leadership in Energy and Environmental Design) originally developed in the United States, and the BREEAM (The Building Research Establishment Environmental Assessment Method) widely used in Europe.

Citycon has three LEED pilot projects. In June 2009, the redevelopment project of the shopping centre Trio in Lahti was awarded the first LEED certificate in the Nordic countries. The other two pilot projects are the Rocca al Mare shopping centre extension and redevelopment project in Tallinn and the Liljeholmstorget shopping centre redevelopment project in Stockholm. Rocca al Mare was awarded the silver level LEED certificate in January 2010. Liljeholmtorget seeks the highest platinum level certificate, which is expected to be confirmed in spring 2010. All of Citycon's construction projects will be carried out according to environmental classification principles.

TOTAL PERCENTAGE OF CONSTRUCTION WASTE DIVERTED FROM LANDFILL



Return and recycling systems in Finland

The effective recycling of beverage containers, i.e. glass and plastic bottles and cans, significantly reduces the environmental burden. Finns are among the world's most ardent returners of beverage containers with a deposit. More than 90 per cent of such containers are returned for recycling or refilling (source: www.palpa.fi). Such a high return rate is mainly due to the granting of a refund for returning a beverage container, but increased environmental awareness among consumers is also playing a role in this.

Those Citycon shopping centres which include a grocery store also contain reverse vending machines accepting used bottles and cans. Plastic bag waste emerging near the bottle return station is also collected, by placing separate collection bins in these areas.

Some of Citycon's properties also have sorting stations for collecting e.g. cardboard, paper, glass, metal and household hazardous waste such as batteries. Thus, these shopping centres offer the consumer a convenient opportunity to sort waste while visiting shopping centre.

Social Responsibility and Human Resources

Clear and ethical rules

Citycon considers the promotion and maintenance of equality within the work community important. Each individual should be valued regardless of gender, religion, age or similar reasons, and equitable treatment should form the very basis of his or her treatment. In Citycon, work on behalf of equal opportunities is an important part of the development of working practices and conditions. The equal opportunities scheme is updated annually together with personnel representatives. Commitment to the implementation of this scheme is ensured through supervisor work and personnel development. At the end of 2009, an equality assessment covering the entire personnel was conducted in order to collect information and opinions on the success of equal opportunities work and the development needs of our work community. The response rate was 84 per cent and, based on the responses equality is effectively realised in Citycon.

Citycon seeks to extend equitable treatment and respect to all humans, also to its business operations. Safety of customers and personnel in the shopping centres is secured by educated security guards. They are the ones most likely to encounter and to deal with different types of people and resolve conflicts. In Citycon's Finnish shopping centres, all property-specific supervisors have completed a vocational degree for security guards.

Citycon is categorical in its opposition to corruption and bribery. A practical implementation tool in this regard is the travel and representation regulations concerning the entire personnel and defining the rules applicable to suitable representation. These regulations also stipulate that nobody can approve their own travel and representation expenses. Travel is limited to work-related issues and the decisions over an employee's travel are taken by his or her supervisor. The main purpose of this is to ensure that enjoying entertainment or accepting a gift does not impose obligations on or compromise neutrality in the relationships between Citycon representatives and other parties.

Citycon did not support the activities of any political parties in 2009. Political parties can arrange electoral campaign events in Citycon's shopping centres, but normal rental fees are charged for these. Citycon has never participated in the organisation of such events and has no plans to do so.

Cornerstones in HR management

Citycon's HR management is based on its HR strategy. This strategy identifies focus areas for the measures by which personnel are managed and the company endeavours to support employees in performing successfully at work. Citycon employs many types of retail property professionals and, within a short period of time, the company's headcount and competence has increased and diversified. Citycon's HR strategy could be summed up as "experts playing together towards the same goal".

Citycon's HR management's cornerstones include the development of co-operation; this means co-operation between experts, teams, units, operating countries as well as between the management and personnel. It also involves the development of HR management, which takes account of characteristics related to leading specialists. While separate development measures have been, and will be, launched for some development areas, others involve issues which need to be integrated into all activities. In 2009, particular attention was paid to improving the operations of HR management by specifying its objectives and roles and clarifying the division of responsibilities.

Moderate growth

Citycon expanded its operations in 2009 and its number of personnel grew moderately. By the end of 2009, the company employed a total of 119 persons. 78 were employed in Finland, 33 in Sweden, 7 in Estonia and 1 in Lithuania. Permanent employees numbered 115 and those with a fixed-term employment contract 4. All of Citycon's permanent employment contracts are full-time contracts.

During the past year, 16 new employees joined Citycon. While interest in job opportunities in Citycon was already high in the past, the weakened employment situation in 2009 in the company's operating countries entailed a sharp rise in job applications sent to Citycon. Citycon's recruitment policy is to offer any vacancies first for internal application. Indeed, last year saw many transfers from one post to another. During the year, 8 employees left Citycon, one at the end of fixed-term substitution contract and one due to retirement.

During the year, there was only one minor injury in Finland. The incident took place on a way home from work and it didn't cause any absence from work.

In 2009, absent days due to illness totalled 422 days i.e. 3.6 days per employee. The absentee rate was 1.4 per cent(*.

Skilled people at Citycon

Citycon brings together people who are skilled in various fields. Key competence areas include retail property management, knowledge of the real estate and construction industry, financing and real estate transactions. A person starting with Citycon is most often an expert in his or her field seeking enhanced competences and additional professional skills through new duties.

*) Absentee rate = total absent days due to illness/employees avg./year's theoretical working days

The way in which each employee can enhance his or her competences and develop at work is considered in development discussions, conducted twice a year. For each employee, a tailored development plan is prepared based on these discussions and meeting his or her development needs for the coming period and in the long term. Citycon particularly values long-term self-development, for instance in the form of further studies or longer-term training programmes. In addition, the company has a positive attitude towards updating competences through course-type training. Development programmes are planned for specific personnel groups, targeted at, for instance, supervisors or shopping centre managers. Furthermore, training is also offered to all personnel in areas such as improving their language skills or increasing their competences in using applications. In 2009, training days totalled 810 days i.e. 6.9 days per employee.

Citycon's personnel are assembled twice a year to attend Citycon Day events, including a spring event for employees in all operating countries and a local, country-specific event in the autumn. These events involve sharing information and experiences internally and hearing external speakers from various fields. Positive feedback has been received on the events and they have continued to be considered a priority.

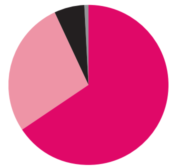
Reward guidelines

Citycon encourages its personnel to give their best performances by developing various approaches to incentivisation and commitment. Financial means of supplementing the basic salary include an annually confirmed performance bonus scheme targeted at the entire personnel and a long-term share-based incentive plan directed at Group management and key employees. These incentive schemes focus on rewarding joint success, with a lesser emphasis on direct, personal activities. With respect to employment-related benefits, the emphasis is on benefits that support the employee's work, such as good working facilities and equipment, comprehensive occupational health services and ergonomics, as well as support for undertaking physical activity.

Citycon also aims to continuously develop its operations on the basis of development needs arising in personnel surveys. The personnel survey was previously conducted in the autumn but will be rescheduled to the spring, a more suitable point in the company's annual cycle. During the reform, practices for further processing of results will also be developed. The next results from a personnel survey covering the entire personnel will be available in April 2010.

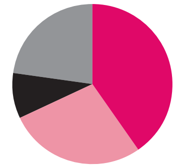
In Finland, a co-operation group and occupational safety committee selected by elections continued their work. The groups discussed issues affecting both the entire personnel like the equal opportunities scheme and the travel and representation regulations and issues concerning especially the Finnish personnel like comprehensive occupational health services.

NUMBER OF EMPLOYEES



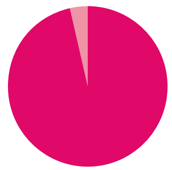
- Finland 78
- Sweden 33
- Estonia 7
- Lithuania1

BUSINESS UNITS



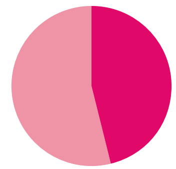
- Finnish operations 40.3%
- Swedish operations 27.7%
- Baltic operations 9.2%
- Group functions 22.7%

CONTRACT TYPE



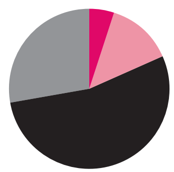
- Permanent 96.6%
- Fixed term 3.4%

SEX DISTRIBUTION



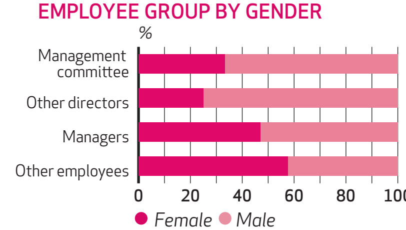
- Female 46.2%
- Male 53.8%

EMPLOYEE GROUP

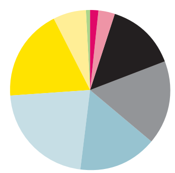


- Management committee 5.0%
- Other directors 13.4%
- Managers 53.8%
- Other employees 27.7%

EMPLOYEE GROUP BY GENDER

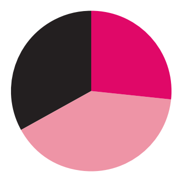


AGE DISTRIBUTION



- 20-24 years: 1.7%
- 25-29 years: 3.4%
- 30-34 years: 14.3%
- 35-39 years: 16.8%
- 40-44 years: 16.0%
- 45-49 years: 21.8%
- 50-54 years: 18.5%
- 55-59 years: 6.7%
- 60- years: 0.8%

DURATION OF EMPLOYMENT



- less than 2 years 26.9%
- 2-4 years 40.3%
- more than 4 years 32.8%

Responsibility for local environment

Citycon's shopping centres are located where people are: embedded within an existing community structure. Some shopping centres are located in city centres. Those situated in local centres are accessible by public transport, with all but two reachable by an existing or future rail connection.

Citycon considers shopping centres as venues providing a wide array of services to their neighbourhood. For this reason, their service offering includes more than commercial services. Public administration service points, a library, a chapel or a health care centre can be a perfect fit with a shopping centre's concept.

Passing toys forward in Citycon's shopping centres

On Valentine's Day, 14 February, Citycon conducted a toy collection event in co-operation with the Mannerheim League for Child Welfare. In 14 Citycon shopping centres, used but undamaged toys were collected for reuse. With the help of the Mannerheim League, the collected toys were distributed to day-care centres, family clubs and children's homes operating in each shopping centre's local area. A total of around 30,000 usable toys were collected.

Citycon carried out the related communications and marketing and made its shopping centre available for the event. The collection's purpose was to increase the recycling of toys, bring happiness to local children and help to overcome the shortage of toys in day-care centres, children's homes and family clubs operating on small purchasing budgets. Year 2010, the toy collection campaign will be repeated in Finland in 17 shopping centres, and for the first time in Rocca al Mare, Tallinn.

Responsibility of cultural landscapes

Citycon's shopping centres are part of the local community structure. Some are part of their urban districts' history and are valuable in terms of their cultural history or construction heritage.

The first, original section of the shopping centre Duo was part of the red-brick setting created in the Hervanta district centre in Tampere, Finland, by the architects Reima and Raili Pietilä. Duo's new section was constructed by taking account of the existing architecture. Heikintori at Espoo, Finland, is a protected site under the supervision of the National Board of Antiquities and part of the valuable cultural landscape of Tapiola. Therefore, its redevelopment plans will respect the spirit of the Tapiola garden city.

The old retail centres at Myllypuro, Helsinki, and Martinlaakso, Vantaa, are severely outdated both in commercial terms and as buildings. Myllypuro is already demolished and a new shopping centre is under construction. Forthcoming Martinlaakso-project has similar plans: demolishing an old centre and building a new one. In Martinlaakso Citycon has an obligation to photographically document the old urban milieu surrounding the retail centre and the interior of the centre itself. This project is conducted in co-operation with Vantaa City Museum.

Next to Tallinn's Rocca al Mare is a nature reserve whose existence was acknowledged in the expansion project, the area's tree stand being protected prior to the initiation of the construction project.

Risks and Risk Management

Citycon applies a holistic Enterprise Risk Management (ERM) programme. Risk management aims to ensure that Citycon meets its strategic and operational targets. Successful risk management identifies key risks, reliably analyses their impacts prior to their realisation and initiates preventive measures in order to lower the probability of an identified risk being realised and to mitigate its impact.

Citycon's ERM process takes account of the risk management objectives as well as Citycon's willingness to take risks. The ERM's purpose is to generate up-to-date and consistent information for the company's senior executives and Board of Directors on any risks threatening strategic and annual plan targets.

The following contains a description of the most important risks which, if realised, could jeopardise the attainment of Citycon's targets. Risk management is also discussed on pages 32-34 of the attached Financial Statements.

Development of investment properties' fair value

A number of factors contribute to the value of retail properties, such as general and local economic development, investor demand and interest rate level. 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.

Yield requirement by property investors, gross income, vacancy 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 on 31 December 2009 as the starting value. Accordingly, various changes would alter the investment properties' fair value as follows:

• Yield requirement +5%	→ Fair value EUR -97.9 million
• Gross income +5%	→ Fair value EUR 156.0 million
• Vacancy rate +5%	→ Fair value EUR -15.1 million
• Operating expenses +5%	→ Fair value EUR -41.4 million

While the company cannot influence yield requirement, it seeks to have an impact on the other fair value variables through active shopping centre management, a cornerstone of Citycon's business. Citycon aims to optimise the profitability of its shopping centres by conducting the entire shopping centre management process in-house with the help of its own employees.

Slow economic growth in Citycon's operating areas

Economic fluctuations and trends have a significant influence on demand for leasable premises as well as rental rates. 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 and limit opportunities for increasing rents.

In an environment characterised by weak economic growth, rents for retail premises have a tendency to fall and vacancy rates tend to rise, since diminished growth in retail trade often affects demand for retail premises. Indeed, vacancy rates in retail premises owned by Citycon have increased in 2009, and rent development of like-for-like properties has been only slightly positive. If the operating areas' economic growth does not pick up, reducing or maintaining the current vacancy rates for existing properties and increasing rental income from them may prove challenging.

While prospects for increasing the earnings are discouraging, costs such as wages and salaries or property maintenance expenses may

Debt portfolio's hedging ratio
80.2%

keep rising, putting pressure on the profitability of the company's business.

Cost-efficiency of debt financing

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 remarkably 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.

Although share prices on the stock market have risen rapidly since March 2009, Citycon's share value has remained below per-share net asset value, eroding willingness to seek major equity increases through share issues. On the other hand, the return of investors to the stock market rendered the share issue market very lively in 2009, which has enabled several sectors to obtain extensive equity financing. Globally, companies in the real estate industry have also seized this opportunity.

Citycon's financial position is good. At the end of the year, the company's available liquidity totalled EUR 205.6 million, consisting mainly of committed long-term credit limits and cash equivalents. Citycon is capable of financing its current projects in their entirety as planned. In order to finance new investments and growth in the future, the company will need new funding, whose terms will naturally be affected by the financial market crisis. Credit margins for companies still remain clearly higher than before the financial crisis.

Citycon is attempting to safeguard its financing costs and liquidity by applying a conservative but active funding policy. It focuses on long-term financing and a solid statement of financial position, showing an equity ratio of at least 40 per cent. Interest-rate risk management is aimed at reducing or eliminating the adverse effect of increased market rates on the company's profit, statement of financial position and cash flow. Under the company's financing policy, the interest position must be tied to fixed interest rates at a minimum level of 70 per cent and at a maximum level of 90 per cent. Citycon's debt portfolio's hedging ratio on 31 December 2009 was 80.2 per cent.

More information on financial risks is provided on pages 33-34 of the attached Financial Statements.

Risks associated with property development projects

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.

The company's major construction projects in Sweden and Estonia were completed as planned towards the end of 2009. Completing the rental efforts of these new premises and utilizing the centres' income-generating potential to the maximum as soon as possible will also essentially affect the profitability of the company's business in 2010.

Leasing risks in projects are minimised by securing the allocation of sufficient resources to the leasing operations of new properties, investing in new shopping centres' marketing and concluding agreements with anchor tenants prior to a project's commencement or at its initial stage. The risks associated with project implementation are being managed through sufficient resourcing. Responsibility for projects lies with experienced in-house Project Development Managers.

Risks Related to Climate Change and Sustainable Development

The risks associated with climate change will affect Citycon's business environment in the long term. Different sources predict a rise of 2 to 6 degrees Celsius in average temperatures in Citycon's operating regions. This warming will have some positive effects, as less property heating will be required and for a shorter period, but at the same time the need for cooling will grow.

Global warming will increase the frequency of extreme weather conditions such as storms, floods and snowfalls. These extreme conditions are risk factors against which preparations should be made in each property. Protection against property damage could increase maintenance costs.

No restrictions in water consumption or supply are expected in Citycon's operating regions. Nevertheless, a risk factor related to the price of water could rise sharply due to the EU's scarce water resources. Action should be taken to measure water consumption in each property, to enable consumption and the resulting costs to be allocated according to actual consumption. Water scarcity will create pressure for developing solutions of grey water recycling.

Land use and construction involve the threat of disrupting biodiversity. In most cases, an environmental impact assessment, which also includes a biodiversity assessment, is conducted in conjunction with zoning and major projects. The Finnish Land-use and Building Act requires the Environmental Impact Assessment (EIA) procedure conducted in projects that may have a significant adverse impact on the environment. In individual cases, the local environment institute may decide to apply the EIA procedure to projects that are likely to have significant adverse environmental impacts.

Shopping centres located in built-up environments and with excellent public transport connections reduce their environmental impacts. Citycon redevelops shopping centres, lots or land areas that are located within reach of excellent transport connections, many such properties having previously served another purpose. Sometimes, these brownfield development projects include soil cleaning, which involves cost, health and safety risks. However, such soil cleaning operations are subject to strict legislation and supervision by the authorities.

Renewable energy sources have not been actively used in Citycon's operating regions. This could be attributed to expensive investments, long repayment periods, and relatively new solutions for which experience-based feedback is not yet available. The price of electricity in Citycon's operation area has been relatively low compared with several European countries, and has not therefore been the driving force for exploring new alternatives.

As global warming proceeds, so called climate refugees from density populated areas are forced to relocate to other countries and continents. Some of these refugees end up in receiving countries in jobs that require hardly any education and are low-paid. Citycon's supply chain also includes this kind of jobs, among others cleaning, assistant construction work and property maintenance. The hiring of people for these jobs may involve risk factors related to labor practices and work conditions. Citycon can try to eliminate these risk factors by preparing codes of ethics for its supply chains and by requiring its subcontractors to act ethically and responsibly.

Koskikeskus, Tampere

Profit Performance and Financial Position

Citycon's income mainly derives from the rental income generated by its retail properties. In 2009, gross rental income accounted for 95.6 per cent of turnover. Citycon's turnover increased by 4.5 per cent to EUR 186.3 million (2008: EUR 178.3 million).

The Finnish business operations accounted for 73.7 per cent (74.7%) of net rental income, while Sweden accounted for 18.5 per cent (19.8%) and the Baltic Countries for 7.8 per cent (5.6%). Net rental income totalled EUR 125.4 million (EUR 121.8 million). The property portfolio's net rental yield stood at 6.1 per cent (5.8%). The net rental yield was 6.5 per cent (6.0%) in Finland, 4.7 per cent (5.0%) in Sweden and 6.4 per cent (6.2%) in the Baltic Countries.

Operating profit came to EUR 10.3 million (EUR -105.0 million). The increase in operating profit was mainly due to fair value changes of the property portfolio, totalling EUR -97.4 million (EUR -216.1 million). 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 (incl. credit loss provision of EUR 0.3 million) remained modest at EUR 0.6 million. Temporary rental rebates amounted to EUR 1.6 million during the year.

The direct result grew by 16.3 per cent, to EUR 50.9 million. This growth is mainly attributed to the increased net rental income and lower financing expenses. Current taxes on the direct result were higher than during the reference period, due to the growth in the direct result and buybacks of convertible bonds.

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

The company's per-share net asset value (NAV) was EUR 3.54 (EUR 3.88) and the per-share triple net asset value (NNNAV) was EUR 3.35 (EUR 3.80).

Statement of financial position and financing

At the end of 2009, Citycon owned 84 properties: 33 shopping centres, 50 other retail properties and one lot. The property portfolio's year-end fair value totalled EUR 2,147.4 million, showing a total annual fair value decrease of EUR -97.4 million.

The total assets at the end of the 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.

Citycon's total available liquidity at the end of the year was EUR 205.6 million, of which EUR 185.8 million consisted of undrawn, committed long-term credit facilities and EUR 19.8 million of cash and cash equivalents. At the end of the year, Citycon's liquidity, commercial papers and short-term credit limits excluded, stood at EUR 172.9 million. Total 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.

Year-on-year, reported interest-bearing debt increased by EUR 122.1 million, to EUR 1,321.7 million (EUR 1,199.5 million). The fair value of the Group's interest-bearing debt stood at EUR 1,332.0 million (EUR 1,211.3 million).

The year-to-date weighted average interest rate 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).

The weighted interest rate, interest-rate swaps included, averaged 3.87 per cent on 31 December 2009. The Group's equity ratio was 34.2 per cent (38.5%). Period-end gearing stood at 169.5 per cent (141.3%).

Net financial expenses totalled EUR 47.7 (EUR 57.3 million). Net financial expenses decreased in 2009, primarily due to the lower interest rates and the buybacks of convertible bonds.

Loan market transactions and loan covenants

Syndicated loan

In March, Citycon signed an agreement for a EUR 75 million unsecured revolving credit facility with a group of three Nordic banks. This loan will mature in three years. The syndicated loan will further strengthen the company's available liquidity and provide means of financing Citycon's growth on a committed basis. 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.

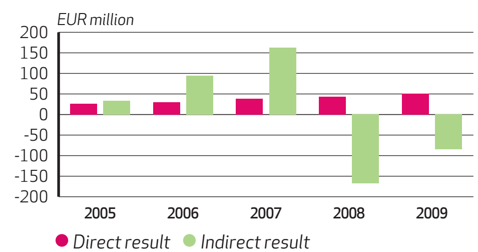
Subordinated convertible bonds 2006

In July 2006, Citycon's Board of Directors decided to issue subordinated capital convertible bonds to institutional investors. The total amount of the bonds is EUR 110 million and their maturity is seven years. In the autumn of 2008, Citycon started to buy back the bonds because the market situation enabled the company to repurchase the bonds at a price clearly below their face value. In addition, the buybacks enabled the company to strengthen its financial position and decrease its net financial expenses. Citycon continued to buy back the convertible bonds during 2009 and repurchased a total of 128 bonds for EUR 3.6 million (including interest accrued).

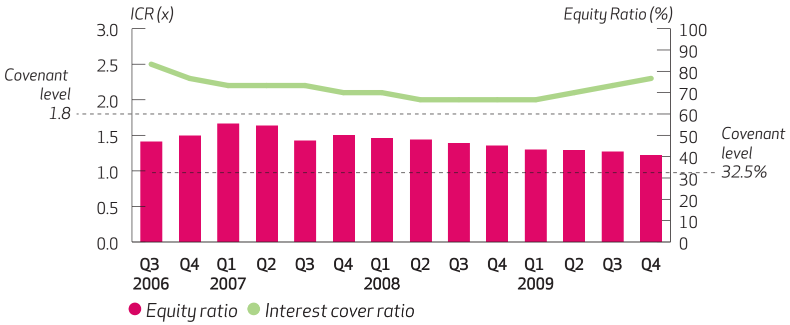
By the end of the year, Citycon had repurchased a total principal amount of EUR 33.5 million of the 2006 convertible bonds, corresponding to approximately 30.5 per cent of the aggregate amount of the convertible bonds. The weighted average repurchase price was 53.5 per cent of the bonds' face value.

Citycon prepares its financial statements in accordance with IFRS and applies recommendations issued by EPRA.

DIRECT AND INDIRECT RESULT



COVENANT DEVELOPMENT, INTEREST COVER RATIO & EQUITY RATIO



Bond 2009

On 30 November 2009, the Board of Directors of Citycon Oyj resolved to issue an unsecured domestic bond and offer it for subscription for domestic retail investors. The total nominal amount of the issued bond is EUR 40 million. The interest rate for the bond is 5.10 per cent, payable annually on 17 December until maturity in five years. The bond is listed on the Official List of NASDAQ OMX Helsinki Ltd.

Loan covenants

Citycon's syndicated loans involve a commitment to maintain the Group's equity ratio above 32.5 per cent and the interest cover ratio at a minimum of 1.8. The equity ratio defined in the covenants differs from the standard presentation of equity ratio.

In terms of its equity ratio and the interest cover ratio, Citycon has always, including in 2009, exceeded the levels required by the covenants. The company publishes loan covenant calculations in quarterly investor presentations.

Financial responsibility

Citycon's operations have a financial impact on several stakeholders such as tenants, personnel, suppliers and contractors. The financial impact on each stakeholder group is assessed below, based on cash flows between Citycon and the stakeholder in question.

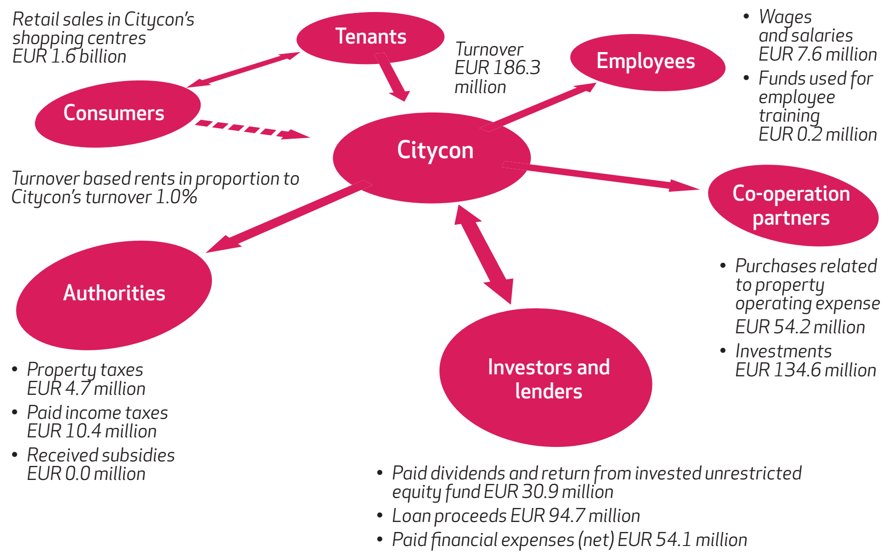
Citycon's turnover consists of rental income, service income and utility charges. Turnover totalled EUR 186.3 million in 2009 (2008: EUR 178.3 million). Citycon charges reasonable market-level rent. The average rent at the end of the year was EUR 17.5 per square meter.

Wages and salaries to Citycon employees totalled EUR 7.6 million (EUR 7.0 million), pension costs EUR 1.2 million (EUR 1.1 million) and other social charges EUR 1.2 million (EUR 1.0 million). Approximately 74 per cent of the wages and salaries were paid in Finland, 22 per cent in Sweden and 4 per cent in the Baltic Countries. Citycon spent about EUR 0.2 million on personnel training (EUR 0.2 million).

Citycon's purchases related to property operations totalled EUR 54.2 million (EUR 50.0 million). The purchases related to property operations are made locally by each business unit. Finland accounted for 65 per cent out of before mentioned purchases, Sweden 28 per cent and the Baltic Countries 7 per cent. Out of purchases, EUR 20.2 million (EUR 19.4 million) was paid to suppliers of electricity and heating and EUR 20.1 million (EUR 18.4 million) to maintenance service providers. Amounts used for property repairs were EUR 6.9 million (EUR 6.7 million). In addition, marketing and property management services were purchased with EUR 6.9 million (EUR 5.3 million).

In each property development project, Citycon's business units calls bids locally according to the goals set to the project . Citycon's capital expenditure totalled EUR 134.6 million (EUR 157.8 million), with property development accounting for EUR 134.0 million (EUR 139.6 million), new property acquisition for EUR 0.0 million (EUR 17.4 million), and other investments for EUR 0.6 million (EUR 0.8 million). Finland accounted for 18 per cent out of Citycon's investments, Sweden 71 per cent and the Baltic Countries 10 per cent. Cash flow from operations and the existing financing arrangements were used to finance these investments.

CASH FLOWS BETWEEN STAKEHOLDERS



Corporate Governance

Citycon Group's Corporate Governance

Citycon Group's corporate governance is based on the Finnish Limited Liability Companies Act and the Articles of Association of the Group's parent company, Citycon Oyj, which are available on the corporate website at www.citycon.com/aoa.

The company complies with the Finnish Corporate Governance Code, issued for companies listed on NASDAQ OMX Helsinki. This Code is publicly available on the Securities Market Association's website at www.cgfinland.fi. This Corporate Governance Code is accompanied by Citycon's own guidelines for the division of duties between the company's decision-making bodies, as well as the principles governing internal control and risk management (Rules of Procedure).

The Group's business operations and administration are under the responsibility of organs specified in the Finnish Limited Liability Companies Act: General Meeting, which elects the members of the parent company's Board of Directors; Board of Directors; and the CEO elected by the Board of Directors. The Corporate Management Committee assists the CEO in managing the company's business operations. The Board of Directors' work is enhanced by four Board committees.

General Meetings of Shareholders

The highest decision-making power in the company is exercised by the shareholders in the General Meeting. The Annual General Meeting (AGM) takes place every year by the end of April, once the financial statements have been prepared. Extraordinary General Meetings (EGM) are held whenever deemed necessary for decision-making purposes.

Citycon provides its shareholders with sufficient information on the items to be discussed at the General Meeting of shareholders. On its website, the company publishes the notice of a General Meeting, the documents to be presented to the General Meeting and the resolution proposals by the Board of Directors, at least 21 days prior to the meeting. Upon request, the meeting material can be sent to a shareholder by mail. By any reasonable means available to it, the company will attempt to facilitate the participation of its international shareholders in General Meetings and to arrange such meetings in a manner enabling shareholders' participation and exercising of their rights to vote and speak in the meeting as extensively as possible.

Following a General Meeting, the company will publish the decisions taken by the General Meeting, without delay, as a stock exchange release and on its website. The minutes of the General Meeting will be made available on the corporate website within two weeks of the meeting. More information on General Meetings and shareholders' rights is available on the corporate website at www.citycon.com/GM.

The Chairman of the Board of Directors and the CEO attend the General Meeting of shareholders, and members of the Board of Directors attend the meeting to the extent deemed necessary. A first-time nominee for the Board shall attend the General Meeting that decides on his/her election unless there are cogent reasons for his/her absence. The chief auditor of the company shall also be present at the General Meeting of shareholders.

Board of Directors

The General Meeting of shareholders decides the number of members of the Board of Directors and elects them for a term of one year. Under the Articles of Association, the Board of Directors consists of a minimum of five and a maximum of ten members. The Articles of Association do not contain other limitations concerning the election of Directors. An eligible Director nominee must have the qualifications required for directorship and sufficient time to manage his/her Director duties. A majority of the Directors must be independent of the company. In addition, a minimum of two Directors belonging to this majority must be independent of the company's major shareholders. The Board of Directors shall annually assess its members' independence. The members of the Board of Directors are obliged to provide the Board with sufficient information for the evaluation of their qualifications and independence, and to notify the Board of any changes in this information.

Citycon's AGM of 18 March 2009 decided to re-elect the following Directors: Amir Bernstein, Gideon Bolotowsky, Raimo Korpinen, Tuomo Lähdesmäki, Claes Ottosson, Dor J. Segal, Thomas W. Wernink and Per-Håkan Westin. Ariella Zochovitzky was elected as a new member to the Board of Directors. Amir Bernstein resigned from the Board of Directors due to a change in his main employment and Ronen Ashkenazi was elected to the Board at the Extraordinary General Meeting held on 1 December 2009, replacing Mr Bernstein. Personal details of the Directors and their shareholdings in the company are provided in these pages, while further details

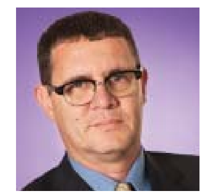
Board of Directors

Chairman of the Board
Thomas W. Wernink
(Chairman since 2006 and Deputy Chairman 2005-2006)

M.A. (General Economics)
Dutch citizen, born 1945
Director since 2005
Independent of the company and significant shareholders
Main occupation: Wernink Consultancy & Investment B.V., Managing Director since 2003

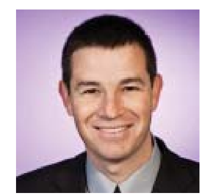
Deputy Chairman of the Board
Tuomo Lähdesmäki (Deputy Chairman since 2006)

M.Sc. (Eng.), MBA
Finnish citizen, born 1957
Director since 2004
Independent of the company and significant shareholders
Main occupation: Boardman Oy, Founding and Senior Partner since 2002



Ronen Ashkenazi

B.Sc. (Eng.)
Israeli citizen, born 1962
Director since 1 Dec. 2009
Independent of the company
Main occupation: CEO and minority shareholder of Gazit Globe Israel (Development) Ltd. since 2005



Amir Bernstein (Director until 30 Nov. 2009)

Master of Laws, ESQ
Israeli citizen, born 1969
Director since 2008
Independent of the company
Main occupation: Gazit Europe (Netherlands) B.V., Managing Director until Nov. 2009

concerning their careers and key positions of trust are presented on the corporate website at www.citycon.com/Board. Neither the Chairman nor the members of the Board of Directors have an employment or executive contract with the company.

The Board of Directors elects the Chairman and Deputy Chairman from among its members. In 2009, Thomas W. Wernink acted as Chairman and Tuomo Lähdesmäki as the Deputy Chairman of the Board of Directors.

In the view of the Board of Directors, all Directors are independent of the company. Furthermore, the Board of Directors holds the view that Gideon Bolotowsky, Raimo Korpinen, Tuomo Lähdesmäki, Thomas W. Wernink and Per-Håkan Westin are independent of major shareholders.

In 2009, Citycon's Board of Directors met 14 times. The average attendance rate stood at 96.0 per cent.

Board of Directors' work

The Finnish Limited Liability Companies Act, the Articles of Association and the Board of Directors' written Rules of Procedure determine the Board of Directors' duties and responsibilities. The essential content of the Rules of Procedure is explained on the corporate website at www.citycon.com/CG. The Board of Directors is responsible, for example, for the Citycon Group's strategic policies and the due organisation of its business operations and Group administration. The Board of Directors constitutes a quorum if more than half of its members are present.

In addition to duties provided under the applicable legislation and the company's Articles of Association, Citycon's Board of Directors shall:

- confirm the company's long-term goals and strategy
- approve the company's business plan, budget and financing plan, and oversee their implementation
- confirm the company's principles of internal control and risk management, review the main risks associated with the company's business and their management and monitor the adequacy, appropriateness and efficiency of the company's administrative processes
- decide on major, individual and strategically important property acquisitions and divestments and other major investments
- confirm the company executives' duties and areas of responsibility, and the reporting system
- confirm the principles governing employee bonus and incentive schemes and decide on said schemes
- determine the company's dividend policy.

A meeting agenda is prepared for meetings of the Board of Directors, according to which items are discussed in meetings. Minutes are prepared of the Board of Directors' meetings and reviewed and approved in the following meeting.

The Board of Directors evaluates its performance and working methods once a year.

Board Committees

The Board of Directors' work is assisted by the following four Board committees: the Audit Committee, Nomination Committee, Remuneration Committee and Strategy and Investment Committee (until 16 December 2009: Investment Committee). The Board committees prepare matters discussed by the Board of Directors, and Directors sitting on the committees are able to examine the matters discussed by the committee in greater detail than the entire Board. The Rules of Procedure for the company's decision-making bodies, approved by the Board of Directors, lay down the Board committees' main duties and working principles. These are also presented on the corporate website at www.citycon.com/CG.

The Board of Directors elects the Board committees' chairmen and members from among the Directors. A Board committee always has at least three members. The committee's Chairman reports on issues discussed by the committee to the Board of Directors and, in addition, minutes are prepared of all committee meetings and submitted to all Directors.

The enclosed table contains information on the Board committees' composition, number of meetings and attendance in 2009.

Remuneration of the Board of Directors

The AGM confirms the remuneration of the members of the Board of Directors every year, in advance.

The AGM 2009 decided that the Board Chairman, Deputy Chairman and ordinary Directors be paid an annual remuneration of EUR 160,000, EUR 60,000 and EUR 40,000, respectively. It also decided that the Board Chairman and the Chairman of each Board committee receive a meeting fee of EUR 700 and other

BOARD OF DIRECTORS' COMMITTEES 2009

	Audit Committee	Nomination Committee	Remuneration Committee	Strategy and Investment Committee (*
Members	Bolotowsky Gideon	Bernstein Amir (until 18 March 2009)	Bolotowsky Gideon	Ashkenazi Ronen (member and Ch. as of 16 Dec. 2009)
	Korpinen Raimo (Ch.)	Lähdesmäki Tuomo (Ch.)	Lähdesmäki Tuomo (Ch.)	Bernstein Amir (until 30 Nov. 2009)
	Wernink Thomas W.	Ottosson Claes	Wernink Thomas W.	Korpinen Raimo
	Westin Per-Håkan	Wernink Thomas W.	Zochovitzky Ariella (as of 23 April 2009)	Segal Dor J.
	Zochovitzky Ariella (as of 18 March 2009)	Westin Per-Håkan (as of 16 Dec. 2009)		Wernink Thomas W. (Ch. until 16 Dec. 2009)
				Westin Per-Håkan
Number of meetings	Five	Three	Six	Five
Attendance-%	100	100	100	100

*) Former Investment Committee

Board and Board committee members EUR 500 for each meeting. These fees remained the same as in the previous year.

The enclosed table shows the remunerations paid to Citycon's Board members in 2009. The remunerations were paid in cash. Meeting fees include those paid for both the Board's and its committees' meetings. Citycon's Board members are not involved in the company's share-based incentive schemes. The Board of Directors has issued a recommendation according to which each Director should, during his/her term of office, own the company's shares to a value corresponding at least to his/her remuneration for one year.

Chief Executive Officer (CEO)

The CEO is responsible for the day-to-day management and supervision of the company in accordance with the provisions of the Finnish Limited Liability Companies Act, the Rules of Procedure for the company's decision-making bodies as well as in accordance with authorisations and guidelines received from the Board of Directors.

The CEO oversees compliance with the guidelines, procedures and strategic plans on which the Board of Directors has decided, and he or she must see to it that these guidelines, procedures and plans are submitted when necessary to the Board of Directors for update or review. The CEO attends the Board of Directors' meetings and is responsible for ensuring that the documentation related to information and resolution proposals to be discussed at the Board meetings have been duly prepared. The CEO also ensures that, on a continuous basis, Directors receive information necessary to monitoring the company's financial position, liquidity, financing and development, and he or she informs the Board of Directors of any major events, decisions and future projects related to the company's business.

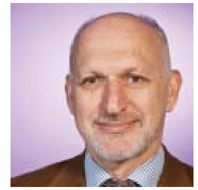
Citycon's Board of Directors appoints the CEO and decides on the terms and conditions of his/her executive contract, in writing. Since 2002, Petri Olkinuora has functioned as Citycon Oyj's CEO. He is entitled to retire upon turning 62, provided that he will remain in the company's employ until he reaches that age. 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 payable for the notice period.

Corporate Management Committee

Citycon has a Corporate Management Committee comprising at least three members. Upon the CEO's proposal, the Board of Directors is responsible for appointing members of the Corporate Management Committee. The CEO convenes the Corporate Management Committee whenever he or she deems necessary and chairs its meetings. In 2009, the Corporate Management Committee convened on 10 occasions. Minutes are kept on the Corporate Management Committee's meetings.

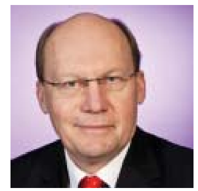
The Rules of Procedure for the company's decision-making bodies, approved by the Board of Directors, lay down the Corporate Management Committee's main duties and working principles. As an expert body, the Corporate Management Committee's main duty is to assist the CEO in the management of the company's operative business. It co-ordinates and develops the company's various operations in accordance with set goals, promotes intra-organisational communication and co-operation, monitors the profitability of the company's business and promotes and maintains the best practices of the company. In addition, the Corporate Management Committee prepares resolution proposals pertaining to the company's strategy, business plan, budget and organisation for the Board's discussion, in accordance with the guidelines issued by the Board of Directors.

In 2009, the Corporate Management Committee had six members. Their personal details as well as information on their share and stock option holdings are presented on these pages. The members' careers and any positions of trust are presented on the corporate website at www.citycon.com/management.



Gideon Bolotowsky

M.Sc. (Eng.)
Finnish citizen, born 1947
Director since 2006
Independent of the company and significant shareholders
Main occupation: OsakeTieto FSMI Oy, CEO and Chairman of the Board since 2003



Raimo Korpinen

LL.M.
Finnish citizen, born 1950
Director since 2004
Independent of the company and significant shareholders
Main occupation: Governia Oy (former Solidium Oy), Managing Director since 1998

BOARD REMUNERATION 2009

EUR	Annual fee	Meeting fees	Total
Ashkenazi Ronen	12,000	1,000	13,000
Bernstein Amir	28,000	8,500	36,500
Bolotowsky Gideon	40,000	12,000	52,000
Korpinen Raimo	40,000	13,000	53,000
Lähdesmäki Tuomo	60,000	14,300	74,300
Ottosson Claes	40,000	7,000	47,000
Segal Dor J.	40,000	9,000	49,000
Wernink Thomas W.	160,000	19,300	179,300
Westin Per-Håkan	40,000	12,000	52,000
Zochovitzky Ariella	40,000	10,500	50,500
Total	**500,000**	**106,600**	**606,600**

Claes Ottosson

Electrical Engineer
Swedish citizen, born 1961
Director since 2004
Independent of the company
Main occupation: ICA Kvantum Hovås, Managing Director since 1989

Dor J. Segal

High school
US citizen, born 1962
Director since 2004
Independent of the company
Main occupation: Gazit-Globe Ltd., Executive Vice Chairman since 2008; First Capital Realty Inc., President and CEO and Board member since 2000

Per-Håkan Westin

M.Sc. (Civil Engineering)
Swedish citizen, born 1946
Director since 2008
Independent of the company and significant shareholders
Main occupation: PH WESTIN Real Management AB, Board member since 2007

Ariella Zochovitzky

B.A. (Economics and Accounting), CPA (Israel), MBA
Israeli citizen, born 1957
Director as of 18 March 2009
Independent of the company
Main occupation: C.I.G. Consultants / Capital Investments Group Ltd., General Manager & Partner since 2001; U. Dori Group Ltd., Co-Chairman since 2008

Remuneration of the CEO and the Corporate Management Committee

The Board of Directors confirms the CEO's salary and other benefits and, upon the CEO's proposal, determines other senior executives' salaries and benefits.

Remuneration of the CEO and other members of the Corporate Management Committee consists of a fixed monthly salary and fringe benefits as well as an annual performance bonus. In addition, the CEO and the other members of the Corporate Management Committee are included both in the long-term share-based incentive plan directed to the Group's key employees and in the stock-option scheme 2004 designed for the personnel. Further details on the management's remuneration are presented in the salary and remuneration report available on the corporate website at www.citycon.com/CG.

In 2009, the CEO received EUR 409,977 in salary, fringe benefits and performance bonus as well as EUR 18,000 as income from stock options. Additionally, the CEO was granted a total of 11,730 shares in the context of the company's long-term share-based incentive plan.

Insider administration

The company complies with the Guidelines for Insiders issued by the Helsinki stock exchange and applies Citycon's own Insider Guidelines covering insiders' obligations, disclosure requirements and insider registers as well as specifying the company's insider administration procedures.

The company's statutory insiders include members of the Board of Directors, the CEO and the auditor. Statutory insiders also comprise

CHANGES IN HOLDINGS BY STATUTORY INSIDERS AND THOSE CLOSELY ASSOCIATED WITH THEM, 1 JAN.–31 DEC. 2009

	2009	Shares	Stock options 2004A [1)]	Stock options 2004B	Stock options 2004C	Bonds [2)]
Board of Directros						
Ashkenazi Ronen	1.12.	-	-	-	-	-
(Director as of 1 Dec.)	31.12.	-	-	-	-	-
Bernstein Amir	1.1.	-	-	-	-	-
(Director until 30 Nov.)	30.11.	7,150	-	-	-	-
Bolotowsky Gideon	1.1.	4,626	-	-	-	-
	31.12.	4,626	-	-	-	-
Korpinen Raimo	1.1.	14,456	-	-	-	-
	31.12.	14,456	-	-	-	-
Lähdesmäki Tuomo	1.1.	37,289	-	-	-	-
(Deputy Chairman)	31.12.	52,289	-	-	-	-
Ottosson Claes	1.1.	10,336	-	-	-	-
	31.12.	23,336	-	-	-	-
Segal Dor J.	1.1.	7,174	-	-	-	-
	31.12.	7,174	-	-	-	-
Wernink Thomas W. (Ch.)	1.1.	45,000	-	-	-	-
	31.12.	50,000	-	-	-	-
Westin Per-Håkan	1.1.	10,000	-	-	-	-
	31.12.	10,000	-	-	-	-
Zochovitzky Ariella	18.3.	-	-	-	-	-
(Director as of 18 March)	31.12.	-	-	-	-	1
Corporate Management Committee						
Olkinuora Petri	1.1.	138,155	75,000	140,000	140,000	-
CEO	31.12.	149,885	-	100,000	140,000	-
Attebrant Ulf	1.1.	330	-	-	-	-
Vice President, Swedish Operations	31.12.	1,854	-	-	-	-
Holmström Harri	1.1.	826	-	70,000	70,000	-
Vice President, Baltic Operations	31.12.	2,350	-	-	70,000	-
Raekivi Outi	1.1.	826	75,000	70,000	70,000	-
Head of Legal Affairs, Board secretary	31.12.	2,350	-	-	70,000	-
Sihvonen Eero	1.1.	2,026	-	70,000	70,000	-
CFO, Executive VP	31.12.	8,335	-	-	70,000	-
Vuorio Kaisa	1.1.	3,698	75,000	70,000	70,000	-
Vice President, Finnish Operations	31.12.	5,222	-	-	70,000	-
Chief auditor						
Korpelainen Tuija	1.1.	-	-	-	-	-
	31.12.	-	-	-	-	-

The company's public insider register is available on the corporate website and at Euroclear Finland Ltd's customer-service outlet, Urho Kekkosen katu 5 C, Helsinki, Finland.

1) Stock options 2004 A expired worthless on 31 March 2009. 2) Bonds refer to the convertible capital bonds issued by the company on 2 August 2006. The nominal value of each bond is EUR 50,000.

Corporate Management Committee members, whom the Board of Directors has defined as other senior executives, as referred to in the Securities Market Act. Holdings in the company by statutory insiders and those closely associated with them are regarded as public information. The enclosed table shows changes in holdings in 2009. Up-to-date information on changes in holdings can be found on the corporate website at www.citycon.com/insiders.

In addition to statutory insiders, Citycon also has so-called permanent insiders entered in the company's company-specific insider register, based on their position or duties, or another contract they have concluded with the company. These company-specific insiders include the secretaries and assistants of the members of the Board of Directors, CEO and Corporate Management Committee members, and those in charge of corporate finances and financial reporting, financing, legal affairs, investment and development activities, corporate communications, investor relations, IT functions, as well as internal and external audit. The company-specific insider register is not available for public review.

Citycon maintains its insider register of statutory and company-specific insiders within the Euroclear Finland Ltd's SIRE extranet system. The company verifies the data on its statutory insiders by asking the insiders to check the accuracy of the information on the extracts from the insider register twice a year, and regularly supervises its insiders' trading on the basis of the transaction data registered by Euroclear Finland Ltd. It also supervises its insiders' trading on a case-by-case basis, if necessary.

As stipulated by Citycon's Insider Guidelines, the company's statutory and permanent insiders may not trade in Citycon shares or instruments entitling to Citycon shares, for 21 days prior to the release of the company's annual accounts or interim reports. Insiders are also obliged to ask the company's Compliance Officer for an opinion on the legality and permissibility of any securities transaction in which they plan to engage. The Compliance Officer records each contact made.

Internal control, risk management and internal audit

The supervision and control of Citycon's business operations are primarily based on the governance and management system described above. The principles of the company's internal control and risk management are laid down in the guidelines for the arrangement of internal control and risk management, approved by the Board of Directors. The efficiency of internal control and risk management is evaluated by internal audit.

Internal control

Citycon's internal control includes financial and other control. Internal control is carried out in-house by the senior and executive management as well as by other personnel. Citycon seeks to foster such corporate culture which accepts internal control as a normal and necessary part of day-to-day business.

Internal control is intended to ensure the following:

- the achievement of any goals and objectives set
- the economical and efficient use of resources
- the sufficient management of risks associated with business
- the reliability and accuracy of financial and other management information
- compliance with external regulations and internal procedures as well as with appropriate procedures in customer relationships
- safeguarding operations, information and the company's assets
- sufficient and appropriate data systems and work processes supporting operations.

The company's Board of Directors is responsible for arranging and maintaining adequate and functional internal control. It is the CEO's duty to attend to the implementation of practical actions vis-à-vis internal control. The CEO must maintain an organisational structure in which responsibilities, authorisations and reporting relationships are clearly and comprehensively defined in writing.

The CEO and the members of the company's Corporate Management Committee are responsible for ensuring that laws and regulations in force as well as the company's business principles and the decisions of the Board of Directors are complied with in the Group's day-to-day business.

The company has appropriate and reliable accounting and other data systems in place to monitor business activities and supervise treasury operations. The attainment of set targets is monitored through a planning and reporting system in use throughout the Group, this system monitoring the actual performance and forecasts in a rolling manner. The system also permits long-term planning and serves as a tool for budgeting.

Corporate Management Committee

CEO
Petri Olkinuora

M.Sc. (Eng.), MBA
Finnish citizen, born 1957
CMC member since 2002

CFO, Executive VP
Eero Sihvonen

M.Sc. (Econ.)
Finnish citizen, born 1957
CMC member since 2005

Head of Legal Affairs
Outi Raekivi

LL.M., Certified Property Manager
Finnish citizen, born 1968
CMC member since 2002

Vice President, Baltic Operations
Harri Holmström

M.Sc. (Surveying),
Authorised Property Appraiser
Finnish citizen, born 1956
CMC member since 2005

Vice President, Finnish Operations
Kaisa Vuorio

M.Sc. (Surveying),
Authorised Property Appraiser
Finnish citizen, born 1967
CMC member since 2003

Vice President, Swedish Operations
Ulf Attebrant

Swedish citizen, born 1963
CMC member since 2007

Risk management

Risk management forms part of the company's internal control and its purpose is to ensure that the company meets its business targets. The Board of Directors has approved the company's guidelines for risk management specifying the principles of the company's risk management and the risk management process. The company's risk management process includes the recognition, assessment, measurement, limitation and monitoring of risks arising from business operations and those closely related thereto. The guidelines also define the monitoring of such a process and the risk management organisation.

The company's risk management process is constantly evaluated and developed. The risk management process is examined annually at the company by updating the company's risk map and its annual action plan to correspond with the targets of the annual plan and by presenting the same to the Board of Directors at a separately agreed meeting in the autumn. The risk map is also updated as part of the business strategy process during the first half of the year.

The arrangement of the company's financial risk management is documented in the company's treasury policy and key financial risks are reported quarterly to the Board of Directors. Furthermore, the company's Board of Directors regularly monitors the company's business risks and uncertainties and reports on them as required in applicable laws as well as regulations and guidelines issued by the Financial Supervision Authority.

More detailed information on the company's risk management process and risks associated with the company's business operations can be found on pages 43–45 of the present Annual Report, on pages 32–34 of the appended financial statements, as well as on the corporate website at www.citycon.com/riskmanagement.

Internal audit

Internal audit aims to independently and systematically evaluate and improve the company's internal control and risk management. The Audit Committee approves an annual audit plan, which forms the basis for the performance of the audit. An internal audit charter has been prepared for internal audit operations. Auditors responsible for internal audit shall report internal audit results to the Audit Committee, which must without delay initiate any actions necessitated by audit findings made. The internal audit 2009 was outsourced to KPMG Oy Ab. The audit conducted by Citycon's auditor also involves auditing the company's corporate governance, on which the auditor reports to the Audit Committee and the CEO.

Auditor

For the auditing of the administration and accounts, the General Meeting annually elects one auditor, which must be an audit firm approved by the Central Chamber of Commerce of Finland. In connection with the company's annual financial statements, the auditor provides the company's shareholders with a statutory auditor's report. The main function of the statutory auditors' report is to verify that the consolidated financial statements, the parent company's financial statements and the report by the Board of Directors give a true and fair view of the Group's and the company's financial performance and financial position for each financial year. In addition to providing the auditor's report in connection with the annual financial statements, the auditor also reports to the company's CEO and the Audit Committee as necessary.

Upon the Audit Committee's invitation, the auditor may attend the committee meetings as an expert when deemed necessary.

The AGM 2009 re-elected Ernst & Young Oy (a firm of authorised public accountants) the company's auditor, with Tuija Korpelainen (Authorised Public Accountant) acting as the chief auditor appointed by the firm.

In 2009, Citycon paid EUR 0.2 million in remuneration to its auditor, related to its general audit. In addition, Citycon paid to the auditor a total of EUR 0.1 million for professional services related to IFRS, property transactions and taxation.

Communications

The purpose of Citycon's corporate communications is to inform the company's stakeholders of company-related matters, with the aim of providing all of the relevant parties with correct, sufficient and topical information regularly, impartially and simultaneously. The company's key communication channel is the corporate website, which includes all financial reports and releases issued by the company as well as other investor information required in the Finnish Corporate Governance Code.

Comparison of the Report with the Guidelines of the Global Reporting Initiative

Reported · Partly reported · Not reported

Code	Content	Status	Page	Comments
Strategy and Analysis				
1.1-1.2	CEO's statement, key impacts, risks and opportunities	Reported	4, 6-7, 35, 43-45	
Organizational Profile				
2.1-2.9	Organizational profile	Reported	1-4, 9-10, 24-25, 27-33, 40-41, 49-54, 62	
2.10	Awards received in the reporting period	Reported	32	Strömpilen Marketing Awards for No Plastic Bags campaign.
Reporting Parametres				
Report Profile				
3.1-3.11	Report profile, scope and boundary	Reported	3-4. 11, 35-41, 60	
3.12	GRI Content Index	Reported	55-56	
3.13	Assurance policy and practice	Not reported		
Governance, Commitments and Engagement				
Governance				
4.1-4.4, 4.6- 4.7, 4.10	Governance	Reported	49-50	
4.5	Executive compensation and linkage to organization's performance	Partly reported	50-51	More information can be found in financial statements.
4.8	Mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and their implementation	Partly reported	6-7	Sustainability strategy is integrated in overall strategy.
4.9	Procedures for overseeing sustainability management	Partly reported		The board oversees sustainability issues as part of overall strategy.
Commitments to External Initiatives				
4.11	Explanation of whether and how the precautionary approach or principle is addressed	Reported	43-44	
4.12	Externally developed charters, principles, or other initiatives	Not reported		
4.13	Memberships in associations and/or national/international advocacy organizations	Reported	13	
Stakeholder Engagement				
4.14-4.17	List of stakeholder groups, basis for identification, approaches to stakeholder engagement, key topics raised through stakeholder engagement	Reported	10-13	
Economic Performance Indicators				
Economic Performance				
EC1	Economic value generated and distributed	Reported	2, 47-48	
EC2	Financial implications and other risks and opportunities due to climate change	Partly reported	35, 45	

Code	Content	Status	Page	Comments
EC3	Coverage of the organization's defined benefit plan obligations	Reported		The company acts in accordance with legislation, not reported separately.
EC4	Significant financial assistance received from government	Reported	48	Citycon has not received any financial assistance from government.
Market Presence				
EC6	Policy, practices, and proportion of spending on locally-based suppliers	Reported	43-45, 48	
EC7	Procedures for local hiring and proportion of senior management hired from the local community	Reported	24-25, 27-28, 40-41, 51-54	
Indirect Economic Impacts				
EC8-EC9	Infrastructure investments and services provided primarily for public benefit and significant indirect economic impacts	Not reported		
Environmental Performance Indicators				
Materials				
EN1-EN2	Materials used by weight or volume and recycled input materials	Not reported		
Energy				
EN3-EN4	Direct and indirect energy consumption by primary energy source	Reported	36	All energy consumed in Citycon's properties is indirect.
EN5	Energy saved due to conservation and efficiency improvements	Not reported		
EN6-EN7	Initiatives to provide energy-efficient or renewable energy based products and services and to reduce indirect energy consumption	Partly reported	36, 45	LEED certificates, Green Shopping Centre Management programs. Reductions achieved can not be reported due to the lack of previous statistics.
Water				
EN8	Total water withdrawal by source	Reported	38	
EN9-EN 10	Water sources significantly affected by withdrawal of water and recycled water	Not reported		Not material to Citycon, water comes from municipal waterworks.
Biodiversity				
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas	Reported	42	Rocca al Mare is located adjacent to the protected area.
EN12	Significant impacts of activities on biodiversity in protected areas	Partly reported	45	Environmental impact assessment, which also includes a biodiversity assessment, is conducted in conjunction with zoning.
Emissions, Effluents, and Waste				
EN16-EN17	Total direct and indirect greenhouse gas emissions by weight	Reported	36-38	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Partly reported	36	See EN6.
EN19	Emissions of ozone-depleting substances by weight	Not reported		
EN20	NOx, SOx, and other significant air emissions by type and weight	Reported	37-38	
EN21	Total water discharge by quality and destination	Reported	38	Waste and rain water is led to municipal sewer system.

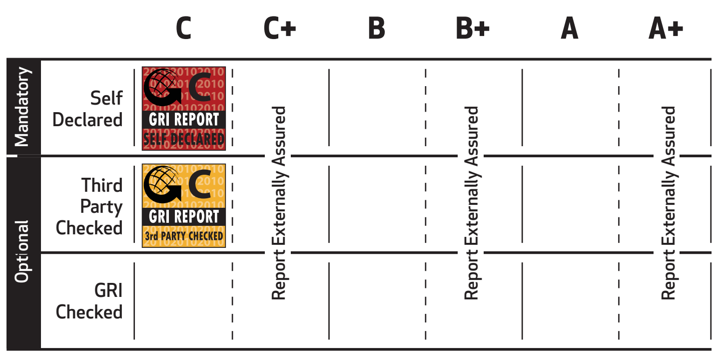
Reported Partly reported Not reported

Code	Content	Page	Comments
EN22	Total weight of waste by type and disposal method	38-39	
EN23	Total number and volume of significant spills		One reported spill in Columbus: the maintenance company's tractor spilled oil on the parking lot and the driving ramp. Measures were taken against the damage immediately after noticing the spill. The damaged area and effect were small.
Products and Services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	35-39	LEED certificates, Green Shopping Centre Management programs. Reductions achieved can not be reported due to the lack of previous statistics.
EN27	Reclaimed products and packaging materials		Not material to Citycon.
Compliance			
EN28	Non-compliance with environmental laws and regulations		No misconducts during 2009.
Transport			
EN29	Significant environmental impacts of transporting products, materials and workforce	38	Citycon reports on CO_2 emissions of business travel and commuting.
Social Performance Indicators			
Employment			
LA1-LA2	Total workforce by employment type, employment contract, and region, number and rate of employee turnover by age group, gender, and region	40-41	
LA4	Percentage of employees covered by collective bargaining agreements		
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements		Citycon complies with legislation and regulations.
LA6	Total workforce represented in formal joint management-worker health and safety committees	41	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	40	
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases		Not material to Citycon.
LA10	Average hours of training per year per employee	12, 41	
LA12	Employees receiving regular performance and career development reviews	40	Each employee participates in yearly reviews.
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership	40-41, 49-52	
LA14	Ratio of basic salary of men to women by employee category		
Human Rights			
HR1-HR3	Investment, procurement and employee training practices relating to human rights		Citycon complies with legislation.
HR4	Non–discrimination		No cases in 2009.
HR5-HR7	Freedom of association and collective bargaining, child labor, forced and compulsory labor		Citycon complies with legislation.
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning relevant aspects of human rights	40	Qualitative description.

Code	Content	Page	Comments
HR9	Violations involving rights of indigenous people and actions taken		No such violations, Citycon's operation area does not reach the areas of indigenious people.
Society			
SO1	Impacts of operations on communities, including entering, operating, and exiting	11-13, 42	
SO2	Percentage and total number of business units analyzed for risks related to corruption		Citycon is categorical in its opposition to corruption and bribery.
SO3	Percentage of employees trained organization's anti-corruption policies and procedures	40	The company's travel and representation policy, including the guidelines against anti-corruption, has been introduced to the personnel.
SO4-SO6	Response to incidents of corruption, participation in public policy development and lobbying, contributions to political parties and politicians	40	
SO7-SO8	Total number of legal actions for anti-competitive behavior and significant fines and sanctions for non compliance		No such cases in 2009.
Product Responsibility			
PR1-PR3	Health and safety impacts of products and services		
PR5	Practices related to customer satisfaction	10, 12, 28, 30	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion and sponsorship		
PR9	Significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		No such cases in 2009.

Based on its own assessment, Citycon has followed application level C of the GRI reporting guidelines. The application level has been verified by a third party, PricewaterhouseCoopers.

REPORT APPLICATION LEVELS



Glossary

Key figures

Net initial yield: The annualized net rent from a property, at the balance sheet date, divided by the market value of the property.

Gross rental income: Gross rents, capital rents, maintenance charges and other possible rental income.

Net rental income: Gross rental income added by service charge income less property operating expenses and other expenses from leasing operations.

Net (rental) yield: Net rental income in proportion to the property's market value. Net rental yield is calculated over the past 12 months period by constructing an index from the monthly rental income and computational monthly market value figures. Annual return is calculated by compounding the indexes.

NAV: Based on the Best Practices Policy Recommendations by EPRA, a company's net assets on a per-share basis. Formula is available in the financial statements on page 53.

NNNAV: Based on the Best Practices Policy Recommendations by EPRA, a company's adjusted per-share NAV. Formula is available in the financial statements on page 53.

Net yield requirement: For market value calculation, the net yield requirement comprises risk-free interest as well as property-specific and market risk. Net yield requirement is the lowest internal rate of the return of the total investment period, at which a company is willing to invest.

Reversionary yield: The estimated rental value (market rent) of the property less property operating expenses, expressed as a percentage of the market value of the property.

Definitions related to leasing

Anchor tenant: A major tenant with a strong financial standing, usually a chain store, occupying a large area in a shopping or retail centre. Anchor tenants typically have a long-term lease.

Catchment area: An estimate of a shopping centre's geographic market area in Finland, based on a visitor and travel time survey by Taloustutkimus Oy and Citycon's interviews. In Sweden and Lithuania, similar data are based on estimates. In Estonia, the population within a catchment area is defined as those living within 10 minutes' travel time to the shopping centre.

Investments / (Gross) Capital expenditure: Refers to gross investments in the balance sheet. Capital expenditure includes the investments on investment properties and property, plant and equipment as well as on intangible assets. The acquisition cost of investment properties consists of a debt-free purchase price and transaction costs such as consultancy fees and transfer taxes. Gross investments on development projects, refurbishments and changes in leased premises are also considered as capital expenditure.

Economic occupancy rate: Rental income based on existing leases divided by vacant premises' estimated market rents, to which rental income based on existing leases is added.

Occupancy rate (sq.m.): The ratio of leased premises to leasable premises.

Occupancy cost ratio (OCR): The ratio is calculated as the share of annual net rent and potential service charges (gross rent) paid by a tenant to Citycon, of the tenant's sales, excluding VAT. The VAT percentage is an estimate. Expresses tenant's ability to pay rent.

Operating expenses, or the costs of operations: Costs resulting from the management and maintenance of a property, such as heating, electricity, security guard services and cleaning services for common areas.

Gross leasable area: An area which can reasonably be expected to be available for lease and for which the lessee is ready to pay a rent.

Like-for-like property: A property owned by the company for the whole of the current and previous financial year (24 months), excluding properties under development and expansion as well as lots.

Turnover-based rent or turnover-linked rent: Rent divided into turnover-linked capital rent and maintenance fee. A minimum rent tied to the cost-of-living index also pertains to the turnover-linked capital rent.

If the minimum rent is lower than the rent based on the actual turnover, the lessee will pay the resulting excess. The portion tied to turnover is determined by the lessee's field of industry and estimated sales.

Terms related to environmental responsibility

Brownfield site: An abandoned or underused former industrial or other facility, not necessarily a polluted land area; opposite of "greenfield".

CHP Directive: Directive 2004/8/EC on the promotion of cogeneration based on a useful heat demand in the internal energy market.

CO_2e: Carbon dioxide equivalent. A common measure for greenhouse gases, allowing the calculation of the effect of different greenhouse gas emissions on the acceleration of the greenhouse effect. This calculation converts the effects of all greenhouse gases, in order to obtain an equivalent to the effect of carbon dioxide on the climate.

Ecosystem: The term ecosystem refers to the combined physical and biological components of an environment.

EN 15603 -standard: A standard related to the Energy Performance of Buildings Directive (2002/91/EC). The purpose of the standard is to present general principles of the overall energy use of buildings and definitions of energy ratings.

GHG: Greenhouse gas (cf. Greenhouse gases).

GHG protocol: Greenhouse gas protocol; an accounting tool for calculating the size of carbon footprints, developed by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD).

G3 guidelines: A reporting guideline update related to GRI reporting, published in 2006.

Greenfield site: An undeveloped land area. The opposite to brownfield site.

Carbon dioxide, CO_2: A greenhouse gas produced during the combustion of organic matter (e.g. power plants using fossil fuels, car engines etc.). Carbon dioxide substantially contributes to climate warming, since its level in the atmosphere is over a hundred times that of other greenhouse gases in total.

Carbon footprint: Carbon footprint refers to the effect on climate warming of an individual person, organisation, event or product. Nearly all human activities have a carbon footprint that gives the amount of greenhouse gas emissions each activity produces. Presented by mass (g, kg, t).

Climate change: The increase in the average temperature of the Earth, its sea level rise and the decrease in its ice and snow cover. Effects also include changes in rainfall. Global warming is most probably primarily due to the acceleration in the planet's greenhouse effect. The greenhouse effect has gained momentum because human activities have increased the amount of carbon dioxide and other greenhouse gases in the atmosphere.

Greenhouse gases: Gases appearing in the atmosphere that warm the Earth in a manner similar to glass panes in a greenhouse. Greenhouse gases allow short-wave solar light radiation to pass through the atmosphere while absorbing long-wave heat radiation emitted by the Earth's surface. The most important gases in the atmosphere, which maintain and strengthen the greenhouse effect, are carbon dioxide, methane, ozone, nitrous oxide ("laughing gas") and the Freons.

Sustainable development: Sustainable development is continuous, guided societal change, with the aim of safeguarding the possibilities for a good life of present and future generations. Sustainable development can be divided into three dimensions: economic, ecological and social.

Hazardous waste: Hazardous waste, as defined in the Finnish Waste Act, means any waste which may pose a particular hazard or harm to health or the environment due to its chemical or some other properties. Examples of waste classified as hazardous waste include solvents, paints and coatings, batteries containing heavy metals, fluorescent tubes, cooling appliances, TV sets and computer displays as well as waste oil.

Primary energy: Primary energy is energy found in nature that has not been converted. It is divided into renewable (e.g. wind power) and non-renewable (e.g. oil) energy.

Secondary energy: Energy produced from primary energy, e.g. electricity or district heating. Part of the original (primary) energy is lost in the conversion process.

Environmental impact: Any change in the environment that entirely or partly results from an organisation's activities, products or services. Such a change may be hazardous or beneficial.

Associations and programs

EPRA: The European Public Real Estate Association, a common interest group which publishes 'best practice' in accounting, financial reporting and corporate governance for European listed real estate companies.

RAKLI ry: The Finnish Association of Building Owners and Construction Clients.

ICSC: The International Council of Shopping Centers.

NCSC: The Nordic Council of Shopping Centers.

GRI, Global Reporting Initiative: An international initiative to create a framework comparable to financial reporting, for social responsibility reporting by companies and organisations.

IEA: The International Energy Agency.

NGO : Non-governmental organization

UNEP: United Nations Environment Programme, The programme monitors the global environment and co-ordinates activities to prevent environmental threats and alleviate or eliminate any hazards.

UNEP SBCI: The UNEP Sustainable Buildings and Climate Initiative.

WBCSD: World Business Council for Sustainable Development.

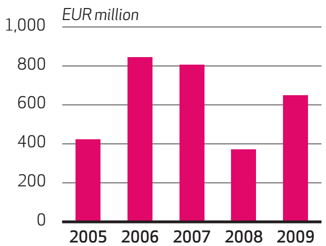
WRI: World Resources Institute.

Abbreviations

kWh = kilowatt-hour	TJ = terajoule
MWh = megawatt-hour	t = tonne
MJ = megajoule	m^3 = cubic metre

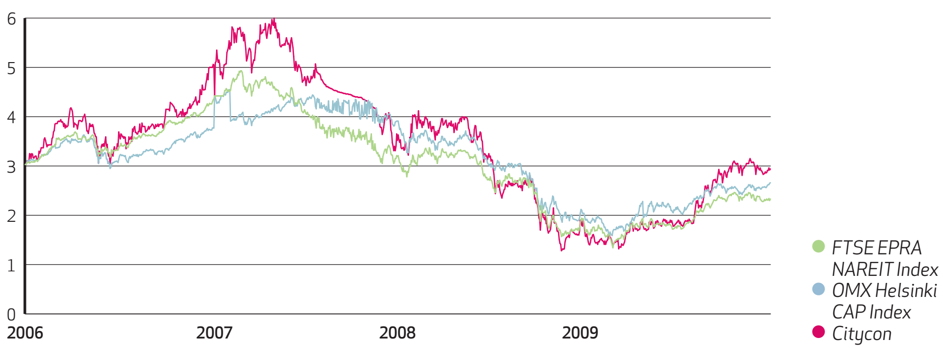
Citycon as an Investment and Information for Shareholders

MARKET CAPITALISATION



BREAKDOWN OF SHAREHOLDERS

CITYCON SHARE PRICE COMPARED TO INDICES



Investment in Citycon

Investment in Citycon is an indirect investment in actively and professionally managed retail properties in Finland, Sweden and the Baltic countries. The company is specialised in properties engaged in retail trade i.e. shopping centres, hypermarkets and retail centres.

Citycon is not only a real estate investor but also a proactive owner and a long-term developer of its retail properties laying the foundation for a successful retail business. Citycon takes account of environmental aspects and well-being of the areas surrounding its retail properties, which provides solid foundations for the company's success and growth in the future.

Share price development and ownership

Citycon's market capitalisation at the end of 2009 totalled EUR 649.9 million, whereas it reached EUR 371.3 million at the end of 2008. The proportion of international investors remains high, accounting for 89.9 per cent of the company's shareholders at the end of the year. However, the number of domestic shareholders increased remarkably, since the total number of registered shareholders grew from 2,190 for the year before to 3,733 at the end of 2009.

Citycon is included in international real estate indices. For example, the FTSE EPRA/NAREIT Global Real Estate Index serves as a benchmarking index for international investors, tracking share-price performance and total return. Citycon is also represented in the GPR 250 Property Securities Index consisting of the 250 most liquid real estate companies worldwide. 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).

Financial targets

The Board of Directors has set the following financial targets for the company:

- The company will pay out in dividends a minimum of 50 per cent of the result for the period after taxes excluding fair value changes of investment properties.
- The company's long-term equity ratio target is 40 per cent.

The profit distribution in 2008 totalled EUR 0.14 per share, consisting of a per-share dividend of EUR 0.04 and an equity return of EUR 0.10 per share from the invested unrestricted equity fund.

Equity ratio stood at 34.2 per cent at year-end 2009.

Board of Directors' proposal on dividend distribution and on distribution of assets from the invested unrestricted equity fund

The Board of Directors proposes that a per-share dividend EUR 0.04 be paid out for the year 2009, and that EUR 0.10 be returned from the invested unrestricted equity fund. The dividend and equity return will be paid on 7 April 2010 to a shareholder registered in the company's shareholders' register on 16 March 2010.

Investor relations

The primary objective of Citycon's investor relations is to increase interest in the company's shares as an investment target. The company aims to increase shareholder value by providing more transparent investor information and improving the company's business profile. Investor communications focus on long-term value creation rather than seeking short-term benefits.

The investor communications' principle is to continuously provide the market with accurate, consistent, transparent and up-to-date information on the company. Adhering to the principle of objectivity and simultaneousness in its investor communications, Citycon publishes all releases and other material on its website in English and in Finnish.

Financial reports in 2010

During 2010, Citycon will release financial reports as follows:

- Interim Report for January–March, 21 April 2010
- Interim Report for January–June, 14 July 2010
- Interim Report for January–September, 13 October 2010

The company will publish its printed Annual Report at the latest in week 10.

The key channel for Citycon's investor communications is the corporate website. All stock exchange releases and press releases, financial statements, interim reports, annual reports and notices to general meetings will be published on the website. Also available on the website are the executive presentations on the financial results, webcast recordings of these events as well as the presentation material for regular investor meetings. Web access to the company's financial results presentation events and Capital Markets Day is also enabled. Investor information material published by Citycon can be ordered from the corporate website at www.citycon.com/materialrequest, by e-mail from info@citycon.fi or by phone at +358 20 7664 400.

Investor meetings

Citycon actively meets with investors both in and outside Finland. In 2009, the company executives carried out presentations of Citycon as an investment target in approximately 40 events, and met with some 270 institutional investors either in one-on-one or small-group meetings. In addition, the company's representatives meet investors in seminars arranged by different associations or banks, in broader public events and during asset tours to the company's shopping centres.

In September, Citycon organised a Capital Markets Day in the Iso Omena shopping centre in Espoo, for the second time in the company's history. The theme of this event, opened by Thomas W. Wernink, Chairman of Citycon's Board of Directors, was the corporate strategy and market situation in Citycon's operating countries and, in particular, the leasing business. Following the presentations, the attending investors, analysts and journalists visited the Iso Omena shopping centre and the LEED certified shopping centre Trio in Lahti. Encouraged by the abundant and positive feedback on the Capital Markets Day, Citycon aims to organise an equivalent event every year.

The company's IR contacts are the CEO, the CFO and Executive Vice President as well as the Investor Relations Officer.

Annual General Meeting 2010

Citycon Oyj will hold its AGM at Finlandia Hall, Helsinki Auditorium, Mannerheimintie 13e, Helsinki, Finland, on Thursday 11 March 2010, starting at 2.00 p.m.

The notice to the AGM was issued on 16 February 2010 and it is available on the corporate website at www.citycon.com/agm2010.

A shareholder is entitled to propose a certain matter for discussion at a general meeting of shareholders, if such a matter belongs to the competence of a general meeting of shareholders according to the Finnish Limited Liability Companies Act and if (s)he gives notice of this in writing to the Board of Directors in sufficient time for it to be included in the notice of the meeting. Such notices can be mailed to legal@citycon.fi.

Company shareholders listed in the register of shareholders by the AGM record date of 1 March 2010 are entitled to attend the AGM if they have notified the company of their intention to do so by 4.00 p.m. on 8 March 2010. If you wish to attend the AGM, please visit our website www.citycon.com/AGM2010 or contact us by telephone +358 20 7664 400.

A shareholder whose shares are registered in his/her personal book-entry securities account is listed on the company's register of shareholders. A shareholder holding nominee-registered shares are requested to contact his/her account manager if (s)he wishes to attend the AGM.

Company's register of shareholders available for public review

The company's register of shareholders is available for public review at Euroclear Finland Ltd's customer-service outlet, Urho Kekkosen katu 5 C, Helsinki, Finland.

Notification of changes in the register of shareholders

Shareholders should notify their book-entry account manager of any changes in their name or address. This will also automatically update information in the shareholders' register maintained by Euroclear Finland Ltd.

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Company research

Analysts from the following banks, brokerage and other firms monitor Citycon Oyj and its performance, based on the information received by the company. However, the list below does not necessarily include all providers of such investment analysis. Analysts monitor Citycon on their own initiative and can also choose to cease doing so whenever they wish. Recommendations issued by analysts are available on Citycon's website at the "Consensus estimates" service. Citycon is not responsible for analysts' comments and statements.

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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 12.0 million (EUR 11.7 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.

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 Espoontori 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 investments 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 appraisal 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).

Citycon's property portfolio's net rental yield was 6.1 per cent (5.8%) and its occupancy rate was 95.0 per cent (96.0%). The decrease in occupancy rate was a result of a slight increase in vacancies across the portfolio in all of Citycon's operating regions, due to toughened market conditions.

During the period under review, Citycon's net rental income grew by 3.0 per cent to EUR 125.4 million. The leasable area increased by 2.5 per cent to 961,150 square metres. Excluding the impact of the weakened Swedish krona (SEK), net rental income from like-for-like properties grew by 0.8 per cent.

Like-for-like properties are properties held by Citycon throughout the 24-month reference period, excluding properties under refurbishment and redevelopment as well as undeveloped lots. 78.5 per cent of like-for-like properties are located in Finland. The calculation method for net yield and standing (like-for-like) investments is based on guidelines issued by the KTI Institute for Real Estate Economics and the Investment Property Databank (IPD).

During the last 12 months, the rolling twelve-month occupancy cost ratio for like-for-like properties was 8.6 per cent. The occupancy cost ratio is calculated as the share of net rent and potential service charges paid by a tenant

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.

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	Stockholm, Sweden	138 2)	132.1	completed
Rocca al Mare	Tallinn, Estonia	58.3	49.9 3)	completed
Åkersberga Centrum	Österåker, Sweden	45.6	16.0	2011
Torikeskus	Seinäjoki, Finland	4	2.7	2010
Hansa (Trio)	Lahti, Finland	8	0.5	2010
Myyrmanni	Vantaa, Finland	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: Entrecon). 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 Mandarinas 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. 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.

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 interest 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 million) 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 redeemed 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 sustainable 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 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 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, 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.

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.

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. 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.

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 preleasing 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	25		
Share capital		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 NNNAV 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

	Equity attributable to parent company shareholders								
EUR million	Share capital	Share Premium fund	Fair value reserve	Invested unrestricted equity fund	Translation differences	Retained earnings	Total	Minority interest	Total share-holders' equity
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 'nonowner 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.

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 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 accounting 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 modelling 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.

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.

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%

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

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
Loss/Profit for the period attributable to parent company shareholders	**-34.3**	**-124.1**

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 NNNAV	**740.6**	**221,035.1**	**3.35**	**839.9**	**220,991.5**	**3.80**

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 Lippulaiva.

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 (€/m²)	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 (€/m²)	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.3 1	**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 collaterals equal 2-6 months rents and other payments.

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.

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.

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 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	**Assets**	**Liabilities**	**Assets**	**Liabilities**
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 cross 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 a continuous 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 asses 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 commited 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 assesment 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.

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 contribute 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 participate 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 eurozone exposes the company to exchange rate risk. Exchange rate risk stems from transaction risks resulting from the conversion of foreign currency denominated transactions into local currency, 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.

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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 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 Oyj, 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
	Share-based options, granted to all staff	Share-based options, granted to all staff
Type of scheme	Granted stock options	Granted stock options
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.

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	-

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	-
Säkylän 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 Laajavuorenkuja 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
Espoontori 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
Espoontorin 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
Salpausseläntie 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 Väpnaren	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.

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-sump 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 NNNAV 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.

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

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 subsidiaires	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.

EUR million	2009	2008
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 prepair 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

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	5 year review period 2008	10 year review period 2009	10 year review period 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**

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

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

FORMULAS FOR KEY FIGURES AND RATIOS

14) Effective dividend and return of equity yield, %

$$\frac{\text{Dividend per share}}{\text{Issue-adjusted closing price at year-end}} \times 100$$

15) Net rental yield, %

$$\frac{\text{Net rental income (last 12 months)}}{\text{Average fair value of investment property}} \times 100$$

16) Occupancy rate, %, sq.m.

$$\frac{\text{Leased space}}{\text{Leasable space}} \times 100$$

17) Occupancy rate, %, EUR

$$\frac{\text{Rental income as per leases}}{\text{Estimated market rent of vacant premises + rental income as per leases}} \times 100$$

18) Direct result, EUR million

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

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 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	**Espoontori**						**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		
	Espoontori 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	Kiviparintie 2	00920	HELSINKI	Building demolished in 2009	100%			
	Asunto Oy Helsingin Myllypiha	Kiviparintie 2	00920	HELSINKI	lot	100%			
	Asunto Oy Helsingin Kivensilmänkuja 3	Kivensilmänkuja 1-3	00920	HELSINKI	lot	100%			
	Helsingin Kiviparintien asumisoikeusasunnot Oy	Kiviparintie 2 A	00920	HELSINKI	lot	100%			
20	**Myyrmanni**						**40,300**	**96.3**	**97.0**
	Myyrmanni 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 1)
26	Soukan Itäinentorni As Oy	Soukantie 16	02360	ESPOO	1972	27%	1,600	100.0	100.0
27	Talvikkitie 7-9 Koy	Talvikkitie 7-9	01300	VANTAA	1989	100%	9,800	100.0	100.0
29	**Tikkuri**						**10,700**	**90.1**	**94.5**
	Tikkurilan Kauppakeskus Koy	Asematie 4-10	01300	VANTAA	1984/1991	84%			
29	Ultima Oy	Äyritie 1	01510	VANTAA	lot	100%			
30	Vantaan Laajavuorenkuja 2 Koy	Laajavuorenkuja 2	01620	VANTAA	1976	100%	2,000	100.0	100.0
31	Vantaan Säästötalo Koy	Kielotie 20	01300	VANTAA	1983	61%	3,800	98.1	98.7
32	Wavulinintie 1 Koy	Wavulinintie 1	00210	HELSINKI	1950/1992	100%	1,700	29.5	13.0
	OTHER AREAS IN FINLAND								
33	Forssan Hämeentie 3 Koy	Hämeentie 3	31100	FORSSA	1978	100%	4,500	1.9	2.3
34	**Forum**						**17,500**	**97.1**	**97.5**
	Jyväskylän Forum Koy	Asemakatu 5	40100	JYVÄSKYLÄ	1953/1972/1980/1991	100%			
35	**Galleria**						**3,500**	**91.1**	**94.3**
	Oulun Galleria Koy	Isokatu 23	90100	OULU	1987	100%			
36	**Isokarhu**						**14,800**	**89.3**	**94.2**
	Kauppakeskus IsoKarhu Oy	Yrjönkatu 14	28100	PORI	1972/2001/2004	100%			
37	**IsoKristiina**						**18,700**	**90.0**	**93.7**
	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	75.9
39	**Jyväskeskus**						**5,800**	**96.3**	**97.8**
	Jyväskylän Kauppakatu 31 Koy	Kauppakatu 31	40100	JYVÄSKYLÄ	1955/1993	100%			
40	Kaarinan Liiketalo Koy	Oskarinaukio 5	20780	KAARINA	1979/1982	100%	9,200	90.2	93.2
41	Karjaan Ratakatu 59 Koy	Ratakatu 59	10320	KARJAA	1993	100%	3,100	100.0	100.0
42	**Duo**						**13,000**	**92.9**	**94.2**
	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**	**94.4**
	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**	**96.4**
	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	100.0
46	Kuopion Kauppakatu 41 Koy	Kauppakatu 41	70100	KUOPIO	1977	100%	11,200	96.7	98.4
47	Kuusankosken Kauppakatu 7 Koy	Kauppakatu 7	45700	KUUSANKOSKI	1980	100%	2,100	100.0	100.0
48	Lahden Kauppakatu 13 Koy	Kauppakatu 13	15140	LAHTI	1971	100%	8,600	100.0	100.0
49	Lentolan Perusyhtiö Oy	Mäkirinteentie 4	36220	KANGASALA	2007	100%	11,900	86.1	85.0
50	Lillinkulma Koy	Jännekatu 2-4	20760	PIISPANRISTI	2007	100%	7,400	100.0	100.0

	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**
	Linjurin Kauppakeskus Koy	Vilhonkatu 14	24100	SALO	1993/2007	89%			
52	Mäntyvuoksi Koy	Vuoksenniskantie 50	55800	IMATRA	1974	87%	1,300	100.0	100.0
53	Naantalin Tullikatu 16 Koy	Tullikatu 16	21100	NAANTALI	1985	100%	3,100	17.3	19.9
54	Orimattilan Markkinatalo Oy	Erkontie 3	16300	ORIMATTILA	1983	77%	3,500	100.0	100.0
55	Porin Asema-aukio Koy	Satakunnankatu 23	28130	PORI	1957/1993	100%	18,900	78.8	86.6
56	Puijonlaakson Palvelukeskus Koy	Sammakkolammentie 6	70200	KUOPIO	1971	31%	1,500	100.0	100.0
57	Runeberginkatu 33 Koy	Runeberginkatu 33	06100	PORVOO	1988	100%	6,300	100.0	100.0
58	**Sampokeskus**						**14,000**	**76.5**	**80.8**
	Rovaniemen Sampotalo	Maakuntakatu 29-31	96200	ROVANIEMI	1990	100%	12,000		
	Lintulankulma Koy	Rovakatu 28	96200	ROVANIEMI	1989/1990	100%	2,000		
59	Säkylän Liiketalo Koy	Pyhäjärventie	27800	SÄKYLÄ	1969	100%	1,200	100.0	100.0
60	**Torikeskus**	Kauppatori 1	60100	SEINÄJOKI	1992/2007	100%	**11,500**	**86.2**	**89.6**
61	**Trio**						**45,700**	**90.2**	**94.6**
	Lahden Hansa Koy	Kauppakatu 10	15140	LAHTI	1992	100%	10,700		
	Lahden Trio Koy	Aleksanterinkatu 20	15140	LAHTI	1977/1985-1987 /1992/2007/2008	90%	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	96%	6,700	100.0	100.0
64	Valtakatu 5-7 Koy	Valtakatu 5-7	37600	VALKEAKOSKI	1938/1992	31%	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	100%	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	**Mandarinas**						**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, %, sq.m. 1)	Occupancy rate, %, EUR 1)
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**	Drivbänksvägen 1	16574	HÄSSELBY	1977	100%	**8,400**	**91.0**	**92.3**
3	Kallhäll	Skarprättarvägen 36-38	17677	JÄRFALLA	1991	100%	3,500	100.0	100.0
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**	Fruängsgången	12952	HÄGERSTERN	1965	100%	**14,600**	**89.8**	**92.1**
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	Gräddvägen 1	90620	UMEÅ	1978 / 2004 / 2006	75%	7,300	100.0	100.0
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	Backavägen 3-5	41705	GOTHENBURG	1990	100%	7,800	87.3	88.4
12	Floda	Rurik Holms väg	44830	FLODA	1960 / 1990	100%	11,400	89.9	91.8
13	Hindås	Hindås Stationväg 41-47	43063	HINDÅS	1978 / 1999	100%	1,700	93.8	95.1
14	Landvetter	Brattåsvägen	43832	LANDVETTER	1975 / 1988 / 1999	100%	4,800	100.0	100.0
15	Lindome	Almåsgången	43730	LINDOME	1974	100%	7,800	97.9	98.1
	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. Re inspection 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 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 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.

Citycon's Shopping Centres in Sweden and in the Baltic Countries

STOCKHOLM AREA

Fruängen Centrum

Stockholm
Citycon's gross leasable area 14,600 sq.m.
Built in 1965.

Liljeholmstorget

Stockholm
Citycon's gross leasable area 40,700 sq.m.
Built in 1973.
Extended and/or renovated in 2009.

Åkermyntan Centrum

Hässelby
Citycon's gross leasable area 8,400 sq.m.
Built in 1977.

Jakobsbergs Centrum

Järfälla
Citycon's gross leasable area 69,300 sq.m.
Built in 1959.
Extended and/or renovated in 1993.

Åkersberga Centrum

Österåker
Citycon's gross leasable area 30,500 sq.m.
Built in 1985.
Extended and/or renovated in 1995/1996.

Tumba Centrum

Botkyrkan
Citycon's gross leasable area 31,300 sq.m.
Built in 1954.
Extended and/or renovated in 2000.

GOTHENBURG AREA

Stenungs Torg

Stenungsund
Citycon's gross leasable area 36,400 sq.m.
Built in 1967.
Extended and/or renovated in 1993.

UMEÅ

Strömpilen

Umeå
Citycon's gross leasable area 27,000 sq.m.
Built in 1927.
Extended and/or renovated in 1997.

ESTONIA

Magistral

Tallinn
Citycon's gross leasable area 9,500 sq.m.
Built in 2000.

Rocca al Mare

Tallinn
Citycon's gross leasable area 53,500 sq.m.
Built in 1998.
Extended and/or renovated in 2009.

LITHUANIA

Mandarinas

Vilnius
Citycon's gross leasable area 8,000 sq.m.
Built in 2005.

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Annual and Corporate Social Responsibility Report 2009