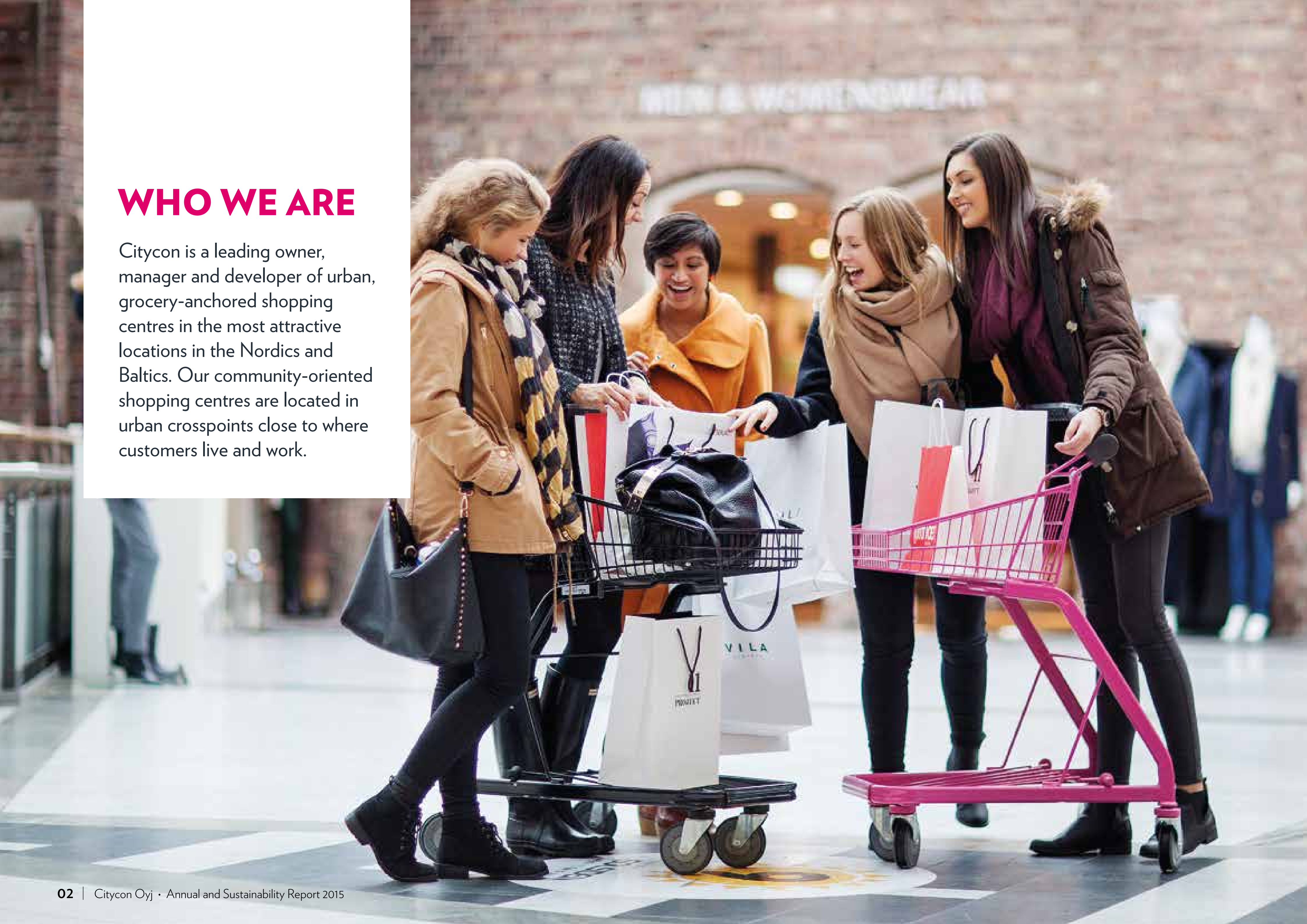
CITYCON

NORDIC HEARTBEAT LOCAL SOUL

ANNUAL & SUSTAINABILITY
REPORT 2015



WHO WE ARE

Citycon is a leading owner, manager and developer of urban, grocery-anchored shopping centres in the most attractive locations in the Nordics and Baltics. Our community-oriented shopping centres are located in urban crosspoints close to where customers live and work.

PORTFOLIO VALUE **4.7**

EUR BILLION, INCLUDING KISTA GALLERIA 100%

GROSS RENTAL INCOME **224**

EUR MILLION

INCLUDING KISTA GALLERIA 100%: 258

VISITORS **159**

MILLION

INCLUDING KISTA GALLERIA 100%: 178

OCCUPANCY RATE **96.8**

%

INCLUDING KISTA GALLERIA 100%: 97.0

PERSONNEL **318**

YEAR END

— Increased scale and improved portfolio balance through the acquisition of Sektor Gruppen

— Valuation uplift and high occupancy reflect an overall solid market

— Continued upgrade of the portfolio through (re)developments and extensions in, for example, Iso Omena, IsoKristiina and Mölndal Galleria

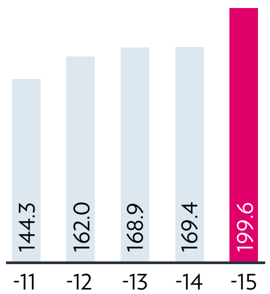
— Substantial disposals of non-core assets

— Lower cost of debt as a result of significant refinancing transactions

CONTENTS

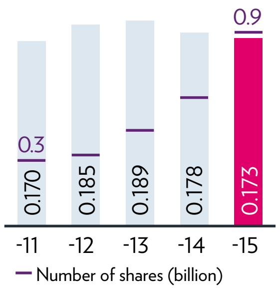
NET RENTAL INCOME

EUR million



EPRA EARNINGS PER SHARE (BASIC)

EUR



KEY FIGURES

		2015	2014
IFRS Profit for the period	EUR million	110.4	89.7
Direct Operating profit	EUR million	175.4	149.8
EPRA Earnings	EUR million	130.8	99.7
EPRA NAV per share	EUR	2.74	3.01
Loan to Value (LTV)	%	45.7	38.6
Energy consumption	kWh/sq.m.	198	211

More key figures in the Financial Statements on page 2

TRULY NORDIC, CLOSE TO THE CUSTOMER

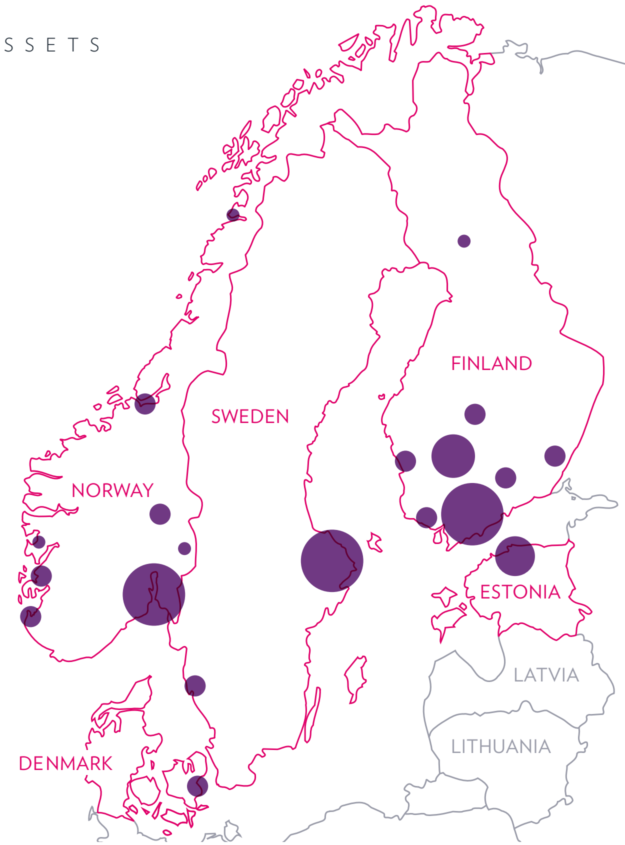
53 shopping centres

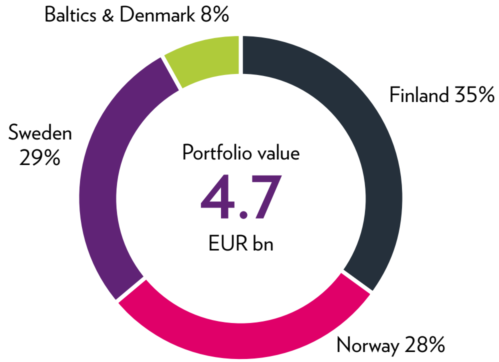
+14 managed shopping centres

GLA 1.3 million sq.m.

Citycon operates in the largest and fastest growing cities in the Nordic and Baltic region. The region is home to over 25 million consumers with high purchasing power and the population growth in the area is among the strongest in Europe.

Citycon is the No. 1 shopping centre owner in Finland and Estonia, and among the market leaders in Norway and Sweden. Citycon has also established a foothold in Denmark.





Figures including Kista Galleria 100%

	shopping centres	million visitors
FINLAND	20	71
NORWAY	20	37
SWEDEN	9	50
BALTICS & DENMARK	4	21

KEY PORTFOLIO CRITERIA

Urban locations with strong population growth

Daily shopping, grocery-anchored

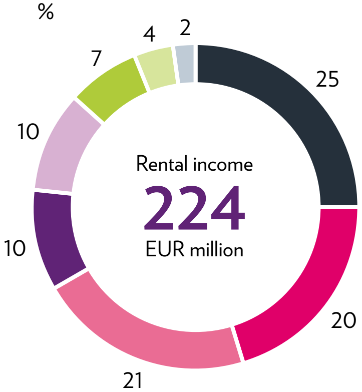
Integrated with public transportation

Dominant in catchment area

Shared access to health care and other municipal services

OUR RETAIL MIX

%



- Fashion
- Groceries
- Leisure and home supplies
- Services and offices
- Health and beauty
- Cafes and restaurants
- Other specialty stores
- Department stores

Citycon's shopping centres are located in urban crosspoints with a direct connection to public transportation. Placed in the heart of communities, the centres create natural venues that cater for all daily needs. Groceries account for 20% of the tenant mix.

Read more on right assets on pages 16–23

Located in capital cities

65%

of shopping centres

Linked to public transportation

100%

of shopping centres

Average value of shopping centres

89

EUR million

EVERYDAY LIFE GROCERY-ANCHORED


EASY TO VISIT
LOVELY TO STAY

OUR VALUES

PASSION

Passion for work

Passion to take action and deliver results

EXPERIENCE

Customer experience

Experienced professionals

ONE

A common goal

Supporting and encouraging each other

MORE THAN SHOPPING

We create vivid and vibrant shopping centres that serve as enjoyable parts of people's everyday lives.

Our extensive depth of expertise throughout the shopping centre value chain combined with strong market knowledge, customer insight and digital initiatives enable us to respond to changing consumer demands.

We build urban venues that create success for retailers.

Read more on how we enrich urban crosspoints on pages 18–19

OUR LARGEST TENANTS

KESKO, S GROUP, VARNER, H&M, ICA GRUPPEN, NorgesGruppen, coop, STOCKMANN, GRESVIG, TOKMANNI

Tenant sales of	Number of new lease agreements	Shopping centres BREEAM In-Use certified	Citycon's impact on local economies in 2015
3,183	1,070	49%	790
EUR million [1]	in 2015 [1]	measured by fair value	EUR million

1) Including Kista Galleria 100%

HIGHLIGHTS IN **2015**

RIGHT ASSETS

Straedet project in Køge in the Copenhagen area started

Forward purchase agreement signed for the urban open-air shopping centre, which will be completed in Q3/2017.

CONSTRUCTION OF THE NEW SHOPPING CENTRE MÖLNDAL GALLERIA

in Gothenburg was started. The modern urban city gallery located in Mölndal's new city centre is scheduled to open in Q2/2018.

Acquisition price

1.47

EUR billion

Read more on the acquisition on page 17

Q1 **Q2**

EXPERT PEOPLE

New tenants and fresh retail concepts

Bubbleroom, the online fashion success, opened a physical store and click-and-collect service in Kista Galleria. →

CITYCONTEST WINNER COMBINES ONLINE AND OFFLINE

Remarket, the winner of Citycon's business idea competition for students 'Citycontest', combines an online store offering high-quality second-hand fashion with a physical store. Remarket was awarded a free three-month lease at Iso Omena and a seed fund to help get their business off the ground.

Read more on Citycontest on page 50

Q1 **Q2**

STRONG CAPITAL BASE

Focus on having a strong capital base with a conservative gearing level, low cost of debt and flexible access to debt financing supported by investment-grade credit ratings

Read more on financing policy on page 28

Citycon became #1 listed property company in the Nordics

← With the acquisition of Norway's second largest shopping centre company Sektor Gruppen, Citycon completed its Nordic presence and increased its total asset value by almost 50%.

The grand opening of the completely renewed and extended IsoKristiina

in Lappeenranta was celebrated in September.

QUALITY UPGRADE OF PORTFOLIO

The successful execution of our divestment strategy continued with the disposal of non-core assets for a total value of EUR 150 million.

Q3

Q4

318

Direct employees ensuring signature experiences

+ 109% from the previous year

CITYCONCEPT FOR HIGH BRAND RECOGNITION

We launched Cityconcept, a branding and communication platform for all our shopping centres, with the goal to build an attractive and strong brand that is recognisable for retailers and customers.

← Sektor shopping centres started to rebrand as Citycon.

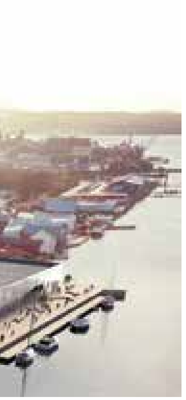
Local jobs created

6,400

Read more on our social and economic impact assessment on page 51

Q3

Q4



Oversubscribed rights issue of EUR 600 million executed in June–July as part of the financing of the Sektor acquisition

SEKTOR REFINANCING COMPLETED

Citycon issued two NOK bonds, one Eurobond and refinanced bank debt extending the average debt maturity to 5.5 years.

Loan to Value at the end of 2015

45.7%

ANOTHER YEAR OF **TRANSITION**

Citycon made the largest acquisition in its history in July when it acquired Sektor Gruppen.

WHY WAS THE ACQUISITION IN NORWAY IMPORTANT FOR CITYCON?

We see the successful acquisition of Sektor Gruppen as a fulfillment of our strategy to be the leading Nordic shopping centre owner and operator. The Sektor portfolio is an excellent fit for us as the properties fully meet our investment criteria of daily, necessity-based shopping centres in urban locations.

The transaction brought us immediate critical mass in Norway through a well-managed company with strong operating platform and market position as the second largest operator in Norway. On a company level we can benefit from increased visibility and liquidity as Citycon became the largest listed shopping centre specialist in the Nordics. This gives us a unique platform and economies of scale as we can offer retailers access to quality assets in all Nordic countries.

Our key strategic goal is to improve the quality of our portfolio and thereby also the quality of earnings and cash flows. The Sektor transaction helped us create more geographical balance in our business by reducing the exposure of Finland in our portfolio to 35%.

We see Norway as an attractive market with a strong economy supported by the highest GDP per capita in Europe, a strong population growth and a low unemployment rate of approximately 4%.

Citycon's like-for-like net rental income growth amounted to 1.1%.

HOW WOULD YOU DESCRIBE CITYCON'S OPERATIONAL PERFORMANCE IN 2015?

Over the last couple of years Citycon's like-for-like performance has been among the strongest compared to its European peers. However, over 2015 we have encountered an increased headwind in the Finnish economy. The performance in our Swedish shopping centres has, on the other hand, been strong and has reversed the negative trend in Finland. Overall, we can be satisfied about our like-for-like net rental income performance, which has been supported by strict cost management and a maintained high occupancy of 96.8%.

During the year we also made good progress with our (re)development and extension projects including e.g. the successful reopening of the fully refurbished and extended IsoKristiina. As a consequence of our active development strategy we have, however, had several of our 'growth engines' partially offline during the year. In Iso Omena the 35,000 square metre extension required us to close a substantial part of the parking area and also part of the shopping centre in the beginning of the year. Additionally, in Myyrmanni we started a refurbishment of the second floor. These projects have had a clearly negative impact on our income in 2015.

You raised EUR 1.3 billion of capital during the year.

HOW WOULD YOU ASSESS CITYCON'S FINANCIAL POSITION?

Strong balance sheet and moderate gearing are among the cornerstones in our strategy, just like improving the quality of our portfolio.

To finance the acquisition, we successfully executed a rights issue and three bond

issues, all of which were oversubscribed. For us these successful transactions evidenced that both equity and debt investors clearly understood the strategic value of the Sektor transaction. We could not have done the acquisition without the support of our shareholders and we thank them for their trust.

Following the refinancing of Sektor our balance sheet remains strong with a solid Loan to Value (LTV) of slightly above 45%, extended maturity profile and ample liquidity to finance ongoing development projects. Citycon's improved business profile was recognised by Moody's who upgraded Citycon's credit rating to Baa1 following the close of the year in January 2016.

Citycon's vision is to be the household name for Nordic and Baltic shopping centres.

HOW DO YOU STRENGTHEN YOUR BRAND POSITION?

As a leading shopping centre operator we are uniquely positioned to manage efficiencies of scale when it comes to positioning and marketing of our shopping centres. We believe that all our shopping centres should be built and managed based on the same philosophy and core values.

Our centres have a natural position in the very heart of urban areas. Alongside shops, we bring together a wide array of public and other services, including: health care facilities, libraries, restaurants, gyms and even theaters. Our objective is to further strengthen the position of our centres as nice and convenient places for shopping and services, and also as active community partners. By doing this in a ONE CITYCON approach, we are making Citycon the household name for best shopping centres in the Nordics and Baltics.

Based on this philosophy we this year developed our common branding and communication guideline which we call 'Cityconcept'. Without striving to build copies, our centres should have the same look and feel that is recognisable for our customers and tenants whilst keeping their local identity and individual name.

WHAT ARE YOUR PRIORITIES FOR 2016?

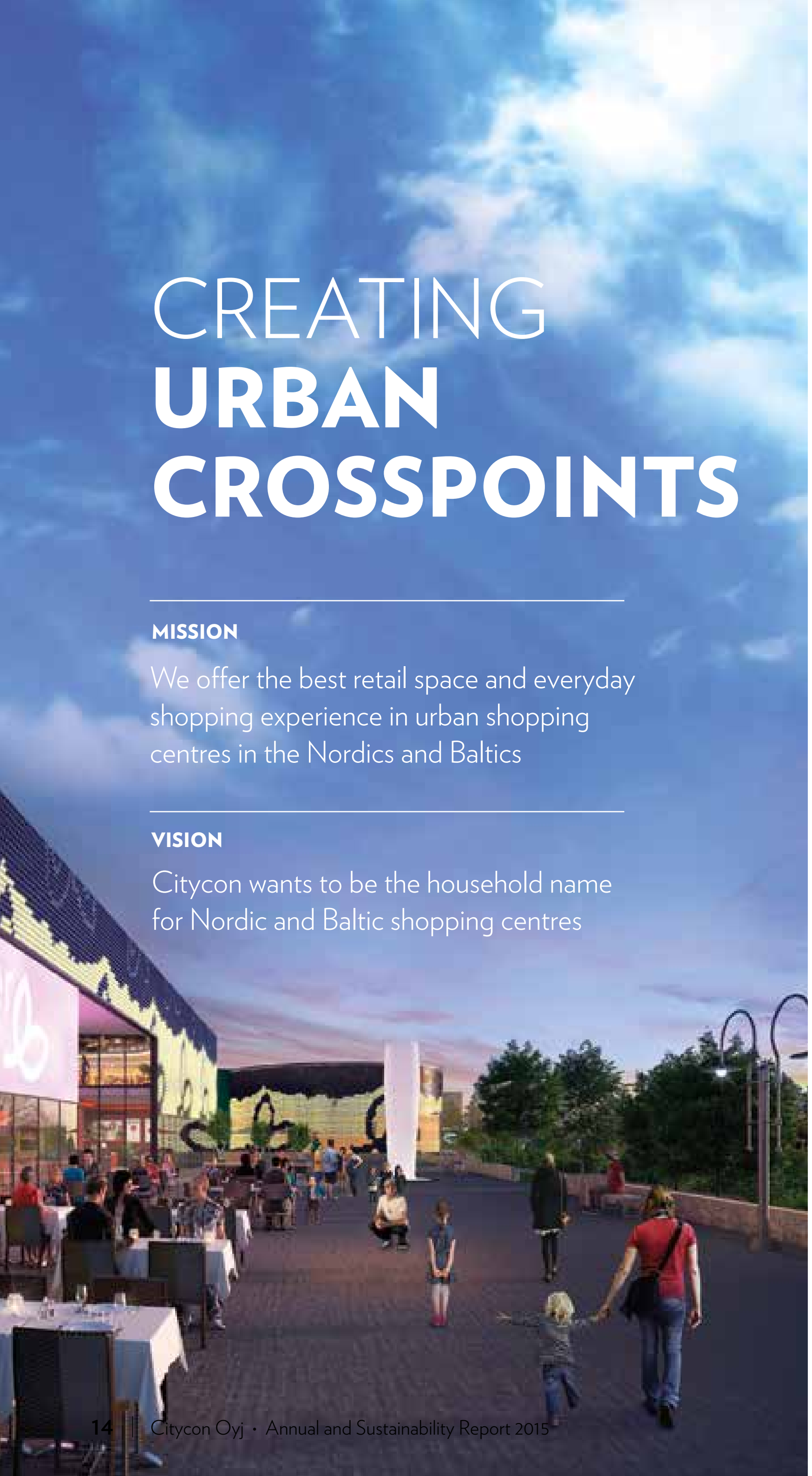
Year 2016 will be a year of integration and consolidation, following 2015 that was a year of growth. We intend to deliver on planned synergies in administrative expenses, financing as well as operations through our enlarged operating platform.

Second, we will continue to improve the portfolio quality by recycling capital. A further balancing of the business portfolio by reducing the Finnish property exposure remains to be a key topic for 2016. We aim to divest an additional approximately EUR 300 million of non-core assets, mainly in Finland and in Norway, within the coming 2 years keeping our LTV within the range of 40–45% and to reinvest in shopping centres where we see high growth potential.

Third, a top priority will be the successful grand opening of the new and extended Iso Omena, which will become the largest property in our portfolio. After full completion, I'm certain Iso Omena will be the best shopping centre in the Helsinki area, hosting a range of local, regional and international tenants.

With the dedication of our motivated and professional staff I'm confidently looking forward to 2016.

Marcel Kokkeel
CEO



CREATING **URBAN CROSSPOINTS**

MISSION

We offer the best retail space and everyday shopping experience in urban shopping centres in the Nordics and Baltics

VISION

Citycon wants to be the household name for Nordic and Baltic shopping centres

WHAT WE DO

Right assets

Pure retail player focusing on necessity-based shopping centres in growing urban areas

OUR APPROACH

Responsible shopping centre management

Commitment to sustainable management and development and contributing to the communities surrounding our shopping centres

OUR RESOURCES

Strong capital base

Allocating capital efficiently and maintaining a conservative gearing level in order to maximize returns

Retail experts

Using our retail expertise at each stage of the shopping centre value chain in order to create pleasant shopping experiences

Right assets

IN PRACTISE WE

- Invest in shopping centres in the largest cities in the Nordics and Baltics and locations supported by the urbanization trend and strong demographics
- Focus on daily shopping linked to public transportation, health care and municipal services
- Actively manage and develop our assets

OBJECTIVES FOR 2016

- Focus on enhanced portfolio quality through active management and capital recycling
- Progress with current developments in Iso Omena and Mölndal Galleria and accelerate the development pipeline including Lippulaiva and Tumba
- Continue divestments of non-core properties, meaning supermarket and shop properties as well as smaller shopping centres in non-growing areas mainly in Finland and Norway

Read more on right assets on pages 16–23

Responsible shopping centre management

IN PRACTISE WE

- Comply with high ethical principles and promote them throughout our value chain
- Create vivid and vibrant community hubs, contributing to the surrounding community in everything we do
- Commit to sustainable development, with a continuous aim to further increase the energy efficiency and environmental soundness of our shopping centres

OBJECTIVES FOR 2016

Sustainability objectives are described in the sustainability performance section on page 39.

Read more on responsible shopping centre management on pages 38–39

Strong capital base

IN PRACTISE WE

- Secure sufficient and attractively priced financing in the capital markets in order to provide capacity and flexibility for strategy execution
- Recycle capital efficiently by focusing on assets where we have a competitive advantage
- Use long-term joint venture partnerships to extend the capital base, spread the risk and leverage expertise
- Commit to an overall business plan that maintains or improves our investment-grade credit ratings

OBJECTIVES FOR 2016

- Maintain a strong balance sheet with low average cost of debt and diversified debt maturities
- Maintain or improve current credit ratings
- Continue recycling of capital and investing in the core property portfolio

Read more on strong capital base on pages 28–31

Retail experts

IN PRACTISE WE

- Leverage our market knowledge and customer insight to create a positive customer journey
- Invest in digital innovations that enrich the customer experience
- Offer an excellent place to work that supports professional growth and rewards performance

OBJECTIVES FOR 2016

- Introduction and roll-out of a new digital community and loyalty programme
- Continue integration of Norwegian organisation and harmonisation of best practices

Read more on retail experts on pages 24–25

INCREASED SCALE AND VISIBILITY, **STRONGER PORTFOLIO**

GLA 1.3 million sq.m.
incl. Kista Galleria

Average yield requirement 5.7%

Ongoing development projects
EUR 200 million

Future development potential
EUR 500 million

The quality and composition of Citycon's portfolio was considerably strengthened in 2015. The biggest acquisition in Citycon's history, the acquisition of Norway's second largest shopping centre operator Sektor Gruppen, was completed in July. Through the acquisition Citycon became the largest listed shopping centre company in the Nordics with total portfolio value of close to EUR 5 billion.

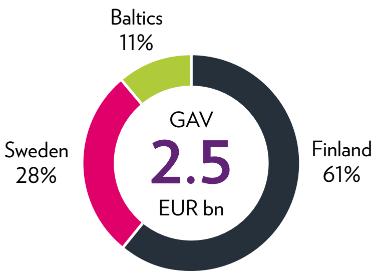
The (re)development projects continued at full speed during the year. The extension project of Iso Omena in the Helsinki area proceeded and preleasing progressed strongly with over 80% of the spaces in Part 1 signed at year-end. The construction of Mölndal Galleria in Gothenburg started in August with a solid preleasing rate of 50% and strong anchor tenants in place. The (re)development and extension project of shopping centre IsoKristiina, located in the heart of Lappeenranta, was completed and the grand opening was celebrated in September.

The quality of Citycon's portfolio was enhanced by divesting properties defined as non-core. The non-core portfolio primarily includes supermarket and shop properties (retail assets hosting usually one or two tenants) as well as some smaller shopping centres in non-growing areas. During the year Citycon divested 18 properties for a total value of EUR 148 million, including shopping centre Galleria in Finland and Strömpilen in Sweden. Since the strategy update in July 2011 Citycon has divested 43 properties and four residential portfolios for a total value of more than EUR 250 million. Citycon aims to divest an additional EUR 300 million within the next 2 years.

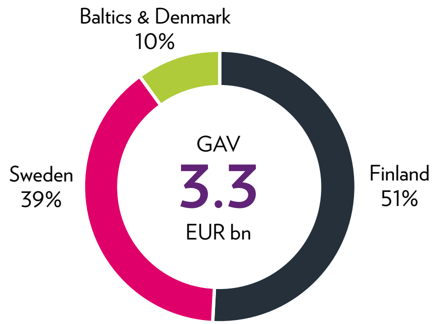
Citycon's strategy includes building joint venture partnerships with top-quality domestic and international players in selected core properties. At the end of 2015, Citycon had two joint venture partners: CPPIB for Kista Galleria and Ilmarinen for IsoKristiina. Additionally, NCC acts as Citycon's joint venture partner in the Iso Omena and Mölndal Galleria development projects.

KOLBOTN TORG, PART OF THE ACQUIRED SEKTOR PORTFOLIO, IS A TRUE MEETING PLACE IN THE MIDDLE OF AN URBAN AREA IN THE OSLO REGION.

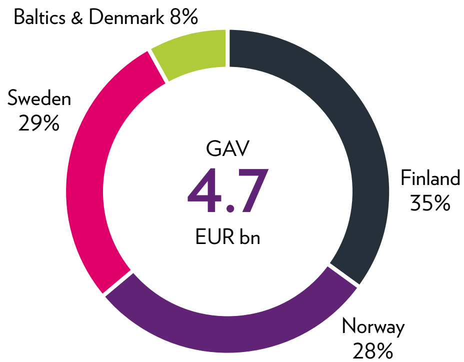
2011



2014 1)

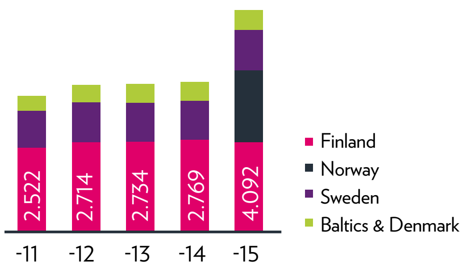


2015 1)

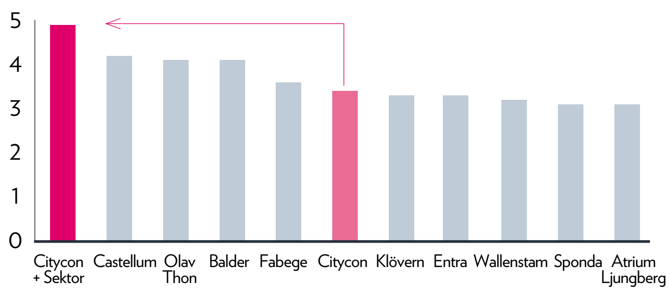


	2011	2014 1)	2015 1)
No. of shopping centres	36	35	53
Total GLA, million sq.m.	1.0	1.0	1.3
Footfall, million	131	149	178

FAIR VALUE OF INVESTMENT PROPERTIES
EUR million



GROSS ASSET VALUE (GAV) 2)
EUR billion



Source: Company reports, May 2015

1) Including Kista Galleria 100%

2) Listed Nordic property companies

THE SEKTOR ACQUISITION:

MOVING CITYCON INTO ANOTHER LEAGUE

With the EUR 1.47 billion acquisition of Norwegian Sektor Gruppen in July, Citycon accomplished full Nordic coverage. Following the transaction, Citycon obtained immediate critical mass in Norway, one of the fastest growing and wealthiest economies in Europe.

Sektor represents a perfect strategic fit for Citycon with its portfolio of quality urban grocery-anchored shopping centres in locations with strong demographics. The portfolio comprises a total of 34 shopping centres of which 20 are fully owned, 4 minority-owned, 2 rented and 8 managed. Most of the centres (approx. 95%) are located in Norway's three main economic hubs: the Oslo, Bergen and Stavanger regions.

The value-creating transaction provides scale advantages and synergies. Based on the increased size and geographical footprint, Citycon targets material operational and financial synergies within the next few years.

WE BRING URBAN **CROSSPOINTS ALIVE**

DAILY needs

Over 100 grocery stores

Our shopping centres are necessity-based as they are anchored by grocery stores and other daily shopping.

They host cafes, juice bars, fast-food restaurants as well as a variety of restaurants specialising in numerous ethnic and traditional kitchens.

Metros, trains, buses and tramlines are connected or even integrated to our centres that are dominant in their catchment area.

LINKED to public transport

FOOD & Beverage

HEALTH & Beauty

Our centres offer a wide variety of well-being and health services: medical centres, opticians, maternity clinics, gyms, pharmacies, municipal health care centres and various beauty services.

FASHION & Fun

Many Citycon shopping centres have a strong fashion offering.

MUNICIPAL SERVICES

Municipal services, such as libraries and public service points providing social, employment and health care services, are a growing element in our shopping centres.

ONLINE & Offline

We connect with customers both in our shopping centres as well as online and increasingly focus on fostering the 'cityconmunity'.

Enter-tainment & ENJOYMENT

Theatres, exhibitions and cinemas provide entertainment and relaxation that goes beyond shopping.

A STRONG PORTFOLIO OF EVERYDAY SHOPPING CENTRES

More details in operative key figures on pages 64–73

ISO OMENA

HELSINKI AREA

Located in the rapidly growing Matinkylä in the Helsinki Metropolitan area with one of the most affluent customer bases in Finland. The ongoing extension will add over 50% more retail space and a direct connection to the new metro line and bus terminal.

62,700
GLA, sq.m.

8.0
Visitors, million

KISTA GALLERIA

STOCKHOLM

More than a shopping centre – a unique market place and transportation hub where people living and working in the area meet. Kista Galleria is one of Sweden's largest and most attractive shopping centres, hosting close to 20 million visitors annually.

95,300
GLA, sq.m.

19.0
Visitors, million

KOSKIKESKUS

TAMPERE

The largest and most diverse shopping centre in Tampere. Located in the heart of the city, Koskikeskus is home to a wide range of specialty shops and services as well as attractive cafés and restaurants.

33,000
GLA, sq.m.

5.9
Visitors, million

LILJEHOLMSTORGET GALLERIA

STOCKHOLM

Urban shopping centre in the heart of busy Liljeholmen, a growing residential and office area as well as one of Stockholm's busiest public transport hubs. Liljeholmstorget Galleria houses Stockholm's largest health centre.

41,000
GLA, sq.m.

9.9
Visitors, million

HERKULES

SKIEN

A modern and versatile shopping centre located in a well-established commercial area in the city centre of Skien. Herkules is a forerunner in sustainable shopping centre management having adopted the latest technologies in energy conservation and waste management.

49,700
GLA, sq.m.

2.8
Visitors, million

ROCCA AL MARE

TALLINN

A popular shopping centre located just a few kilometres from the city centre of Tallinn, in the heart of a densely populated and continuously growing residential area. Rocca al Mare offers a wide selection of specialty shops in fashion, leisure and well-being as well as full-range grocery stores.

57,500
GLA, sq.m.

6.2
Visitors, million

PROGRESSING DEVELOPMENTS

More details in operative key figures on pages 72–73

MÖLNDAL GALLERIA

GOTHENBURG

A development of a completely new, modern urban city gallery focusing on daily necessities and services. The shopping centre will serve as an important meeting place for residents and visitors in the neighbourhood through its wide offering of services, restaurants and cafés as well as excellent public transportation connections.

Total investment: EUR 60 (120) million [1)]
GLA after: 24,000
Completion: Q2/2018
Expected visitors: 6 million
Number of stores: 70

1) The number in brackets reflects the total investment in the project (including agreed buyouts of JV shares).

STRAEDET

COPENHAGEN AREA

A new, urban open-air shopping centre is being built by TK Development in the heart of Køge in the greater Copenhagen area. Straedet will be anchored by two grocery retailers and a cinema and will comprise around 35 retail units, cafés and restaurants. Citycon does not invest in the (re)development project but will acquire the property at a fixed yield at completion in 2018.

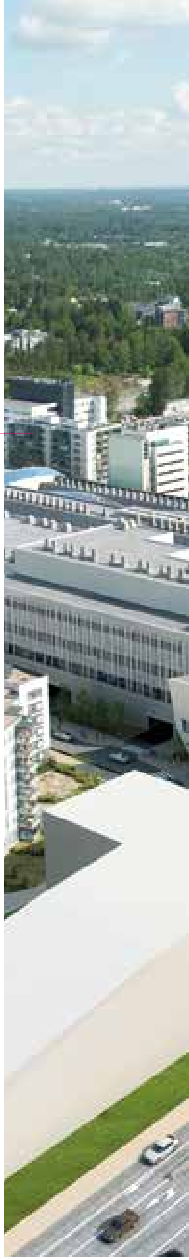
Total investment: EUR 75 million
GLA after: 19,000
Completion: Q3/2017
Expected visitors: 5 million
Number of stores: 34

ISO OMENA

HELSINKI AREA

Iso Omena – the big apple – gets even juicier in one of the most attractive retail locations in Finland. The extension will be fully integrated with the new Western metro line and Matinkylä bus terminal. The retail mix will increasingly focus on fashion and a wide offering of restaurant services as well as leisure and public services. Iso Omena has also an excellent grocery offering. The extension project is implemented in compliance with LEED platinum certificate.

Total investment: EUR 182 (250) million [1)]
GLA before/after: 63,300/99,000
Completion: Q3/2016 and Q2/2017
Expected visitors: 14 million
Number of stores: over 200



STOVNER SENTER

OSLO AREA

An extension and modernisation project including a brand new main entrance and square featuring several cosy cafés and restaurants. The refurbished Stovner Senter, the neighbourhood icon and hub for the local community, will reopen in November 2016. Citycon owns the shopping centre in joint venture with Partner Gruppen.

Total investment: EUR 7 (33) million[1)]
GLA before/after: 36,900/40,800
Completion: Q4/2016
Expected visitors: 4.5 million
Number of stores: 115

UNDER PLANNING: LIPPULAIVA

HELSINKI AREA

Citycon is planning an extension or complete rebuild of the shopping centre as the Western metro line will be extended to Lippulaiva. The plans also include a new Espoonlahti bus terminal in connection to the centre. Citycon's plans for the extension include a new library, cultural services and significant amount of grocery offering.

KEY CRITERIA

≥150 bps over required valuation yield

50% pre-leasing target

All major development projects carried out in accordance with environmental classification principles.

CUSTOMER JOURNEY AND LOYALTY IN FOCUS

Customers increasingly value convenience and experience in an omnichannel world. In order to address this, we launched Cityconcept, a unifying brand and communication platform that ensures a great and consistent experience at every step of the customer journey.

The concept is based on the understanding that a positive experience is built from the ground up. We are all part of what makes Citycon unique. The customer journey at a shopping centre today is a multichannel trek in which the physical and digital presence and services take turns, overlap and meet. As part of the project, we rebranded our communication touch points, both in the shopping centre and online, creating a similar look and hence high brand recognition.

To strengthen the dialogue with tenants and receive ideas for further development, we perform regular tenant satisfaction surveys in all of our shopping centres.

ENHANCED DIGITAL INNOVATION AND ENGAGEMENT

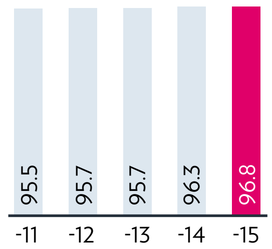
Digital innovations enable us to better engage with our customers by creating better experiences and personalisation and making the customer journey smoother. We believe that this enhances customer loyalty. In 2015 we initiated cooperation with Kista Science City in Stockholm in order to jointly come up with and test new digital innovations in the shopping centre environment.

We continuously pilot new technologies in selected shopping centres and test the viability of ideas prior to roll out at the corporate level. During 2015 we launched, for example, a location-based store finder in Iso Omena, which helps shoppers find stores and retrieve product information. We also introduced a 'Click & Eat' function in Kista Galleria which enables customers to pre-order and pay their restaurant meals via the shopping centre mobile app.

See how we ensure expertise on pages 44–45

STRONG OPERATIONAL METRICS

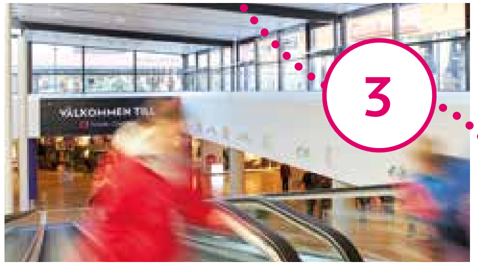
OCCUPANCY RATE
%

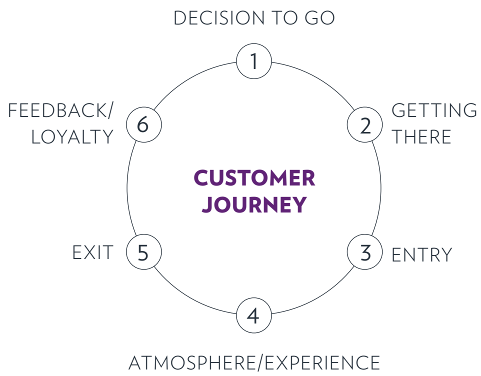


Modest occupancy cost ratio of 9.1%
for like-for-like shopping centres

Stability through CPI-linked lease agreements and a grocery-anchored tenant mix

Turnover-based lease agreements account for 64% of the lease portfolio





Creating great and consistent experiences at every step of the customer journey

IN 2015 WE INTRODUCED SEVERAL NEW BRANDS AND CONCEPTS:

* First shopping centre store in the country

Dunkin' Donuts
Kista Galleria, Sweden

Samsonite concept store*
Iso Omena, Finland

Kitch'n*
Jakobsbergs Centrum, Sweden

Rituals cosmetics
Storbyen, Norway

Villeroy & Boch*
Rocca al Mare, Estonia

Monki
Magasinet Drammen, Norway

Cinnabon bakery*
Arabia, Finland

URBANIZATION & OMNICHANNEL **DRIVE RETAIL**

URBAN GROWTH...

No. of people

600,000

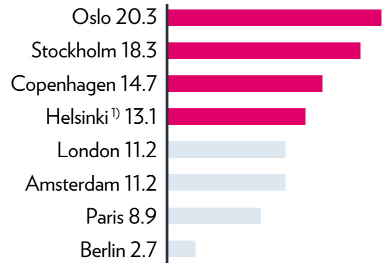
moving to Stockholm area by 2030

+

Increased amount of elderly population and single households

Nordic capitals are the fastest growing cities in Europe due to increased urbanisation and immigration.

POPULATION GROWTH (2015–2030E), %



1) Helsinki Metropolitan area
Source: HIS, United Nations, Statistics Finland

...CREATES URBAN LIFESTYLE

CALL FOR →

Convenience
Shopping centres have become more than shopping destinations providing shared access to other daily services and public transportation.

Price consciousness
Well-informed consumers choose best quality at lowest price.

Social experience
Shopping centres are increasingly places where people want to meet and enjoy themselves.

47% **of people would spend longer shopping if they ate or drank as part of their visit.**

Food & Beverage in a shopping centre, EMEA Research 2015, Retail Science from CBRE

FOCUS ON SUSTAINABLE BEHAVIOUR

Tenants and investors are increasingly demanding green building features, as they often have policies for minimum LEED/BREEM or other green building standards as a condition to leasing and investing. Also, consumers are more drawn to retailers that invest in corporate responsibility.

66% **of global consumers say they are willing to pay more for sustainable brands.**

A survey done by Nielsen N.V. in 2015

ONLINE CREATES OMNICHANNEL

Technological innovations are influencing the way we shop. Retail has become omnichannel where online channels complement traditional retail. The offering of personalised products and services throughout the customer journey calls for enriched customer data.

50% **of Nordic shoppers search for products online before buying them in a physical store.**

Source: Verkkokauppa Pohjoismaissa, PostNord

CITYCON'S RESPONSE

90% of our total portfolio is located in main cities and 65% in capital cities.

We operate in urban crosspoints where people live and work.

67% **of 18–24 year olds do not have a driving license in Stockholm.**

Citycon's multi-functional shopping centres provide for both daily needs and possibilities to spend time.

- Focus on mainstream retail
- Growing share of non-retail services
- Increasing number of cafés, restaurants, gyms and other entertainment

100% **integrated to public transportation**

Responsible shopping centre management is at the heart of our operations.

49% **of Citycon shopping centres BREEAM In-Use certified**

Online has provided us with an opportunity to extend our shopping centre communities and connect with customers via digital channels. Citycon's online community is constantly growing.

Read more on customer journey on pages 24–25

Our shopping centre apps, giftcards and digital dialogue with customers and tenants build loyalty and personalisation.

Constantly growing online community

772,000
FACEBOOK LIKERS

MOBILE APPS IN
ALL LARGEST CENTRES

420,000
REGISTERED CUSTOMERS

385
DIGITAL SCREENS

28
PICK UP POINTS

AN ACTIVE YEAR WITH SUCCESFUL REFINANCING

INTEREST BEARING DEBT
EUR MILLION
2,037

LOAN TO VALUE
%
45.7

AVERAGE INTEREST RATE
%
3.04

AVERAGE LOAN MATURITY
YEARS
5.5

MOODY'S
STANDARD & POOR'S
Baa1
BBB

The year was characterised by major successful equity and debt financing transactions mainly related to the acquisition of Sektor.

Read more on the acquisition on page 17

IN 2015 WE

— Conducted a rights issue of EUR 600 million (July)

— Issued two senior unsecured 10-year and 5.5-year NOK bonds for NOK 2.65 billion (August)

— Issued a EUR 300 million 7-year senior unsecured Eurobond (September)

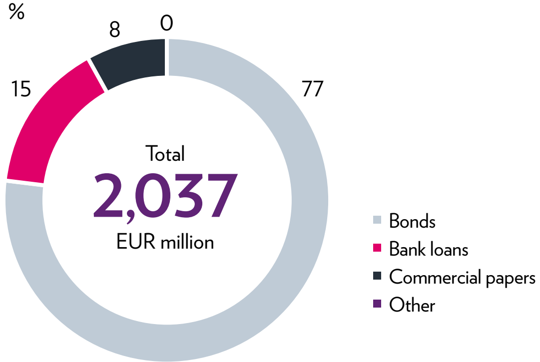
LONG-TERM FINANCING TARGETS

— Loan to Value (LTV) 40–45%

— Debt portfolio's hedge ratio 70–90%

— Average loan maturity > 5 years

DEBT TYPES
%



"We remain committed to an overall business plan that maintains our strong balance sheet"

With the aforementioned transactions Citycon's balance sheet remained strong and average debt maturity increased to 5.5 years. At year-end, Citycon had EUR 377 million of available liquidity covering maturing loans for the coming years.

For more on financing, see the Financial Statements page 6

WHY INVEST **IN US?**

NORDIC AND BALTIC EXPOSURE

— The Nordic and Baltic scale of the business brings stability

— Citycon's leading position in the Nordic market and brand name attracts tenants

— Citycon has in-depth understanding of the market and consumers

MEGATRENDS STRENGTHEN CITYCON SHOPPING CENTRES

— Strong urbanisation trend further supports densely populated cities and locations

— Demand for social interaction and community involvement

STABLE RETURNS AND SOLID FINANCIAL POSITION

— Grocery-anchored, necessity-based tenant mix

— CPI-linked lease agreements

— Conservative balance sheet

— Strong dividend payer

Listed on the

Nasdaq Helsinki

Trading code

CTY1S

Number of shares,
31 December 2015

889,992,628
(593,328,419)

No of shareholders

9,537
(7,657)

CREATING SHAREHOLDER VALUE

We strive to create strong and predictable cash flows with a long-term approach, balanced business model and conservative balance sheet. We aim to increase the company's profitability and share valuation through active asset management, renewal and strengthening of the property portfolio and efficient financing.

Our success relies on a well-balanced portfolio of everyday shopping centres in the best locations, proactive asset management style with a true understanding of customers' needs and the ability to leverage on a Nordic and Baltic platform. As a leading player in the market and with a strong network of shopping centres, we have a deep knowledge of our markets and can take on selective acquisition and (re)developments where we see the potential.

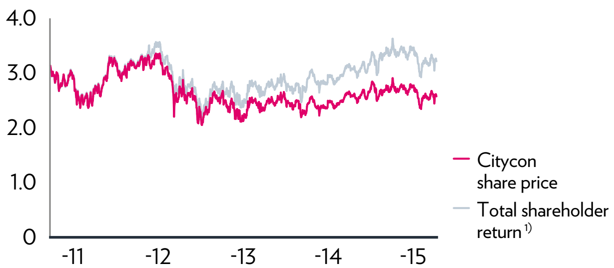
Acting responsibly is an integral part of our strategy. Good corporate governance, target-oriented leadership, good working environment, and community involvement are important elements in our way of working.

In 2015, we demonstrated our ability to capitalize on growth opportunities and deliver stable results in challenging market conditions.

DIVIDEND POLICY

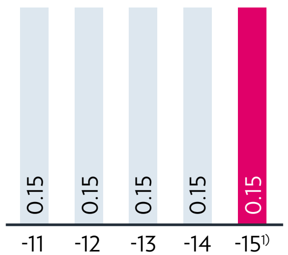
Citycon's current dividend distribution policy is to pay out more than 50% of the result for the period excluding fair value changes on property. The Board of Directors proposes that Citycon would move to quarterly distribution starting in 2016. The proposal for the financial year 2015 includes a dividend and equity repayment of EUR 0.0375 per share as well as a Board authorisation for an equity repayment of EUR 0.1125 per share, together totalling EUR 0.15 per share, which represents a divided yield of 6.3%.

SHARE PRICE DEVELOPMENT
EUR



1) Assuming dividends reinvested in the company

DIVIDEND PER SHARE
EUR



1) Proposal by Board of Directors

GOOD PROGRESS IN CHALLENGING RETAIL ENVIRONMENT

ACHIEVEMENTS 2015

EUR 1,719 million
gross capital expenditure

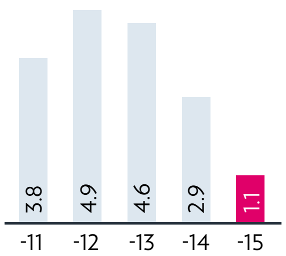
EUR 1.3 billion new capital
through share and bond issues

Improved portfolio balance
and strengthened portfolio quality

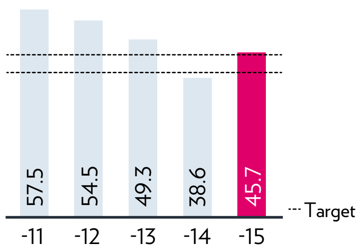
Financing position remains strong

LONG-TERM FINANCIAL TARGETS	RESULTS 2015		TARGETS 2016 ONWARDS
Like-for-like NRI growth of 150 bps above CPI	1.1%	135 bps above CPI	100 bps above CPI
Loan to Value (LTV) of 40–45%	45.7%		40–45%
Dividend/Equity return payout ratio of >50% of the result for the period excluding fair value changes on property	87%	of the result for the period (proposal)	> 50%

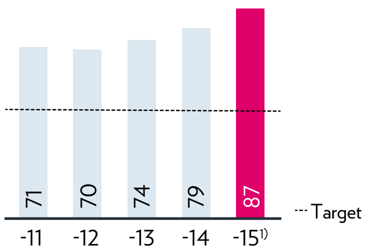
LIKE-FOR-LIKE NET RENTAL INCOME GROWTH
%



LOAN TO VALUE (LTV)
%



DIVIDEND/EQUITY RETURN PAYOUT RATIO
%

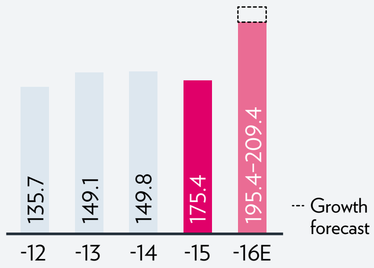


1) Proposal by Board of Directors

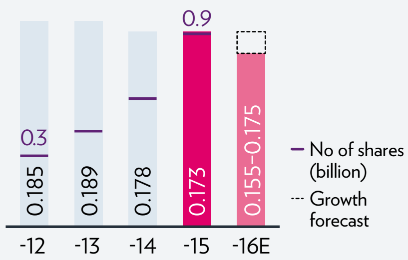
OUTLOOK

Citycon provides guidance on Direct Operating profit, EPRA Earnings, and EPRA Earnings per share in order to improve the predictability of its results. For 2016, we forecast continued modest growth in a challenging retail market, especially in Finland. Our focus will remain on cost control and increased leasing efforts.

DIRECT OPERATING PROFIT
EUR million



EPRA EARNINGS PER SHARE
EUR



SUSTAINABILITY AT CITYCON

CREATING VALUE

INPUT

FINANCIAL

EUR billion
4.7 total assets

EUR million
2,037 interest bearing debt, fair value

HUMAN

318 employees

EUR million
0.9 employee development, training and work-life balance

PORTFOLIO DEVELOPMENT

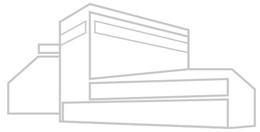
EUR million
1,520 acquisitions

148 divestments

sq.m.
76,000 under construction or (re)development

RESOURCES

SHOPPING CENTRE



OUTCOMES

EUR million
1,719 capex

89 dividend and equity return

58 paid financial net expenses and exchange rate gains/losses

8 paid property and income taxes

Our operations have a financial impact on several stakeholders.

EUR million
74 purchased services and products

- 35 in Finland
- 16 in Norway
- 15 in Sweden
- 8 in Estonia and Denmark

22 wages and benefits

%
0.8 absentee rate

We offer employment in a work community that supports work-life balance and career development

53 shopping centres [1)]

EUR billion
4.7 portfolio value [1)]

million sq.m
1.3 GLA [1)]

EUR million
258 gross rental income [1)]

100% of shopping centres linked to public transportation

We are an active owner and long-term developer of urban, multifunctional shopping centres.

LEASING

4,836 lease agreements [1)]

1,070 new lease agreements in 2015 [1)]

TENANTS

%
96.8 occupancy rate

28.3 increase of specialty leasing

EUR billion
3.2 tenant sales [1)]

years
3.3 average lease maturity

Over 1,700 tenants responded to our tenant satisfaction survey

We offer attractive retail locations for tenants, opportunities for success for national and international brands.

BRAND BUILDING

Customer journey and loyalty in focus

Cityconcept, a new unifying brand and communication platform

VISITORS

15 shopping centres rebranded

million
178 visitors [1)]

394 cafes and restaurants
7 movie theatres
28 gyms

> 2,000 feedbacks received and answered

We offer social experiences and improve the availability of services and products.

IMPACT ON SOCIETY

Environmentally, socially and economically sustainable retail spaces

Cooperation and proactive dialogue

OTHER STAKEHOLDERS & SOCIETY

> 6,400 local jobs generated [1,2)]

EUR million
790 impact on local economies [1,2)]

kWh/sq.m.
198 energy consumption/ leasable area

$kgCO_2e$/sq.m.
56 carbon footprint/ leasable area

litres
4.3 water consumption/ visitor

%
95 recycling rate

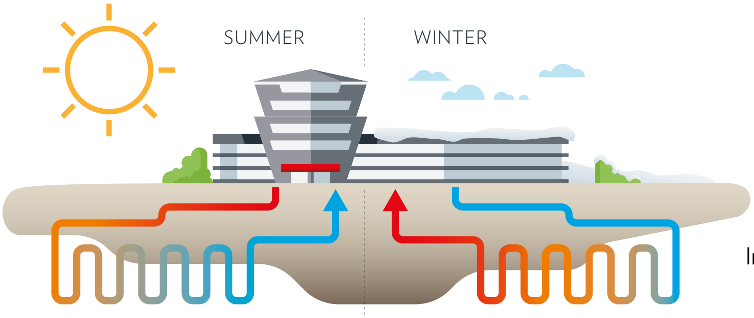
49 of assets BREEAM In-Use certified measured by value

We reinforce the well-being of local communities and impact on the development of the urban landscape and structure.

1) Including Kista Galleria 100%   2) Including government induced effect

SUSTAINABILITY HIGHLIGHTS **2015**

ENVIRONMENT



Estimated energy savings -65%

from the iniated Geothermal Energy pilot project.
In 2016, Jakobsberg Centrum's heating&cooling deliveries will be based on geothermal energy.

Energy consumption

-6%

Read more on pages 47–49 and 74–75

COMMUNITY

>40

Business ideas received

We organised Citycontest – Citycon's business idea competition for students to enhance entrepreneurship

Read more on page 50

Measuring effects on the community

Citycon started a project to measure indirect and induced effects on the community – Citycommunity index

PEOPLE

172

new Cityconners

as part of the Sektor acquisition

Read more on pages 17 and 44–45

SUPPORTING WORK-LIFE BALANCE

We offered our employees the possibility to participate in a Firstbeat Lifestyle Assessment

ENGAGEMENT AND DEVELOPMENT

In 2015, we appointed 7% of our employees in new positions

BREEAM®

Sustainable mindset – 49% of assets BREEAM In-Use certified

BREEAM In-Use is an assessment and certification scheme designed to help building managers reduce and improve the environmental performance of existing buildings.

80% less chemicals

By changing its cleaning routines, Kista Galleria reduced its use of chemicals by 80%. The shopping centre is now cleaned mostly with ionized water. The gain can be summarized as: reduced environmental impact, cleaner shopping centre and better working conditions for cleaning staff.

Recycling rate

95%

CO_2 free electricity bought

>100

GWh

← YOUNGSTERS SPENT A NIGHT IN ISO OMENA

A group of 11 youngsters got the chance to spend a night in Iso Omena. The night was dedicated to doing all those things you cannot normally do in a shopping centre, including a game of ultimate and remote control car racing. While all this was going on, young visitors' favorite music was played from the speakers. The aim of this project and other related events is to improve interaction between shopping centre personnel (especially guards) and young people. Our goal is to further improve the comfort of our shopping centres for all of our customer groups.

Guards trained to interact with youngsters

>60

during several years of cooperation with Nuorten Palvelu organization in Finland

← Citycon's co-operation with Lastenklinikoiden Kummit raised money for children's hospitals in Finland

OTHER HIGHLIGHTS

Transparent reporting

EPRA Gold Award in the Sustainability Best Practices series for fourth time in a row

EPRA SBPR GOLD

SUSTAINABILITY REPORTING

GRESB Green Star 2015

GRESB Green Star for outstanding management and handling of key sustainability issues.

SUSTAINABLE SHOPPING CENTRE MANAGEMENT

MISSION

We offer environmentally, socially and economically sustainable retail spaces and shopping experiences

AMBITION

Citycon aims to be among the forerunners in sustainable shopping centre management

People

An excellent place to work and to be proud of

Environment

Energy-efficient and environmentally sound shopping centres

OUR APPROACH

Acting as a sustainable business partner

SOLID ECONOMY

Community & Companionship

Urban multifunctional shopping centres with strong ties to the community

Offering sustainable customer flows to tenants

Economy

Creating long-term shareholder value

Read more economic responsibility on page 83

Economy

Environment

IN PRACTISE WE

- Commit to sustainable development, with a continuous aim to further increase the energy efficiency and environmental performance of our shopping centres
- Invest in the energy efficiency of buildings and increase the use of renewable energy sources in the properties' energy production and procurement
- Ensure the environmental soundness of our buildings through internal property management practices as well as external benchmarks

OBJECTIVES FOR 2016

- Improve energy and carbon efficiency of our shopping centres
- Study, analyse and pilot on-site renewable energy production options such as geo thermal energy
- Continue to promote green building and acquire high grade environmental certifications for major (re)developments
- Vast majority of existing buildings to have environmental certification
- Increase the share of recycled waste

Read more on our environmental work and long term targets on pages 46–49

Community & Companionship

IN PRACTISE WE

- Focus on urban multifunctional shopping centres offering sustainable customer flows to tenants
- Commit to contributing to the community in everything we do
- Enrich our communities through proactive networking, dialogue and selected community partnerships
- Are a sustainable business partner with the aim of also ensuring that our business partners adhere to high ethical principles

OBJECTIVES FOR 2016

- Continue to measure our economic and social impact on the communities we operate in to understand our most significant impacts
- Promote even greater internalisation of the Code of Conduct throughout our value chain
- Foster active information sharing among stakeholders on sustainability issues
- Confirm the link between community activities and business goals
- Conduct annual tenant satisfaction survey

Read more on our approach to community and companionship on pages 50–52

People

IN PRACTISE WE

- Empower passionate and result-oriented employees to act as One
- Offer an excellent place to work that supports professional growth and rewards performance

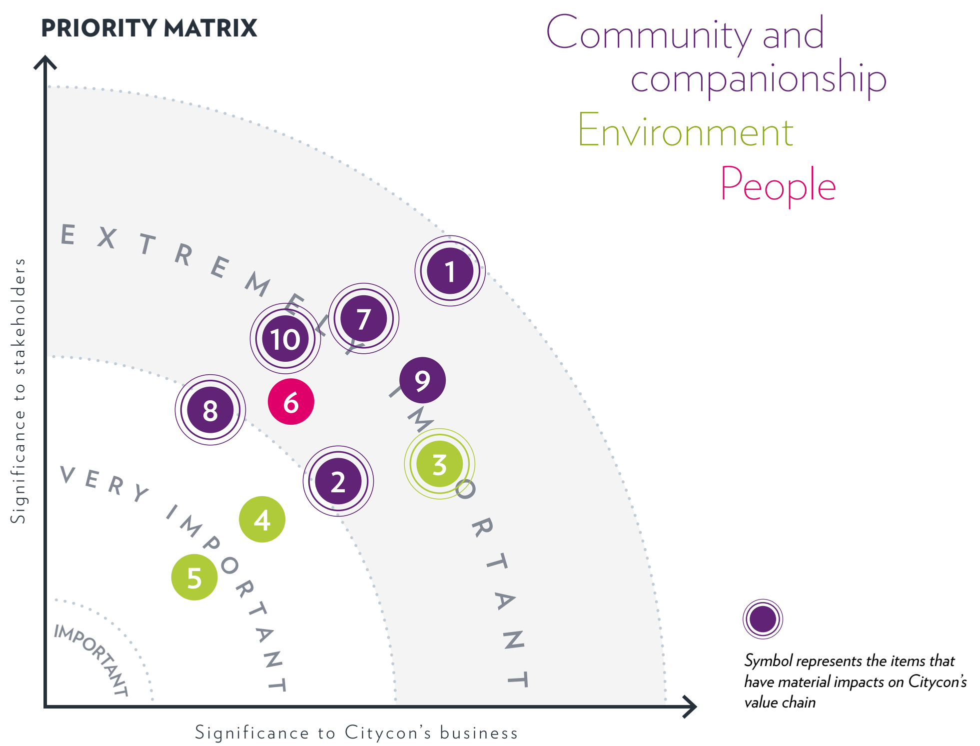
OBJECTIVES FOR 2016

- Develop One Citycon through continuing integration of Citycon Norway and harmonisation of best practices
- Develop the performance culture through training, implementing an online performance management tool and incentive programmes
- Engage and develop talents by offering new challenges and implementing the Citycon Academy
- Promote transparency and empower employees by launching a new common intranet

Read more on how we ensure expertise on pages 44–45

CITYCON'S SUSTAINABILITY **FOCUS AREAS**

PRIORITY MATRIX



1. Connectivity – central location with easy access by public transport
2. Engagement with local communities
3. Energy efficiency & carbon footprint
4. Sustainable construction & Green buildings
5. Water management & waste recycling
6. Good employer
7. Tenant satisfaction & cooperation
8. Responsible supply chain management
9. Ethical business conduct & transparency
10. Health and safety in shopping centres

Citycon performed sustainability materiality assessment for the first time in 2009, and since then the assessment has been reviewed by Citycon internally and through stakeholder group studies. In 2014, the priority matrix was updated and, as a result, the sustainability strategy was renewed to incorporate this and to better reflect the current group strategy and goals as well as changes in the operational environment. In 2015, we took another look at our strategy and targets, and made minor updates in order to incorporate internal and external changes in the operating environment, such as the integration of Sektor.

When identifying material items, we take into account the following aspects: considerations identified during stakeholder group activities; strategic policies; the risk management programme; changes in the internal and external operating environments, including trends, industry best practices and benchmarks, the framework of sustainable development and the principles regarding the scope of reporting. We continuously follow up and reflect on our objectives through global initiatives, such as UN SD goals published in 2015.

All the items presented in the matrix are considered as important, the positioning of the items is based on considerations on impact as well as the current internal and external operating environments. Trends affecting the retail industry are discussed on pages 26–27.

In 2014, we conducted an extensive survey on stakeholder views. The respondents to the survey included personnel, tenants, owners and analysts, shopping centre customers, suppliers, authorities and associations and NGOs. The results of the survey were reviewed and analysed and used to focus our objectives. In connection to this we assessed our impacts on the value chain and, as a result, certain themes were classified as having material value chain effects.

Both the sustainability strategy and priority matrix have been discussed and approved by Citycon's Corporate Management Committee.

The GRI indicators presented in this report were selected on the basis of the materiality assessment results, all aspects considerd material are discussed

A FORERUNNER IN SUSTAINABLE SHOPPING CENTRE MANAGEMENT

LED LIGHTS IN ARABIA SHOPPING CENTRE.

Citycon's strategic goal is to be among the forerunners in sustainable shopping centre management. Our most important mission is to develop and maintain financially stable and successful business operations. The company's sustainability programme can generate added-value for operations, improve financial performance, bolster stakeholder relations, and improve risk management.

The different aspects of sustainability – environmental, social, and economic – have been integrated with the company's operations. Business operations are supported by Group functions such as sustainability, legal and HR management activities. Citycon's General Counsel and Head of HR both report to the CEO. The Sustainability function is headed by the Chief Investment Officer.

Citycon's operations have an impact on many stakeholders, such as tenants, personnel, partners, and authorities. Regular interaction and reporting increase transparency and facilitate the achievement of our objectives.

ENVIRONMENT

Citycon's environmental management is governed by the company's strategy, goals and environmental programme. The objectives and measures specified in the environmental programme have been integrated into day-to-day operations and ordinary practices in shopping centre management and property development. The management of environmental matters is coordinated at group level with the objective of sharing best practices throughout the company.

Environmental indicators are part of the company's quarterly reporting. The measures are geared towards achieving cost savings so that the properties we manage are attractive to stakeholders, both now and in the future.

To achieve the environmental targets, Citycon applies the following principles:
- Observing environmental responsibility in all functions and anticipating future amendments to legislation.
- Continuously developing steering, management and reporting of environmental practices.
- Expecting partners to operate in a way that supports the fulfilment of Citycon's environmental goals.
- Guiding personnel towards sustainability in environmental issues through target-setting, training and internal communications.

PEOPLE, COMMUNITY AND COMPANIONSHIP

Social responsibility culminates in HR management and the promotion of ethical principles and good administrative practices throughout the value chain. In our shopping centres, community spirit and local communities play a major role.

Social responsibility management systems:
- Citycon is governed by the company's business strategy. The performance management process is a key tool in implementing the strategy.
- HR strategy and shared HR processes provide support and guidance for leadership.
- Citycon's Code of Conduct lays the foundation for, for example, employee relations and human rights-related matters.

More on our management practices on pages 86–87

ENHANCED STAKEHOLDER **RELATIONSHIPS**

Understanding the needs and expectations of various stakeholders enables us to create vibrant urban crosspoints.

PROMOTING UNDERSTANDING VIA ENCOUNTERS AND DIALOGUE

According to Citycon's definition, stakeholders include parties who are or may be affected by our operations and who may affect the fulfilment of our objectives. Our defined stakeholder groups, interaction channels and focus areas in 2015 are presented in the diagram on the right.

A good working relationship between us and our stakeholders increases transparency, promotes the fulfillment of objectives, consolidates mutual understanding and acts as a shared learning process. We aim to explore further ways of improving interaction and taking into account issues identified in dealings with stakeholders.

SHARING AND CARING

Our daily operations include many ways of listening to our stakeholders. The channels range from receiving over 2,000 instances of customer feedback and answering these to listening to local residents in connection with (re)development projects and inviting them to celebrate with us when the work is completed and the shopping centre opens.

In order to engage with all stakeholder groups and learn more about what matters to them regarding sustainability issues, we conducted an extensive online stakeholder survey in 2014. In 2015 we continued to work with the results received and put efforts into staying aware of our stakeholders' views.

PRIORITIES

Connectivity – central location with easy access by public transport

Engagement with local communities

Energy efficiency and carbon footprint

Sustainable construction and Green buildings

Water management and waste recycling

Good employer

Tenant satisfaction and cooperation

Responsible supply chain management

Ethical business conduct and transparency

Health and safety in shopping centres

STAKEHOLDERS	DIALOGUE & ENCOUNTERS IN 2015
Consumers	Activation of consumers to gather feedback through all marketing channels; Development of mobile applications; Youngsters in Shopping Centres project.
Tenants	Systematic satisfaction surveys after marketing campaigns and events; international Mapic trade fair; retail seminars.
Investors and analysts	Quarterly investor meetings both in Finland and abroad. In 2015, company management met with more than 150 financial institutions personally or in small groups. Participating in GRESB and CDP surveys.
Employees	Performance discussions held with 99% (99%) of employees; Code of Conduct self-study programme continued.
Partners	Code of Conduct reporting line opened to business partners; Interaction training for security guards for dealing with young people.
Local communities, municipalities, and media	Residents briefings in connection with development projects; brainstorming session with local youngsters concerning the Iso Omena extension; Citycontest, business idea competition for students.
Industry associations and NGOs	Active participation through, for example, EPRA (European Public Real Estate Association), FIBS (Finnish Responsibility network), FIGBC (Green Building Council Finland), ICSC (International Council of Shopping Centres), RAKLI (Finnish Association of Building Owners and Construction Clients), Finnish Council of Shopping Centres, NCSC (Nordic Council of Shopping Centres).

PASSIONATE EMPLOYEES ARE **OUR GREATEST ASSET**

At Citycon, we believe that great people make great shopping centres and that our success relates directly to having the right people in the right place. Our people strategy is based on attracting, retaining and developing the best employees.

STRONG PERFORMANCE CULTURE

We have ambitious targets and with that in mind we want to empower our people to do their best and leverage their full potential. We want to engage our employees by providing a great workplace that provides opportunities for professional growth.

As part of the performance culture, we actively work to implement our core values in the organisation: passion, experience and one. Target and development discussions are an essential tool for the successful execution of our strategy. Every year we cascade company level targets throughout the organisation to engage all employees in achieving our common goals. Competence and leadership training, talent evaluations and incentive programmes are important elements in developing and supporting our performance culture.

We encourage our employees to grow professionally and offer them diverse opportunities for career development.

We believe there is a strong link between employee well-being and performance in the workplace, therefore we support our employees' work-life balance. We aim to take good care of our employees and build a creative and efficient working environment.

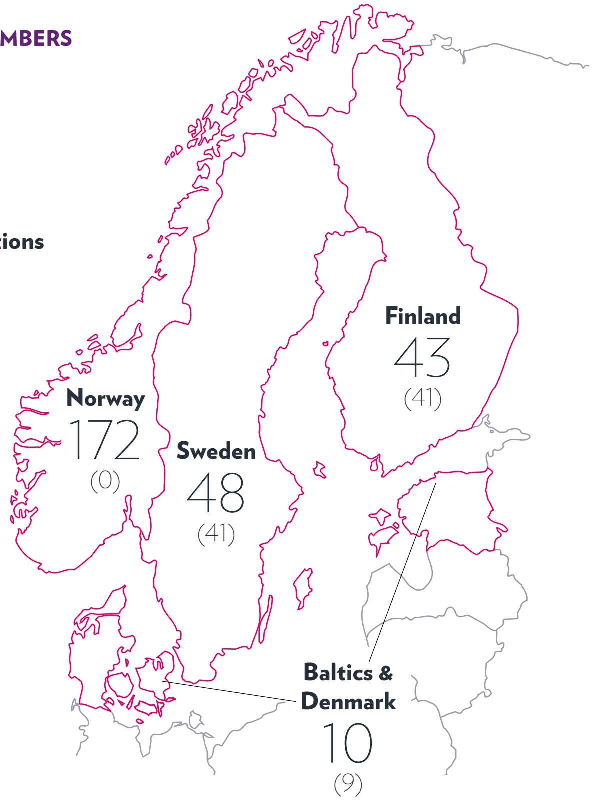
DIVERSITY AND INCLUSION

We take the promotion and maintenance of equality and diversity seriously. We aim to promote our employees' personal and cultural differences. In terms of gender equality, we are on a good level: at the end of 2015 41% of our director and manager level employees are female. We have also taken an active role in the EPRA Diversity programme.

EMPLOYEE NUMBERS

318
(152)

Group functions
45
(61)



CITYCON AS A WORKPLACE IS:

- Dynamic and future-oriented
- Truly international, with teams working across borders
- Full of opportunities and new challenges
- Friendly and enthusiastic

AGE PROFILE

Under 30
9%

30–50
65%

Over 50
26 %

SERVICE PROFILE

Under 2 years
23%

2–4 years
22%

More than 4 years
55%

GENDER PROFILE
%

Female
48%

Male
52%

	Management Committee	Other directors	Managers	Other employees
	2%	9%	45%	44%
Female/Male	33%/67%	35%/65%	42%/58%	57%/43%

+109%
Employees since 2014 (as a result of the Sektor acquisition)

85%
of Citycon employees feel they make a difference

80%
of our employees are proud to say that they work for Citycon

99%
of our employees participated in at least one development and target discussion during the year (excl. Norway)

See more details on the operational key figures on pages 81–82

IN 2015 WE

CONTINUED DEVELOPING ONE CITYCON

The integration of Sektor was one of the most important focus areas during the year. We engaged employees from both organisations by, for example, launching an internal mentoring programme between new and old Cityconners to support the organisation of the Norwegian operations into Citycon clusters.

PROMOTED JOB ROTATION

7% of our employees were appointed to new positions. In addition, job descriptions and responsibilities were enlarged for many others.

CONTINUED TO SUPPORT WORK-LIFE BALANCE

The One Citycon cooperation group was extended with a new cooperation format for employees with the target of sponsoring and supporting employee activity clubs. We also offered all employees the possibility to participate in the Firstbeat Lifestyle Assessment.

INTRODUCED CITYCONCEPT

During the year we engaged and trained our people in Cityconcept, new branding and communication guidelines for the successful implementation of our customer promise.

CONDUCTED THE ANNUAL EMPLOYEE SURVEY

We renewed our employee survey and the response rate was at a high level of 85%. The organisation was engaged in forming action points based on the results.

CREATING VALUE THROUGH **ENVIRONMENTAL MANAGEMENT**

We are committed to sustainable development, and our ongoing target is to further increase the energy efficiency and environmental soundness of our shopping centres.

For us, the foundation of our environmental work lies in the fact that buildings represent a large fraction of global carbon emissions and energy consumption. However, the real estate sector has the most cost-effective opportunities to reduce operating expenses while mitigating energy-related environmental impacts. Consequently, efforts to reduce energy demand, promote efficiency, and generate clean and renewable power are integrated into our strategy, targets and daily work.

The drivers of our environmental work include:
- Strategic choice to pursue sustainable development
- Legislation governing energy and emissions has become stricter, as has the related taxation
- Energy prices and material costs
- Cost-efficiency and achieving a competitive advantage
- Will to offer attractive retail properties for tenants and consumers
- Improving risk management

MAIN PROJECTS, SUCCESSES AND FUTURE CHALLENGES

In 2015, we took a step forward in our environmental management practices with the implementation of BREEAM in Use certificates. This certification helps us better steer our environmental risks and opportunities. Until now we have had the practice of carrying out our development projects in accordance with environmental classification principles, but this year we extended the use of an external benchmark also to our existing shopping centres. We are proud to report that we have been able to carry out the project as planned and 49% of our assets, have now acquired certification. We do not plan to stop here, however. We plan to use the classification scheme as an ongoing benchmark of our practices.

Another big step for us was the increased use of on-site renewable energy. The Koskilämpö/kylmä system, an on-site renewable energy solution, installed in Koskikeskus became fully operational this year, generating cost savings of approximately EUR 150 thousand and a cut of 37% in the shopping centre's CO_2 emissions. We also initiated a geothermal energy pilot, by signing an agreement with a geoenergy solutions provider to build a geoplant at Jakobsberg centrum in Sweden. For us, innovation is the way forward.

With the implementation of BREEAM certificates we observed that there are some areas of improvement in our building management practices. In 2016, we need to gain an even higher level of systemacy in our environmental practices and other maintenance policies in order to maintain the best possible level of performance. We also continuously strive to develop One Citycon and to harmonise best practices throughout the company.

RESULTS AND ACTIONS

One of the main characteristics affecting environmental data and results in 2015 is the Sektor acquisition, read more about the acquisition on page 17. Environmental figures include Citycon Norway entire year data 2015. Concerning target setting for energy and carbon emissions, also the baseline of 2014 is updated with Citycon Norway data. In connection to the baseline update, we doubled our carbon emission reduction target. Environmental data of managed properties (on behalf of other owners) is reported on the page 77 but excluded from Citycon's total numbers.

CLIMATE CHANGE

Citycon seeks to mitigate its impact on climate change through energy savings measures, by increasing cooperation with tenants for the conservation of energy, and by increasing the ratio of renewable energy in purchased electricity. Furthermore the central locations and good public transport connections of shopping centres reduce the harmful environmental impacts of customer traffic.

In 2015, we bought 101 GWh of CO_2 free electricity, representing 47% of our electricity consumption, to foster the use of renewable energy.

Citycon's carbon footprint in 2015 totalled 73,582 tonnes of carbon dioxide equivalents. The carbon footprint reported by Citycon covers the energy consumption in properties and waste water processing, waste logistics, and the emissions generated by the Citycon organisation. Energy consumption in properties constitutes 99.3% of the total carbon footprint.

The carbon footprint decreased by 7% compared to the previous year. This decrease was caused by changes in the company's property portfolio, and amongst other things, due to increased share of CO_2 free electricity bought. The carbon footprint of like-for-like properties decreased by 11%. In relation to property area, the baseline corrected carbon footprint decreased by 10% compared to the previous year. The carbon footprint is not entirely comparable between 2015 and earlier years as the emission factors have been updated in 2015.

More info about the emission factors used can be found on page 76

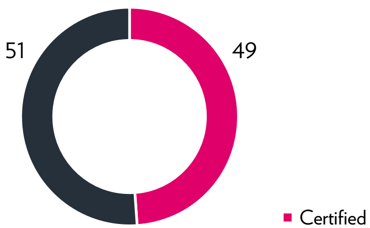
ENERGY

In order to improve energy efficiency, Citycon has optimised the energy consumption of properties, invested in energy efficiency and improved the monitoring of consumption.

Energy consumption in Citycon's properties is mostly indirect consumption, i.e. procured energy. Only 8 shopping centres are equipped

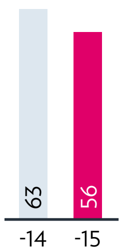
BREEAM IN-USE CERTIFICATES

%, measured by value



GREENHOUSE GAS INTENSITY FROM BUILDING ENERGY

Baseline corrected, $kgCO_2e/sq.m.$



OBJECTIVES AND KEY RESULTS

ENERGY EFFICIENT

by 2020	Achievements 2015	Continuing	Achievements 2015
Reduction of energy consumption (kWh/sq.m.) by 10%	-6%[1]	Carrying out a renewable energy feasibility study in (re)development projects	Achieved
Reduction of greenhouse gas emission ($kgCO_2e/sq.m.$) by 20%	-10%[1]		

ENVIRONMENTALLY SOUND

by 2017	Achievements 2015	Continuing	Achievements
Majority of the portfolio[2] has environmental certification by year 2017, with most key assets[2] certified in 2015	Achieved	All of our own large[3] (re)development projects to obtain environmental certification	Achieved
Recycling rate over 90%	95%	Maintaining water consumption at an average level of less than 3.5 litres per visitor/year	4.3, in l-f-l 3.1

1) Includes Citycon Norway data 2014, energy intensity calculated with weather corrected heating consumption
2) Measured by value, owned assets under management
3) Over EUR 20 million

with a heating plant, and the fuel used by it is reported as direct energy consumption. Electricity consumption in common areas (tenant consumption excluded) amounted to 132 GWh; an increase of 25%. In like-for-like shopping centres, electricity consumption in common areas decreased by 4%. The decrease in electricity consumption was facilitated by active optimisation and adjustment measures, as well as by investments in energy conservation. The summer 2015 was colder than usual, which accounted for decreased cooling requirements.

Heating energy consumption came to 98 GWh, decreasing by 22% compared to the previous year. Weather adjusted consumption, 117 GWh, decreased by 16%. Heating energy consumption in like-for-like shopping centres decreased by 17%, while weather-adjusted consumption decreased by 5%. The winter was milder than average, which accounted for decreased heating requirements as well as changes in the property portfolio.

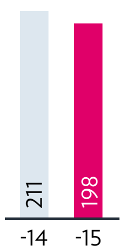
Citycon's total baseline corrected energy consumption in shopping centres (incl. electricity consumption in common areas, weather corrected heating and cooling) per gross leasable area decreased compared to previous year by 6%.

WATER

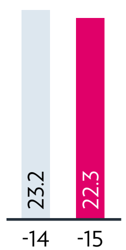
Water consumption includes water consumed by the real-estate company and tenants. Tenant water consumption is highest in grocery stores, restaurants and cafés, hair salons, laundries and car wash facilities. A property's water consumption includes water used in public facilities and water used for cleaning and property maintenance. During the year Citycon undertook measures such as the installation of user-specific water meters to reduce water consumption.

Citycon's total water consumption in 2015 was 835,054 cubic metres. Water consumption

BUILDING ENERGY OF SHOPPING CENTRES
Baseline corrected, kWh/sq.m.



HEATING AND ELECTRICITY CHARGES
EUR million



increased by 15% compared to the previous year. The change was caused by changes in the property portfolio. Water consumption per visitor in shopping centres was 4.3 litres, stayed on the same level as in previous year.

WASTE MANAGEMENT

Systematic training was arranged in shopping centres to improve sorting and recycling. In order to make information easily accessible, we launched a new e-learning quiz for tenants. We also organised site visits to recycling plants to give fresh perspective and motivation. Instructions for sorting waste are made available to all operators in Citycon's shopping centres.

Properties managed by Citycon generated 23,110 tonnes of waste. The recycling rate of waste materials for Citycon's shopping centres was 95%, showing an increase of 7%- points compared to the previous year. The amount of waste generated by shopping centres increased by 38% compared to the previous year. The increase was caused by changes in the property portfolio. The amount of waste generated by like-for-like shopping centres remained at the same level. Citycon's business countries show operational differences in terms of waste management. Property waste management and sorting in Citycon's properties is organised in accordance with country-specific waste legislation and other local regulations.

LAND USE AND SUSTAINABLE CONSTRUCTION

The company's strategic policy is that properties must be located in a built environment and easily accessible by public transport.

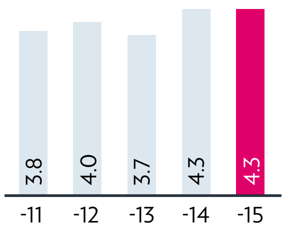
Energy efficiency, efficient water use, materials selected, building regulations on indoor air quality and Citycon's own instructions and guidelines are taken into account in (re)development project planning. All major own redevelopment projects will obtain certification.

Read more about the certifications on page 77

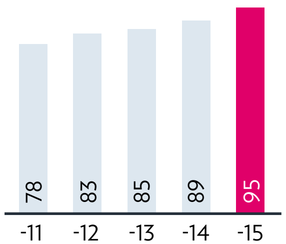
BIODIVERSITY TAKEN INTO CONSIDERATION IN PROJECTS

The location of shopping centres in built environments with excellent public transport connections reduces the threat they represent to biodiversity. An environmental impact assessment, including a biodiversity assessment, is conducted in connection with most zoning and major projects. Where an environmental impact assessment is not required by law, Citycon evaluates the need for an assessment of its own on a case-by-case basis. Citycon's properties are not situated on protected land areas.

WATER INTENSITY IN SHOPPING CENTRES
litre/visitor



RECYCLING RATE OF SHOPPING CENTRES
%



GREEN BUILDING ALLIANCE PRIZE

The Norwegian operations team received the Årets Grønne Driftsteam prize for their environmental achievement. The jury emphasised that the team has very good control in showing results in all the important focus areas, from energy efficiency to indoor air quality.

"This year's Grønne Driftsteam is a role model within the real estate industry", said Chairman of the Green Building Alliance, Roy Frivoll, when he handed over the award to our operations team in Norway.

BUILDING EMOTIONAL CONNECTION

We believe that shopping centres which combine the urban environment with social experiences will succeed in the future. By focusing on urban multifunctional shopping centres we offer sustainable customer flows for our tenants.

COMMUNITY ACTIVITY CHECKLIST

Elements of **sustainability** included

Providing customers with interesting projects they want to **participate in**

Engaging customers or partners in producing and **sharing content**

Contributing to better **customer value and experience**

Improving the shopping centre experience

Long-term **positive effect on the neighbourhood**

It is a priority for us to maintain naturally cooperative relationships with local actors, residents and tenants in and around our shopping centres. We are committed to high ethical principles and strive to offer healthy and safe buildings to our customers. 2015 was a year of many fresh ideas and actions, but also constant work to reach our existing goals.

CITYCONTEST – A QUEST FOR YOUNG ENTREPRENEURS

Citycon launched at the end of 2014 a business idea competition aimed at entrepreneurially minded students. The Citycontest competition ran in Finland and was open to students and recent graduates aged 18–30. Through this competition, Citycon set out to encourage debate on the important issue of entrepreneurship by helping young business-minded people set up their own ventures and succeed.

The winner of the competition was a venture titled WST. The top prize included a free three-month lease at a Citycon shopping centre and a EUR 10,000 seed fund to help get their business off the ground. The young entrepreneurs combine an online store with a bricks-and-mortar shop in a shopping centre setting selling second-hand designer clothing. The WST store was a success and has continued to operate as a regular tenant at Iso Omena after the free three-month period.

During the competition period Citycon entered into close co-operation with various business schools and, in many cases, the co-operation has continued since then. Citycon also launched co-operation with the Federation of Finnish Enterprises. The student members of the federation can, for example, rent promotion spots in Citycon's shopping centres at a discount.

CAR BOOT SALE

SENIOR WALKS

WORLD KINDNESS DAY CAMPAIGN

ASSESSING SOCIAL AND ECONOMIC IMPACT THROUGH QUANTIFICATION

In 2015, we started a project to better understand the social and economic effects Citycon has in the community. The purpose of the project is to enhance our ability to estimate Citycon's 'total value' and so allow us to consider other relevant aspects, besides financial, in important decision making. We want to be equipped with a greater range of non-financial aspects to better communicate our impacts on the community to internal and external stakeholders. We started the project by establishing a few key indicators, such as local jobs created, and established a roadmap towards more extensive understanding of our effects.

HEALTH AND SAFETY IN SHOPPING CENTRES

To ensure the safety of shopping centre personnel and customers, Citycon acquires the services of security guards and security officers from its partners. In addition to daily work, we organised a number of different training events during the year, ranging from crisis education to fire drills. To further promote the safety of our shopping centres in Sweden, we entered to a collaboration agreement with the local and national police and the city of Stockholm. This is a practice we plan to extend to our other shopping centres as well.

IN 2015 WE

Performed the Sektor acquisition in accordance with the key portfolio criteria

LINKED TO PUBLIC TRANSPORTATION

STARTED MEASURING OUR FOOTPRINT

As a part of our community engagement activities, we started measuring our economic and social footprint.

PROMOTED OUR CODE OF CONDUCT

via continuous training and open dialogue.

IN 2016 WE WILL

Confirm the link between community activities and business goals by via promoting greater internalisation of our community activity checklist

Deepen the understanding of our social and economic effects by increasing the amount of indicators measured

Foster active information sharing among stakeholders on sustainability issues with targeted campaign

PROMOTING THE CODE OF CONDUCT **THROUGHOUT THE VALUE CHAIN**

POINTS OF FOCUS IN 2015

Opening a Code of Conduct violation reporting line to our business partners

Introducing the Code of Conduct and related practices to Citycon Norway

Continuous training and open dialogue to emphasise compliance with the Code of Conduct and related practices

Citycon's Code of Conduct lays down the ethical principles and business standards the company adheres to in all of its operations. The Code of Conduct provides a basis for the way we do business and deal with environmental and human rights issues in relation to our employees and other stakeholders. The Code of Conduct guides management and personnel towards ethical business practices and compliance with the laws and regulations.

Citycon assumes responsibility for those integrity and ethics issues it has the authority to control within the scope of its operations. We apply Citycon's Code of Conduct in all of our operating countries. In 2015 acquired Citycon Norway the Code of Conduct practices are being implemented as a part of the ongoing integration process.

Internal communication and training is provided to promote the Code of Conduct. In 2015, we held a number of training events for different employee groups, highlighting the relevant aspects of the Code of Conduct and related practices in employees' daily work. In addition, we continued the self-study programme in order to provide a practical way of learning more about our Code of Conduct through the use of case examples.

OPENING A REPORTING CHANNEL TO BUSINESS PARTNERS

We encourage our employees to raise any problems or shortcomings they detect when it comes to complying with the Code of Conduct. In 2015, the reporting of Code of Conduct violations was made possible also for our business partners. Reports concerning any violation of the principles set out in the Code of Conduct, can be provided anonymously by submitting a report via Citycon's webpage. All reports will be treated with the strictest confidentiality. No retaliation against good faith reports will be tolerated. The principles of the reporting procedure are recorded in Citycon's Whistleblowing Procedure.

VALUE CHAIN APPROACH

Within our sphere of influence, we also aim to ensure that our business partners adhere to Citycon's ethical principles.

In order to communicate with our stakeholders about our explicit expectations and encourage them to adhere to the same high ethical principles as we do, we have the following practices in place for different stakeholder groups:

Tenants – Code of Conduct commitment included in lease templates.

JV partners and Co-investors – Code of Conduct-related survey applied in all material investment processes.

Suppliers and Service providers – By applying Citycon's Business Code of Conduct to all material business relationships we require our suppliers to fully embrace Citycon's Code of Conduct or similar high ethical principles and act accordingly. If a supplier should breach the Business Code of Conduct, Citycon may terminate its agreement with them. The Business Code of Conduct is also integrated into Citycon's procurements already at the tendering phase. Citycon's business partners can report any violation concerning the Code of Conduct using the specific reporting form added to Citycon's website.

EMPHASISING THE IMPORTANCE OF ZERO TOLERANCE OF BRIBERY AND CORRUPTION

In line with our ethical business principles, we are explicitly opposed to corruption and bribery. Apart from gifts of only minor monetary value or reasonable hospitality, Citycon or persons acting on its behalf must not offer or accept any benefits, gifts or hospitality that could influence the ability to make objective and honest decisions. Similarly, we refrain from trying to affect objective and honest decision-making by a public authority, client, partner or any other party. As zero tolerance is a priority for Citycon, we are proud to report that 2015 was another year in which no corruption, fraud or bribery cases were brought to our attention.

SUPPORT FOR POLITICAL PARTIES AND PUBLIC ENTITIES

Citycon does not support the activities of any political parties or groups. However, we want to engage in open dialogue with regional officials and political decision-makers in our operating areas. In 2015, in connection with the zoning and planning of our development projects, our representatives participated in the meetings of municipal political bodies. The purpose of this activity was to improve interaction. Citycon's shopping centres may be used by political parties to host election campaign events, subject to the company's standard leasing terms.

Read more about our Code of Conduct: www.citycon.com/sustainability/

CORPORATE GOVERNANCE

Citycon's corporate governance principles are based on legislation in force in Finland, the rules and regulations issued for listed companies by the Helsinki Stock Exchange and the Finnish Financial Supervisory Authority and Citycon's Articles of Association.

Citycon also applies the Finnish Corporate Governance Code published by the Finnish Securities Market Association and Citycon's own Corporate Governance Guidelines.

Citycon issues a Corporate Governance Statement as a separate report annually at the same time as its Financial Statements.

The Corporate Governance Statement 2015 and essentials of the company's corporate governance are presented at www.citycon.com/corporate-governance

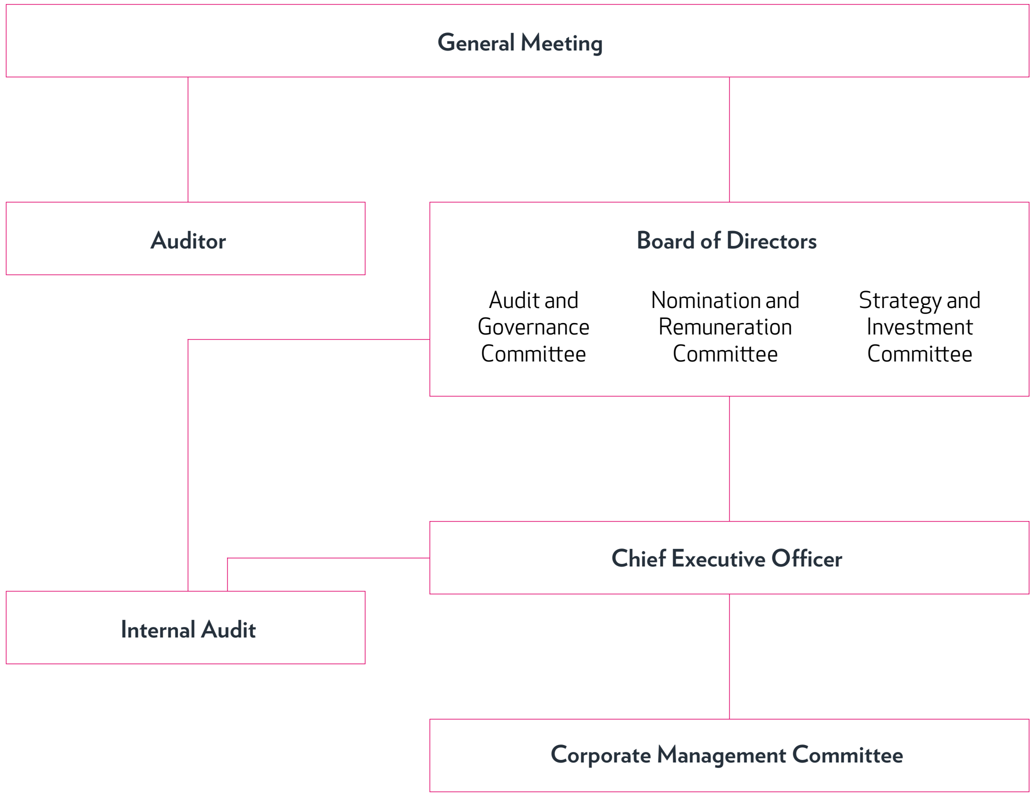
GENERAL MEETING

In 2015, Citycon held two General Meetings, the Annual General Meeting (AGM) and an Extraordinary General Meeting (EGM). The company published the decisions taken by the General Meetings in stock exchange releases and on its website.

General Meeting documents are available at www.citycon.com/gm

CITYCON'S CORPORATE GOVERNANCE STRUCTURE

The tasks and responsibilities of Citycon's corporate bodies are specified pursuant to the Finnish Companies Act and Citycon's Corporate Governance Guidelines.



BOARD OF DIRECTORS

Citycon's AGM 2015 re-elected the following Board members: Ronen Ashkenazi, Chaim Katzman, Bernd Knobloch, Arnold de Haan, Kirsi Komi, Andrea Orlandi, Claes Ottosson, Per-Anders Ovin and Ariella Zochovitzky. Rachel Lavine was elected as a new Board member to replace Karine Ohana.

Board members' career histories and key positions of trust are available at www.citycon.com/board-directors

BOARD OF DIRECTORS' WORK

The Board of Directors convenes according to a pre-determined meeting schedule and when deemed necessary. The meeting schedule is based on the company's financial reporting schedule and the Board of Directors' strategy and budget meetings. In 2015, Citycon's Board of Directors held 17 meetings. The average attendance rate at Board meetings was 95%.

The Board of Directors evaluates its own operations and working methods annually.

CITYCON OYJ'S BOARD OF DIRECTORS ON 31 DECEMBER 2015

Chairman

CHAIM KATZMAN

Member and Chairman of the Board of Directors since 2010
LL.B., Israeli and US citizen, born 1949
Main occupation: Norstar Holdings Inc. (former Gazit Inc.), founder, controlling shareholder and Chairman of the Board of Directors since 1991; Equity One Inc., founder and Chairman of the Board of Directors since 1992; Gazit-Globe Ltd., Executive Chairman of the Board of Directors since 1998
The Board's assessment of independence:
Independent of the company
Membership in Citycon's Board committees:
Nomination and Remuneration Committee, Chairman
Citycon shares*: 178,856

Deputy Chairman of the Board

RONEN ASHKENAZI

Member of the Board of Directors since 2009, Deputy Chairman since 2010
B.Sc., Civil Engineering, Israeli citizen, born 1962
Main occupation: Gazit-Globe Israel (Development) Ltd., CEO and minority shareholder since 2005
The Board's assessment of independence:
Independent of the company
Membership in Citycon's Board committees:
Strategy and Investment Committee, Chairman
Citycon shares*: 9,324

Deputy Chairman of the Board

BERND KNOBLOCH

Member of the Board of Directors since 2012, Deputy Chairman since 2013
University degrees in Law and Business Administration, German citizen, born 1951
Main occupation: Professional non-executive director
The Board's assessment of independence:
Independent of the company and significant shareholders
Membership in Citycon's Board committees:
Audit and Governance Committee,
Strategy and Investment Committee
Citycon shares*: 78,685

ARNOLD DE HAAN

Member of the Board of Directors since 2014
LL.M, Dutch citizen, born 1954
Main occupation: Boishaen B.V., founder and Managing Director since 2008
The Board's assessment of independence:
Independent of the company and significant shareholders
Membership in Citycon's Board committees:
Nomination and Remuneration Committee,
Strategy and Investment Committee
(from 19 March 2015)
Citycon shares*: 50,000

KIRSI KOMI

Member of the Board of Directors since 2011
LL.M., Finnish citizen, born 1963
Main occupation: Professional non-executive director
The Board's assessment of independence:
Independent of the company and significant shareholders
Membership in Citycon's Board committees:
Audit and Governance Committee,
Nomination and Remuneration Committee
Citycon shares*: 11,933

RACHEL LAVINE

Member of the Board of Directors since 2015
CPA., MBA, Israeli citizen, born 1965
Main occupation: Atrium European Real Estate Ltd., Vice Chairman of the Board of Directors since 2014; Gazit-Globe Ltd., CEO since 2015
The Board's assessment of independence:
Independent of the company
Membership in Citycon's Board committees:
Audit and Governance Committee (from 19 March 2015),
Strategy and Investment Committee (from 19 March 2015)
Citycon shares*: -

ANDREA ORLANDI
Member of the Board of Directors since 2014
MBA (INSEAD), Italian citizen, born 1971
Main occupation: Canada Pension Plan Investment Board (CPPIB), London, Managing Director, Head of Real Estate Investments Europe since 2014
The Board's assessment of independence: Independent of the company
Membership in Citycon's Board committees: Audit and Governance Committee, Strategy and Investment Committee
Citycon shares*: -

CLAES OTTOSSON
Member of the Board of Directors since 2004
Electrical Engineer, Swedish citizen, born 1961
Main occupation: ICA Kvantum Hovås, Managing Director since 1990
The Board's assessment of independence: Independent of the company and significant shareholders
Membership in Citycon's Board committees: Nomination and Remuneration Committee, Strategy and Investment Committee
Citycon shares*: 77,802

PER-ANDERS OVIN
Member of the Board of Directors since 2013
M.Sc (Economics), Swedish citizen, born 1956
Main occupation: Mengus Stockholm AB, Chairman of the Board, partner and owner since 2005; Marrakech Design/Ovin Consulting AB, owner since 2003
The Board's assessment of independence: Independent of the company and significant shareholders
Membership in Citycon's Board committees: Audit and Governance Committee, Nomination and Remuneration Committee (from 19 March 2015), Strategy and Investment Committee (until 19 March 2015)
Citycon shares*: 17,571

ARIELLA ZOCHOVITZKY
Member of the Board of Directors since 2009
B.A. (Economics and Accounting), CPA (Israel), MBA, Israeli citizen, born 1957
Main occupation: C.I.G. Consultants Ltd., General Manager & partner since 2001; C.I.G. Zochovitzky Ltd., General Manager & partner since 2012
The Board's assessment of independence: Independent of the company and significant shareholders
Membership in Citycon's Board committees: Audit and Governance Committee, Chairman Nomination and Remuneration Committee
Citycon shares*: 11,700

Includes the shares in the company held by the Board member, his/her related parties and corporations over which he/she exercises control.

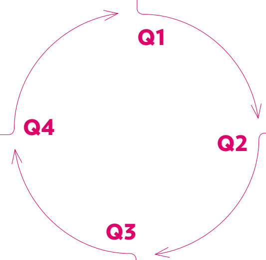
BOARD OF DIRECTORS' YEAR CLOCK

DECEMBER
- Budget
- Risk management
- Board's self-evaluation
- Performance bonus scheme and targets for the following year

OCTOBER
- Interim Report 1.1.–30.9.
- Strategy review
- Financial reporting schedule for the following year

FEBRUARY
- Financial Statements and Report by the Board of Directors
- Proposal for profit distribution and other proposals for the AGM
- Performance scheme based bonuses for the previous year

MARCH
- Election of the Chairman and Deputy Chairman/-men of the Board
- Election of the Committee Chairmen and members
  - Assessment of the Board Members' independence



JULY
- Interim Report 1.1.–30.6.

APRIL
- Interim Report 1.1.–31.3.

HIGHLIGHTS OF THE BOARD 2015

IN ADDITION TO THE REGULAR OPERATING CALENDAR

- Strategy execution: strengthening the Nordic position of the company by the acquisition of Norway's second largest shopping centre company Sektor Gruppen and by the divestments of non-core properties
- Financial arrangements: especially the financing of the Sektor acquisition
- Preparations for the implementation of the new Finnish Corporate Governance Code 2015 entered into force as of 1 January 2016

BOARD COMMITTEES

The Board of Directorsis assisted by three Board committees: Audit and Governance Committee, Nomination and Remuneration Committee, and Strategy and Investment Committee. The Committee's main duties and working principles are established by the Committee Charter included in Citycon's Corporate Governance Guidelines.

Audit and Governance Committee	Nomination and Remuneration Committee	Strategy and Investment Committee
6 meetings in 2015	3 meetings in 2015	4 meetings in 2015
with attendance rate of 92	with attendance rate of 95	with attendance rate of 94

REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS

The AGM of 2015 decided on the following remuneration of members of the Board of Directors:

EUR	Chairman of the Board	Deputy Chairmen	Ordinary members
Annual fee	160,000	70,000	50,000
	Committee Chairmen		
Annual additional fee	5,000		
Meeting fee per meeting	800		
	Chairman of the Board	**Other Board and Committee members**	
Meeting fee per meeting	No per-meeting fee	600	

Furthermore, it was decided that Board Members would be compensated for actual travel and accommodation expenses and any other expenses resulting from their work on the Board.

Annual and meeting fees were paid in cash to Citycon's Board Members in 2015. Meeting fees include fees paid for both Board and Committee meetings.

Citycon's Board members are not included in the company's share-based or other incentive schemes.

Information on Board members' remuneration paid for the Board and Committee work in 2015 is provided in the Note 34B. of the Financial Statements

Up-to date information of the Board members' holdings in the Citycon securities and any changes therein can be found at www.citycon.com/insiders

CHIEF EXECUTIVE OFFICER (CEO)

Marcel Kokkeel has served as Citycon's CEO since 24 March 2011. Eero Sihvonen, CFO, is Citycon's Executive Vice President. Mr Kokkeel's and Mr Sihvonen's personal details and information on their share and stock option holdings are shown on the right.

The career histories and positions of trust of the CEO and EVP can be found at www.citycon.com/corporate-management-committee

CORPORATE MANAGEMENT COMMITTEE (CMC)

The CEO is assisted by the CMC whose members are appointed, upon the CEO's proposal, by the Board of Directors.

The CMC usually convenes twice a month. In 2015, the CMC convened 18 times.

CMC members' personal details and information on their share and stock option holdings are shown on the right.

The CMC members' career histories and positions of trust are shown at www.citycon.com/corporate-management-committee

THE MAIN TERMS OF THE CEO'S SERVICE AGREEMENT

Validity	For an indefinite period
Period of notice	Six months, both for the CEO and the company
Severance pay in case of notice by the company	In addition to the salary payable for the notice period, severance pay consisting of 1.5 times CEO´s annual base salary at the moment of termination.

The main terms of the CEO's service agreement are described in the Remuneration Statement which can be found at www.citycon.com/remuneration

CITYCON OYJ'S CORPORATE MANAGEMENT COMMITTEE MEMBERS ON 31 DECEMBER 2015

CEO
MARCEL KOKKEEL
CMC member since 2011
LL.M. (Law),
Dutch citizen, born 1958
Citycon shares*: 403,664
Citycon stock options: 1,000,000

Executive Vice President and Chief Financial Officer
EERO SIHVONEN
CMC member since 2005
M.Sc. (Econ.), Finnish citizen, born 1957
Citycon shares*: 126,332
Citycon stock options: 750,000

General Counsel, Head of Legal Affairs
ANU TUOMOLA
CMC member since 2011
LL.M., Trained at the Bench,
Finnish citizen, born 1974
Citycon shares*: -
Citycon stock options: 300,000

Chief Investment Officer
NILS STYF
CMC member since 2012
M.Sc. (Business and Administration and Economics),
Swedish citizen, born 1976
Citycon shares*: 7,190
Citycon stock options: 300,000

Chief Operating Officer
JURN HOEKSEMA
CMC member since 2014
M.Sc. (Engineering),
Dutch citizen, born 1974
Citycon shares*: 3,000
Citycon stock options: -

Vice President, Marketing and Branding
MARIANNE MAZARINO HÅKONSEN
CMC member since 15 December 2015
M.Sc. (Communications),
Norwegian citizen, born 1967
Citycon shares*: -
Citycon stock options: -

** Includes the shares in the company held by the CEO and Corporate Management Committee member, his/her related parties and corporations over which he/she exercises control.*

REMUNERATION OF THE CEO AND OTHER CORPORATE MANAGEMENT COMMITTEE MEMBERS

Remuneration payable to the CEO and other CMC members consists of a fixed monetary salary and fringe benefits, as well as an annual performance-based bonus. In addition, the CEO and other CMC members are included both in the stock option plan 2011 and in the company's share plans 2015.

The CEO's and other CMC members' pension benefits are determined in accordance with pension legislations of their domiciles. Neither the CEO nor the other CMC members have individual pension arrangements.

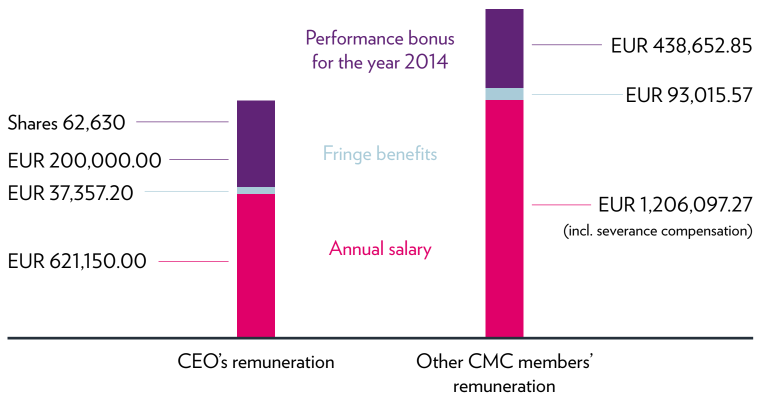
The CEO's annual performance bonus is awarded at the Board of Director's discretion. At most, the performance bonus may be a sum representing 80% of the CEO's fixed annual salary. The amount of the performance bonus is determined by the extent to which the strategy-supporting performance targets set annually by the Board have been reached. The performance targets and their mutual weights are confirmed in five areas: EPRA EPS, net rental income growth, fair value development of the like-for-like properties, progress of investments, divestments and developments, and personal targets. However, the Board, at its discretion and based on its overall performance evaluation, may adjust the CEO's performance bonus amount within the maximum performance bonus sum stipulated in the CEO's service agreement. The achievement of the CEO's performance targets shall be evaluated annually by the Board on the basis of a proposal prepared by the Board of Director's Nomination and Remuneration Committee. 50% of the amount of the CEO's performance bonus shall be paid in cash, while the other 50% shall be paid as company's shares.

The maximum bonus amount payable based on the annual performance bonus scheme of other members of the CMC is 60–50% of the gross annual salary for each member. In the performance bonus scheme, remuneration is based on the Group's and business units' profit and personal performance. The Group's profit refers to profit before taxes in accordance with IFRS, adjusted for fair value changes and any other extraordinary items as defined by the Board. Business units' profit refers to operating profit for like-for-like properties.

The Remuneration Statement and Remuneration Report 2015 are available at www.citycon.com/remuneration

Up-to-date information on the CEO's and other CMC members' holdings in the Citycon securities can be found at www.citycon.com/insiders-shareholdings

REMUNERATION OF THE CEO AND OTHER CORPORATE MANAGEMENT COMMITTEE MEMBERS 1 JAN – 31 DEC 2015



INSIDER ADMINISTRATION

Citycon applies the insider guidelines issued by the Helsinki Stock Exchange. In addition, the company's Board of Directors has approved the company's own Insider Guidelines specifying the insider administration procedures of the company. The company's General Counsel acts as the company's Compliance Officer (person in charge of insider issues).

Citycon's statutory insiders are its Board members, the CEO and the auditor. Statutory insiders also comprise members of the CMC, whom the Board has defined as other senior executives of the company, as referred to in the Finnish Securities Markets Act.

Citycon verifies the registered data on its statutory insiders twice a year.

Up-to-date information on statutory insiders' and those closely associated with them holdings in the Citycon securities and any changes therein can be found at www.citycon.com/insiders

Other permanent insiders of the company are persons who have regular access to the company's inside information. Project-specific insider registers are set up to enable the effective management of project-related inside information.

According to the company's Insider Guidelines, the company's public and permanent insiders may not trade in securities issued by Citycon, or other securities or financial instruments targeting to Citycon shares or securities entitling to Citycon shares, 21 days prior to the disclosure of the company's financial statements or interim report. Furthermore, insiders must present the company's Compliance Officer with a request 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.

COMMUNICATIONS

Citycon's communications principles are defined in the company's Disclosure Policy approved by the Board of Directors. The policy defines the objectives, practices and persons responsible for communications.

The company's Disclosure Policy is available at www.citycon.com/disclosure-policy

INTERNAL CONTROL, RISK MANAGEMENT AND INTERNAL AUDIT

INTERNAL CONTROL

C The purpose of Citycon's risk management and internal control is to ensure that the Group's operations are both efficient and effective, that reporting is consistent and reliable and that the applicable laws and regulations as well as the Citycon group's operating principles are followed. Internal control of financial reporting is intended to ensure the reliability of financial and other management information and that published interim reports and financial statements are prepared according the accounting and reporting policies applied by Citycon. Citycon uses the internationally recognised Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013) framework as the framework for its internal control.

The purpose of internal control is also to ensure that the company complies with the applicable laws, agreed internal procedures and guidelines, and that Citycon has sufficient and appropriate data systems and work processes to support its operations. Citycon's Board of Directors is responsible for arranging and maintaining adequate and effective internal control. It is the CEO's duty to attend to the implementation of practical actions regarding internal control and to maintain an organisational structure in which responsibility, authority and reporting relationships are clearly and comprehensively defined in writing.

RISK MANAGEMENT

Please find information on Citycon's risk management on pages 60–61

INTERNAL AUDIT

The purpose of the internal audit is to independently and objectively evaluate and contribute by assessing and developing the company's internal control, risk management and governance processes. Internal auditing is guided by the Internal Audit Charter approved by the Board's Audit and Governance Committee, and the scope of internal audit work is based on the internal audit plan approved annually by the Audit and Governance Committee. The CEO is responsible for organising the Internal Audit function in the Citycon group and for ensuring that internal audits are performed according to the Internal Audit Charter, Annual Audit Plan and resolutions of the Audit and Governance Committee. Internal audit results are reported to the Audit and Governance Committee and the CEO.

AUDITOR

The AGM 2015 re-elected Ernst & Young Oy, a firm of authorised public accountants, as the company's auditor, with Mikko Rytilahti, Authorised Public Accountant, acting as the responsible auditor appointed by the firm. Ernst & Young Oy has served as the company's auditor since 2006.

In 2015, Citycon Oyj paid EUR 0.2 million in fees to its auditor related to statutory and group audit. In addition, Citycon Oyj purchased advisory services from the auditor for a total of EUR 0.2 million.

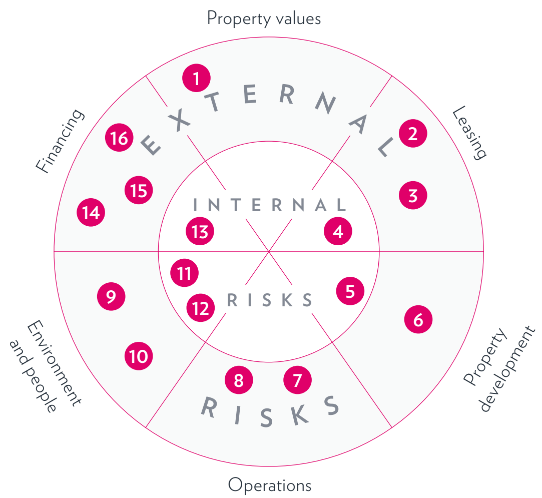
Read more about Citycon's Corporate Governance: www.citycon.com/corporate-governance

OUR PRINCIPAL RISKS AND HOW WE MANAGE THEM

The objective of Citycon's risk management is to ensure that the business targets are achieved by identifying and mitigating key risks which may threaten these targets.

The risk management and reporting process involves identifying, assessing, quantifying, mitigating and monitoring risks in all main business processes. The process also includes evaluation of existing, and the planning of new, risk mitigation plans for the identified risks in order to continuously improve risk management processes. Successful risk management implemented in the business processes decreases the likelihood of risk realization and mitigates the negative effects of realised risk. The risk reporting process gathers data on risks and the respective mitigation plans into one group-wide risk register, for annual reporting to Citycon's Board of Directors. This is done during the budgeting process so that the risks are linked to the annual targets. In order to evaluate the importance of each risk and to improve the comparativeness, an estimate of the loss associated with each risk is determined together with the probability of risk realization. The realised risks during the previous year are also estimated and reported.

Each function has a dedicated person who is the owner of the risks in that area and also responsible for the reporting of the risks, the mitigation plans and the follow-up on their implementation.



	PROPERTY VALUES	LEASING
RISK AND IMPACT	1 The value of the properties can decrease for a number of reasons: a weaker general or local economic development, availability and cost of financing, inflation rates, market rent trends, vacancy rates, a higher yield requirement, the relative attractiveness of other asset classes and the competitive environment.	2 The economic development in the company's operating regions impacts consumer confidence which could affect demand for retail premises . This may lead to lower rental levels or increased vacancy. It could also increase the risks for credit losses or lead to decreased turnover based rental income. 3 The growing online retailing affects customer behaviour which also may affect demand for retail premises . 4 Some larger tenants leads to tenant concentration risks.
RISK MANAGEMENT	- While Citycon cannot influence many of the broad factors affecting the property values, it seeks to impact the fair market value through active shopping centre management and optimising the profitability of its centres. - Citycon's strategy to focus on urban shopping centres with necessity-driven retail in strong and growing locations results in relatively stable property valuations throughout the economic cycle. - The fact that most properties are located in AAA/AA+ rated countries also decreases the volatility of the valuations. The recent expansion into Norway increases country risk diversification.	- Citycon's strategy to focus on grocery anchored, urban shopping centres with necessity-driven retail has proven to be a recession proof business model with steady cash flows, occupancy and low credit losses also during a downturn. The strategy also decreases the negative effects of the increasing online retailing. - The fact that most of the company's assets are in AAA/AA+ rated countries decreases the risk of a major downturn affecting the retail sector. - The company tries to mitigate and manage the risks related to the economic development by continuously following and analysing tenants to identify risk tenants, and by requiring rent collateral from tenants. - Tenant diversification improved through focused leasing efforts and through entering into Norway.

PROPERTY DEVELOPMENT	OPERATIONS	ENVIRONMENT AND PEOPLE	FINANCING
5 Increased costs in development projects due to rising construction costs, unforeseeable challenges or changed plans leading to delays. 6 Reduced demand for retail premises could prevent the letting of new premises, which could result in a lower occupancy rate or in lower rent levels.	7 A major accident, system failure or terrorist incident could threaten the safety of shoppers and retailers, leading to loss of consumer confidence and thereby loss of income and extra costs. 8 Increased operating expenses (e.g. maintenance, energy costs, security expenses). In some lease agreements the rent paid by the lessee is not affected by changed operating expenses, and a rise in operating expenses higher than inflation would decrease the profitability. Also in cases where Citycon can pass on the higher costs to tenants, rising operating expenses may reduce tenants' rental payment capacity.	9 Environment concerns, customer expectations or legislation might restrict land use and construction. 10 Risks associated with climate change might affect Citycon's business environment in the long term. For example, extreme weather conditions can increase energy and maintenance costs. 11 An expert organisation of Citycon's nature relies heavily on its personnel for success, and therefore inability to attract, develop and retain the right people is a key risk. 12 Organisational performance could suffer due to unclear roles, unspecified targets, or competence gaps.	13 Risks associated with the availability and cost of debt financing are important to Citycon due to the relatively large debt portfolio. 14 Market interest rates continue to be historically low and will inevitably increase over time, increasing Citycon's financing costs. 15 Both bank and bond financing have been available for Citycon at competitive terms, but banks' willingness to lend could reduce and investors' demand for corporate bonds could decrease. 16 Margins required by banks or bond investors could also rise due to tightening regulation, a credit rating downgrade or other reasons.
- Construction costs are managed through competitive tendering and by entering into contracts with price caps when appropriate. Careful project monitoring of costs and planning is essential. - Leasing risks are minimised by having strict pre-leasing requirements prior to project start and by signing agreements with key anchor tenants at an early stage. - Carrying out developments in proven retail locations with strong and growing demographics. - Maintaining the development exposure as a proportion of the investment portfolio at a relatively low level.	- Risk of accidents and incidents mitigated by adequate security plans and incident procedures supported by crisis case excercises for personnel. - Comprehensive insurance coverage. - Citycon tries to minimize the impact of rising operating expenses by concluding agreements with specified rent components when possible and using a true up method to charge the tenants based on actual operating costs. - Efficient procurement, cost monitoring and cost benchmarking between shopping centres. - To mitigate the risk of energy price hikes, electricity prices are fixed according to a hedging policy, and energy efficiency actions have been implemented.	- Environmental impact assessments are conducted in connection with major projects. - Ensuring the environmental compliance of our buildings through internal management practices as well as external standards and certifications. - To reduce personnel-related risks, Citycon places great emphasis on target-setting and performance management, competence development, career advancement, and commitment of key employees. Citycon sees good leadership as an important part of reducing human-related risks.	- Interest-rate risk management aims to reduce the adverse effect of increased market rates. Citycon has a conservative but active financing policy, with a focus on long-term financing, a solid balance sheet and keeping 70–90 % of debt tied to fixed interest rates. - To reduce the refinancing risk and dependency on bank financing, Citycon has actively diversified its funding sources with several bond issues. - Several equity issues have strengthened the balance sheet which has enabled investment grade credit ratings by Standard & Poor's and Moody's (BBB and Baa2 in 2015, BBB and Baa1 as of January 2016) that further has improved the availability and cost of especially bond financing.


ESPRESSO HOUSE
KISTA
Bullas

OPERATIONAL KEY FIGURES

KEY INDICATOR TABLES

FAIR VALUE

	No. of properties	Fair value, EUR million 31 December 2015	31 December 2014	Fair value change, EUR million 2015	Average yield requirement, % 31 December 2015	31 December 2014	Average market rent, EUR, sq.m./month 31 December 2015
Shopping centres, Finland	20	1,535.4	1,514.1	-32.7	5.8	5.9	29.8
Other retail properties, Finland	9	124.0	195.9	-4.3	6.8	7.2	16.4
Finland, total	29	1,659.4	1,710.0	-37.1	5.9	6.1	29.0
Shopping centres, Norway 1)	20	1,330.8	-	0.2	5.2	-	21.2
Norway, total	20	1,330.8	-	0.2	5.2	-	21.2
Shopping centres, Sweden	8	722.7	690.3	38.7	5.3	5.7	26.4
Other retail properties, Sweden	1	16.3	19.4	1.0	7.0	7.3	14.4
Sweden, total	9	739.0	709.7	39.6	5.4	5.7	26.1
Shopping centres, Baltics and Denmark	4	362.4	349.4	4.7	6.9	7.2	20.4
Baltics and Denmark, total	4	362.4	349.4	4.7	6.9	7.2	20.4
Shopping centres, total	52	3,951.2	2,553.8	10.7	5.6	6.0	25.4
Other retail properties, total	10	140.3	215.3	-3.4	6.9	7.3	16.1
Investment properties, total	62	4,091.6	2,769.1	7.3	5.7	6.1	25.1
Kista Galleria, 100%	1	630.9	567.9	38.7	-	-	-
Investment properties and Kista Galleria, total	63	4,722.4	3,337.0	46.1	5.5	5.9	26.8

1) Excluding rented properties, which fair value is recognised within intangible rights based on IFRS rules.

LIKE-FOR-LIKE PORTFOLIO

	No. of properties	Fair value, EUR million 31 December 2015	31 December 2014	Fair value change, EUR million 2015	Average yield requirement, % 31 December 2015	31 December 2014	Average market rent, EUR, sq.m./month 31 December 2015
Shopping centres, Finland	15	817.2	821.9	-19.4	6.3	6.3	27.5
Other retail properties, Finland	8	96.7	99.7	-6.0	7.1	7.1	16.4
Finland, total	23	914.0	921.6	-25.4	6.4	6.4	26.4
Shopping centres, Sweden	7	643.3	578.6	38.6	5.2	5.6	27.5
Other retail properties, Sweden	1	16.3	13.4	1.0	7.0	7.5	14.4
Sweden, total	8	659.6	592.0	39.6	5.3	5.6	27.2
Shopping centres, Baltics and Denmark	3	332.1	329.6	1.8	6.9	7.2	20.8
Baltics and Denmark, total	3	332.1	329.6	1.8	6.9	7.2	20.8
Like-for-like properties, total	34	1,905.7	1,843.1	15.9	6.1	6.3	25.7

RENTAL INCOME BY BUSINESS UNITS

	Average remaining length of lease agreements, years 31 December 2015	Average rent, EUR/ sq.m/month 31 December 2015	Gross rental income, EUR million 2015	2014	Net rental income, EUR million 2015	2014
Finland	3.3	24.1	105.3	112.4	96.9	103.0
Norway	3.7	21.5	43.0	-	36.8	-
Sweden	2.9	21.5	47.8	48.2	39.7	38.9
Baltics and Denmark	3.1	20.4	27.8	28.8	26.2	27.5
Investment properties, total	3.3	22.3	223.9	189.4	199.6	169.4
Kista Galleria, 100%	2.7	33.6	34.4	34.8	30.1	30.3
Investment properties and Kista Galleria, total	3.2	23.2	258.3	224.2	229.7	199.6

RENTAL INCOME BY CATEGORY, % [1]

	Finland	Norway	Sweden	Baltics and Denmark	Citycon, investment properties total	Citycon, investment properties and Kista Galleria total
Fashion	21	29	18	35	25	26
Home and leisure	16	29	17	25	21	21
Groceries	26	12	24	16	20	18
Health and beauty	10	10	14	9	10	10
Services and offices	13	6	16	6	10	10
Cafés and restaurants	8	6	8	7	7	9
Specialty stores	3	8	2	1	4	4
Department stores	4	-	-	1	2	2
Total	100	100	100	100	100	100

1) Shopping centre rental income based on valid rent roll at 31 December 2015.

CITYCON'S FIVE LARGEST PROPERTIES

	Average rent, EUR/sq.m/month 31 December 2015	Gross rental income, EUR million 2015	Net rental income, EUR million 2015	Fair value, EUR million 31 December 2015	Fair value change, EUR million 2015	Net rental yield, % 2015
Kista Galleria, 100%	33.6	34.4	30.1	630.9	38.7	5.2
Iso Omena	33.3	19.6	19.2	442.9	4.6	4.6
Liljeholmstorget Galleria	33.1	14.0	12.2	292.4	25.4	4.6
Koskikeskus	33.2	11.0	10.7	185.0	-4.2	5.9
Herkules [1]	21.1	5.1	4.9	183.7	4.2	2.8
Five largest properties, total	31.2	84.1	77.1	1,734.9	68.7	-

1) Net rental yield for Herkules is based on the net rental income from 6 months period divided by the fair value.

SHOPPING CENTRES

	Location	GLA, sq.m.	Retail GLA, sq.m.	Number of lease agreements	Parking spaces	Year of acquisition	Economic occupancy rate, % 31 December 2015
Finland							
Shopping centres, Helsinki area							
Arabia	Helsinki	14,200	11,400	42	340	2012	90.7
Columbus	Helsinki	20,900	18,900	82	900	2006	99.3
Espoontori	Espoo	16,500	10,000	56	520	1999, 2007	96.9
Heikintori	Espoo	6,200	4,500	43	260	1998	71.3
Isomyyri	Vantaa	11,600	8,300	26	-	1999	97.9
Iso Omena	Espoo	62,700	50,100	197	2,200	2007	99.8
Lippulaiva	Espoo	19,200	17,000	54	650	1999	99.3
Martinlaakso Shopping Centre	Vantaa	7,500	7,300	26	475	1998	97.0
Myllypuro Shopping Centre	Helsinki	7,300	7,000	23	120	1998	84.3
Myyrmanni	Vantaa	39,900	31,600	96	1,100	1999	90.5
Tikkuri	Vantaa	16,090	9,000	74	280	1999, 2010	98.6
Shopping centres, other areas in Finland							
Duo	Tampere	13,100	11,700	51	380	1998	95.0
Forum	Jyväskylä	16,200	13,800	70	140	2003	95.1
IsoKarhu	Pori	14,500	12,500	50	230	1999	94.0
IsoKristiina	Lappeenranta	17,100	12,800	76	550	1999, 2005	87.9
Jyväskeskus	Jyväskylä	5,900	3,200	69	200	1999	94.5
Koskikeskus	Tampere	33,000	28,400	176	430	1999, 2003	95.4
Linjuri	Salo	9,200	6,800	11	350	1999	95.8
Sampokeskus	Rovaniemi	14,500	8,500	78	220	1999, 2005	86.8
Trio	Lahti	45,800	26,900	151	310	1999, 2007	90.0
Shopping centres, total		391,390	299,700	1,451	-	-	94.9
Other retail properties, total		74,250	55,800	93	-	-	93.6
Finland, total		465,640	355,500	1,544	-	-	94.8
Norway							
Shopping centres, Oslo area							
Buskerud Storsenter	Krokstadelva	29,100	26,800	58	1,600	2015	100.0
Kolbotn Torg	Kolbotn	17,600	16,000	66	750	2015	98.8
Krokstad Senter	Buskerud	10,300	9,900	8	-	2015	100.0
Liertoppen Kjøpesenter	Lierskogen	25,700	23,500	87	1,200	2015	99.3
Linderud Senter	Oslo	21,000	16,000	93	370	2015	99.9
Magasinet Drammen	Drammen	15,400	9,600	58	190	2015	95.0
NAF-Huset[1)]	Oslo	4,200	3,800	6	-	2015	100.0
Trekanten	Asker	23,800	16,500	106	800	2015	97.7
Shopping centres, other areas in Norway							
Down Town	Porsgrunn	34,000	29,200	106	1,200	2015	97.9
Glasshuspassasjen	Bodø	2,400	2,100	10	300	2015	89.8
Heiane Storsenter	Stord	24,000	19,200	36	450	2015	97.6

	Location	GLA, sq.m.	Retail GLA, sq.m.	Number of lease agreements	Parking spaces	Year of acquisition	Economic occupancy rate, % 31 December 2015
Herkules	Skien	49,700	42,700	129	1,550	2015	99.7
Kilden Kjøpesenter	Stavanger	19,400	17,500	68	334	2015	98.9
Kongssenteret	Kongsvinger	14,600	13,100	53	350	2015	99.9
Kremmertorget	Elverum	19,400	16,900	58	370	2015	96.7
Lade	Trondheim	8,700	8,600	4	300	2015	100.0
Lietorvet	Skien	7,300	6,000	32	125	2015	99.7
Oasen Kjøpesenter	Fyllingsdalen	31,500	23,400	84	800	2015	97.7
Sjøsiden	Horten	11,200	10,300	51	170	2015	99.8
Solsiden[1)]	Trondheim	14,000	13,100	73	450	2015	99.3
Stopp Tune	Sarpsborg	12,100	11,100	30	360	2015	99.4
Storbyen	Sarpsborg	25,500	22,500	79	440	2015	97.5
Norway, total		420,900	357,800	1,295	-	-	98.6
Sweden							
Shopping centres, Stockholm area							
Fruängen Centrum	Hägerstern	14,600	6,600	77	150	2005	92.9
Högdalen Centrum	Bandhagen	19,500	16,200	75	-	2011	96.3
Jakobsbergs Centrum	Järfalla	41,400	26,900	150	1,300	2006	93.6
Liljeholmstorget Galleria	Stockholm	41,000	28,000	167	900	2006	99.7
Tumba Centrum	Botkyrka	25,500	14,100	136	600	2007	96.1
Åkermyntan Centrum	Hässelby	10,300	8,100	51	245	2005	98.0
Åkersberga Centrum	Åkersberga	28,500	24,400	96	900	2005, 2015	90.6
Shopping centres, Gothenburg area							
Stenungstorg	Stenungsund	34,200	21,800	187	1,030	2006	96.6
Shopping centres, total		215,000	146,100	939	-	-	96.1
Other retail properties, total		7,300	7,200	2	-	-	100.0
Sweden, total		222,300	153,300	941	-	-	96.2
Baltics and Denmark							
Shopping centres, Estonia							
Kristiine Keskus	Tallinn	43,900	43,700	147	1,100	2011	99.1
Magistral	Tallinn	11,800	11,800	68	190	2007	98.8
Rocca al Mare	Tallinn	57,500	56,400	147	1,350	2005	99.6
Shopping centres, Denmark							
Albertslund Centrum	Copenhagen	18,400	13,700	72	750	2012	100.0
Baltics and Denmark, total		131,600	125,600	434	3,390	-	99.4
Investment properties, total		1,240,440	992,200	4,214	-	-	96.8
Kista Galleria, 100%	Stockholm	95,300	60,300	622	2,500	2,013	98.7
Investment properties and Kista Galleria, total		1,335,740	1,052,500	4,836	-	-	97.0

1) Rented property

SHOPPING CENTRE SALES AND NUMBER OF VISITORS

	Sales, EUR million [1]			Number of visitors, million		
	2015	2014	Change, %	2015	2014	Change, %
Finland						
Helsinki area						
Arabia	48.1	47.5	1	2.5	2.8	-9
Columbus	85.0	82.5	3	6.1	6.3	-4
Espoontori	30.9	31.3	-1	3.7	3.6	2
Heikintori	5.5	5.7	-3	n/a	n/a	-
Isomyyri	13.0	13.1	0	1.7	1.8	-3
Iso Omena	181.6	204.1	-11	8.0	8.8	-8
Lippulaiva	75.1	80.2	-6	3.7	3.9	-5
Martinlaakso Shopping Centre	32.9	31.3	5	2.0	1.9	7
Myllypuro Shopping Centre	20.0	20.3	-1	n/a	n/a	-
Myyrmanni	119.4	122.5	-3	6.5	6.7	-2
Tikkuri	16.9	20.4	-17	2.0	2.5	-19
Other areas in Finland						
Duo	53.5	53.6	0	4.2	4.4	-3
Forum	31.8	30.1	6	5.6	5.6	-1
IsoKarhu	20.6	27.2	-24	2.1	2.7	-21
IsoKristiina	45.9	7.6	-	2.4	0.7	-
Jyväskeskus	8.7	8.6	2	3.5	3.4	2
Koskikeskus	109.0	109.2	0	5.9	5.7	4
Linjuri	17.8	17.0	5	2.4	2.5	-4
Sampokeskus	17.5	18.0	-3	1.7	1.6	5
Trio	49.5	49.8	0	6.1	6.3	-3
Shopping centres, Finland, total	982.8	979.8	0	70.5	71.4	-1
Norway						
Oslo area						
Buskerud Storsenter	88.7	72.7	22	1.4	1.3	9
Kolbotn Torg	61.7	60.7	2	1.9	2.0	-4
Krokstad Senter	8.7	8.2	5	n/a	n/a	-
Liertoppen Kjøpesenter	93.8	90.0	4	2.0	1.9	6
Linderud Senter	65.4	66.8	-2	2.3	2.3	0
Magasinet Drammen	35.4	35.2	1	2.9	2.9	0
NAF-Huset [2]	23.2	22.6	3	n/a	n/a	-
Trekanten	71.5	70.9	1	3.2	3.1	3
Other areas in Norway						
Down Town	75.5	74.9	1	2.6	2.6	1
Glasshuspassasjen	7.1	7.0	2	n/a	n/a	-
Heiane Storsenter	42.5	40.0	6	1.1	1.1	0
Herkules	130.7	125.4	4	2.8	2.9	-5

	Sales, EUR million[1]			Number of visitors, million		
	2015	2014	Change, %	2015	2014	Change, %
Kilden Kjøpesenter	60.8	61.2	-1	1.6	1.6	-3
Kongssenteret	34.6	33.8	2	1.2	1.2	-2
Kremmertorget	43.0	43.1	0	1.3	1.4	-8
Lade	18.2	21.0	-13	n/a	n/a	-
Lietorvet	38.8	38.7	0	1.4	1.5	-4
Oasen Kjøpesenter	100.1	87.3	15	4.2	3.6	16
Sjøsiden	34.1	33.1	3	1.0	1.0	4
Solsiden[2]	55.9	56.7	-1	2.7	2.7	0
Stopp Tune	30.6	30.1	2	1.1	1.1	-1
Storbyen	64.4	62.6	3	2.6	2.7	-5
Shopping centres, Norway, total	1,184.6	1,141.8	4	37.2	36.9	1
Sweden						
Stockholm area						
Fruängen Centrum	30.3	30.3	0	n/a	n/a	-
Högdalen Centrum	56.4	52.0	8	n/a	n/a	-
Jakobsbergs Centrum	68.7	70.8	-3	6.0	6.3	-5
Liljeholmstorget Galleria	147.4	140.5	5	9.9	9.8	1
Tumba Centrum	50.4	51.4	-2	3.7	3.6	2
Åkermyntan Centrum	28.8	28.4	1	1.8	1.8	0
Åkersberga Centrum	81.0	78.8	3	5.9	5.9	0
Gothenburg area						
Stenungstorg	60.9	54.9	11	3.4	3.3	2
Shopping centres, Sweden, total	524.0	507.1	3	30.7	30.7	0
Baltics and Denmark						
Estonia						
Kristiine Keskus	102.9	109.7	-6	7.6	7.8	-2
Magistral	26.0	24.9	4	3.6	3.4	6
Rocca al Mare	120.6	127.9	-6	6.2	6.3	-3
Denmark						
Albertslund Centrum	26.2	27.3	-4	3.6	3.9	-8
Shopping centres, Baltics and Denmark, total	275.6	289.9	-5	20.9	21.4	-2
Investment properties, total	2,967.1	2,918.6	2	159.3	160.4	-1
Kista Galleria, 100%	215.7	213.7	1	19.0	18.7	2
Investment properties and Kista Galleria, total	3,182.8	3,132.2	2	178.4	179.1	0

1) Sales include estimates. Sales do not include VAT.
2) Rented property.

MANAGED SHOPPING CENTRES, NORWAY

	Location	Ownership, %	GLA, sq.m.	Number of visitors, million
CC Drammen	Drammen	-	15,500	0.8
City Syd	Trondheim	-	15,500	3.9
Halden Storsenter	Halden	20	9,400	0.7
Holmen Senter	Asker	-	24,100	1.8
Markedet	Haugesund	20	10,200	1.2
Stadionparken	Stavanger	-	11,100	1.0
Stovner Senter	Oslo	20	37,000	4.0
Strandtorget	Lillehammer	-	29,500	1.9
Tiller Torget	Trondheim	-	23,800	1.3
Torget Vest	Drammen	-	7,900	1.2
Torvbyen	Fredrikstad	20	13,500	3.9
Managed shopping centres, total			197,500	21.6

TOP FIVE TENANTS

	Proportion of rental income based on valid rent roll at 31 December 2015, %
Kesko	20.1
S Group	8.8
Tokmanni	4.0
Varner-Group	2.7
Nordea	2.7
Finland, total	38.2
Varner-Group	8.6
NorgesGruppen Group	7.1
Gresvig	5.3
Clas Ohlson	3.1
H&M	2.8
Norway, total	26.9
ICA Group	11.1
Coop	4.8
Axfood	4.1
Stockholms Läns Landsting	3.7
Systembolaget	2.7
Sweden, total	26.3
S Group (Prisma)	10.7
Kaubamaja	3.6
Baltman	2.7
LPP SA Capital Group	2.6
H&M	2.3
Baltics and Denmark, total	22.0
Kesko	7.8
S Group	4.5
Varner-Group	4.2
ICA Group	2.9
NorgesGruppen Group	2.4
Investment properties, total	21.7
Kesko	6.9
Varner-Group	4.1
S Group	4.0
ICA Group	2.9
H&M	2.2
Investment properties and Kista Galleria, total	20.2

LEASING ACTIVITY, FINLAND

	Number of lease agreements	Leased area, sq.m.	Average rent, EUR/sq.m./month
Status 1 January 2015	1,631	485,424	22.6
Leases started	520	100,501	23.1
Leases ended	616	179,796	20.2
Acquisitions	9	3,867	14.7
Other changes	-	-768	-
Status 31 December 2015	1,544	409,227	24.1

LEASING ACTIVITY, NORWAY

	Number of lease agreements	Leased area, sq.m.	Average rent, EUR/sq.m./month
Status 1 July 2015	1,265	386,849	22.2
Leases started	130	27,539	22.3
Leases ended	100	16,920	25.5
Acquisitions	-	-	-
Other changes	-	-90	-
Status 31 December 2015	1,295	397,379	21.5

LEASING ACTIVITY, SWEDEN

	Number of lease agreements	Leased area, sq.m.	Average rent, EUR/sq.m./month
Status 1 January 2015	1,082	241,713	20.0
Leases started	162	25,869	24.1
Leases ended	303	62,648	16.0
Acquisitions	-	-	-
Other changes	-	-44	-
Status 31 December 2015	941	204,890	21.5

LEASING ACTIVITY, BALTICS AND DENMARK

	Number of lease agreements	Leased area, sq.m.	Average rent, EUR/sq.m./month
Status 1 January 2015	445	125,461	21.0
Leases started	83	19,392	23.8
Leases ended	95	19,621	27.7
Acquisitions	1	3,691	14.8
Other changes	-	263	-
Status 31 December 2015	434	129,186	20.4

LEASING ACTIVITY, INVESTMENT PROPERTIES TOTAL

	Number of lease agreements	Leased area, sq.m.	Average rent, EUR/sq.m./month
Status 1 January 2015	3,158	852,598	21.6
Leases started	895	173,301	23.2
Leases ended	1,114	278,984	20.1
Acquisitions	1275	394,407	22.1
Other changes	-	-639	-
Status 31 December 2015	4,214	1,140,682	22.3

LEASING ACTIVITY, INVESTMENT PROPERTIES AND KISTA GALLERIA TOTAL

	Number of lease agreements	Leased area, sq.m.	Average rent, EUR/sq.m./month
Status 1 January 2015	3,833	945,722	22.9
Leases started	1,070	181,712	23.8
Leases ended	1,342	287,377	20.6
Acquisitions	1275	394,407	22.1
Other changes	-	-639	-
Status 31 December 2015	4,836	1,233,824	23.2

(RE)DEVELOPMENT PROJECTS

COMPLETED (RE)DEVELOPMENT PROJECTS IN 2015

Target	Location	Area before/after, sq.m.	Actual gross investment by 31 December 2015, MEUR	Expected yield on completion when stabilised, % 1)	Completion	Additional information
IsoKristiina	Lappeenranta, Finland	22,400/34,000	55.7	7.0	Q4/2015	Complete (re)development and extension of the shopping centre. As a special feature, Lappeenranta City Theatre is located inside the shopping centre as well as new health care facilities, a cinema and new grocery store.
Kista Galleria	Stockholm, Sweden	94,600/95,100	6.0	-	Q2/2015	The refurbishment project included a facelift of the northern end of the shopping centre.

1) Expected stabilised (3rd year after completion) net rents incl. possible vacancy / total investment (total capital invested in the property by Citycon).

ONGOING (RE)DEVELOPMENT PROJECTS
31 DECEMBER 2015

Target	Location	Area before/after, sq.m.	Expected investment, MEUR 1)	Actual gross investment by 31 December 2015, MEUR	Expected yield on completion when stabilised, % 3)	Pre-leasing rate, % 2)	Completion target	Additional information
Iso Omena	Helsinki area, Finland	63,300/99,000	182.0 (250.0)	82.2	6.0	Part 1: 83 Total shopping centre: 80	Q3/2016 and Q2/2017	Extension project including partial (re)development of the existing centre. The extension will be fully integrated with the new Matinkylä metro station and bus terminal. The retail mix will increasingly be focused on a wide offering of restaurant and leisure services. The project will make Iso Omena one of Finland's largest and most attractive shopping centres. Part 1 is carried out in partnership with NCC PD.
Mölndal Galleria	Gothenburg, Sweden	-/24,000	60.0 (120.0)	10.8	7.0	50	Q2/2018	Building of a new shopping centre replacing an outdated retail property. Mölndal Galleria will be a modern urban city gallery focusing on daily necessities with 70 shops, restaurants and service units. Citycon has signed a joint venture agreement with NCC PD for the (re)development based on a 50/50 partnership. Citycon will acquire NCC's stake at completion. The project is being developed in co-operation with the municipality of Mölndal.
Stenungstorg	Gothenburg area, Sweden	36,400/41,400	18.0	16.3	7.5	95	Q2/2016	An extension of about 5,000 sq.m. with retail space for new shops and a new main entrance.
Porin Asema-aukio	Pori, Finland	18,800/23,000	40.0	15.6	-	100	Q2/2017	Construction of a new campus for Satakunta University of Applied Sciences in Porin Asema-aukio. The company has signed an agreement to sell the property at completion of the project.

1) The number in brackets reflects Citycon's total investment in the project including agreed buyouts of JV shares.
2) Signed or agreed lease agreements, pre-leasing in EUR.
3) Expected stabilised (3rd year after completion) net rents incl. possible vacancy / total investment (total capital invested in the property by Citycon).

PLANNED (RE)DEVELOPMENT PROJECTS
31 DECEMBER 2015

(Re)development projects that are being planned, pre-leasing is ongoing, city plan changes are pending, and/or Citycon (or its partner) has a site reservation.

Target	Location	Estimated project area/ additional sq.m.	Expected investment, MEUR [1]	Target for project launch	Target for project completion	Additional information
Tumba Centrum	Stockholm, Sweden	11,000	55	2016	2018	Shopping centre extension project combined with a new bus terminal and refurbishment of parts of the existing centre. The zoning has been approved and pre-leasing is ongoing. The investment has been approved by Citycon's Board of Directors.
Lippulaiva	Helsinki area, Finland	36,000/23,000	50–70	2016	2018	Extension or rebuild of the shopping centre is being planned as the Western metro line will be extended to Espoonlahti. The plans also include a new bus terminal next to Lippulaiva. Citycon's plans for the extension include a new library, cultural services and hypermarket.

1) The amount of investment needed will change and become more precise as the planning process proceeds. The figure is the best current estimate.

POTENTIAL (RE)DEVELOPMENT TARGETS
31 DECEMBER 2015

Citycon is investigating the development and/or extension opportunities for these properties (amongst others).
No official decisions have been made.

Target	Location	Estimated project area, sq.m. [1]	Additional information
Liljeholmstorget Galleria	Stockholm, Sweden	20 000	Extension possibility of the shopping centre over the metro tracks with the main objective to increase the retail and service offering. Plans also include creating building rights for residential and health care/offices.
Kista Galleria	Stockholm, Sweden	12 000	Citycon is investigating the possibility for an extension and modernisation project including extending the shopping centre towards the metro station and exploiting existing and creating new building rights for non-retail space such as residential, medical offices and/or hotel.

1) Refers to the current floor area undergoing alterations and extension combined (excluding residential).

KEY ENVIRONMENTAL INDICATORS

ENERGY

TOTAL ENERGY CONSUMPTION[1]

MWh		2015	2014	2013	2012	2011	GRI G4	EPRA Code
Electricity consumption in common areas		131,916	105,246	110,211	111,587	113,710	G4-EN3	Elec-Abs
Tenants' Electricity purchased by landlord[2]		85,546	72,922	71,745	72,571	67,984	G4-EN3	Elec-Abs
Total Electricity consumption		217,461	178,168	182,053	184,158	181,693	G4-EN3	Elec-Abs
Electricity consumption in Citycon's offices and business premises		97[6]	33[6]	72	73	86	G4-EN3	Elec-Abs, own office
Non-renewable electricity		116,312	143,471	167,512	169,800	176,737		Elec-Abs
Renewable electricity		101,150	34,697	14,406	14,358	4,956	G4-EN3	Elec-Abs
							G4-EN3	
District heating[3]		98,404	126,614	133,811	143,395	138,163		DH&C-Abs
Weather corrected district heating		117,080	139,718				G4-EN3	
District cooling[3]		5,888	6,694	2,025	1,511	1,799		DH&C-Abs
							G4-EN3	
Direct energy consumption	EN3							
Total energy consumption from fuels[7]		2,782	3,279	4,590	3,810	936	G4-EN3	Fuels-Abs
Total energy consumption from fuels like for like[7]		2,357	3,279					Fuels-lfl
Intensity indicators[4]								
Building energy intensity shopping centres	kWh/sq.m.	184	245	280	272	263	CRE1	Energy-Int
Building energy intensity shopping centres[5]	kWh/visitor	1.23	1.43	1.55	1.51	1.49	CRE1	Energy-Int
Building energy intensity other retail properties	kWh/sq.m.	172	208	235	247	239	CRE1	Energy-Int
Baseline corrected building energy intensity shopping centres[8]	kWh/sq.m.	198	211				CRE1	Energy-Int

The coverage of Energy and associated GHG disclosure is 98% of GLA owned and under operative control. The figures are based on measured consumption, estimates are not used.

1) Citycon's reported energy consumption covers shopping centres and other retail properties where Citycon's share of ownership is at least 50% and where Citycon has operational control. Kista Galleria's environmental data is included in its entirety for 2014and 2015. Kista Galleria's environmental data is not included for previous years. Figures include Citycon Norway entire year data 2015.
2) Citycon also reports the tenants' electricity consumption in cases where Citycon is responsible for electricity procurement. When energy procurement is on tenant's responsibility, it has been excluded from reporting.
3) Energy used for heating and cooling is reported in its entirety.
4) In terms of intensity figures, Citycon has limited the reported electricity consumption to common areas, where it can directly influence. This includes the electricity used for general lighting, ventilation and cooling, as well as lifts and escalators and other building technical systems.
5) excl. Fruängen Centrum, Högdalen Centrum, Myllypuro, Heikintori, Glasshuspassasjen, Krokstad Senter and Lade where amount of visitors is not collected
6) The reported consumption includes the headquarters and Citycon Norway office, other offices are integrated into shopping centres. Headquarters' heating, water and waste amounts are excluded from reporting as they are included in the rent and not reported separately to Citycon.
7) Fuels include oil, gas and biofuel. Biofuel (renewable) represents <2% of fuel consumption.
8) Baseline corrected intensity includes Citycon Norway data 2014, in addition the intensity is calculated with weather corrected heating consumption.

ENERGY CONSUMPTION

MWh	Electricity consumption in common areas	Heat consumption	Total energy consumption[1]
2011	113,710	138,163	254,608
2012	111,587	143,395	260,303
2013	110,211	133,811	250637
2014	105,246	126,614	241,832
2015	131,916	98,404	238,989
Change-% 2015/2014	25.3	-22.3	-1.2
Change-% 2015/2011	16.0	-28.8	-6.1

ENERGY CONSUMPTION BY BUSINESS AREAS

MWh	Electricity consumption in common areas	Heat consumption	Total energy consumption[1]	Total energy consumption in like-for-like shopping centres[1]
Finland				
2011	79,227	99,320	178,548	
2012	76,994	106,966	183,960	
2013	77,309	99,319	176,629	
2014	65,969	92,008	157,976	80,823
2015	55,301	67,541	122,842	71,052
Change-% 2015/2014	-16.2	-26.6	-22.2	-12.1
Change-% 2015/2011	-30.2	-32.0	-31.2	
Norway				
2015	38,280	3,843	43,078	
Sweden				
2011	25,699	34,931	62,429	
2012	23,106	32,347	56,964	
2013	21,820	30,051	53,896	
2014	29,219	30,726	66,639	36,622
2015	28,508	23,756	57,620	32,262
Change-% 2015/2014	-2.4	-22.7	-13.5	-11.9
Change-% 2015/2011	10.9	-32.0	-7.7	
Baltics and Denmark				
2011	8,783	3,912	13,631	
2012	11,487	4,082	19,379	
2013	11,081	4,441	20,112	
2014	10,058	3,880	17,217	17,217
2015	9,827	3,265	15,449	15,449
Change-% 2015/2014	-2.3	-15.9	-10.3	-10.3
Change-% 2015/2011	11.9	-16.5	13.3	

ENERGY CONSUMPTION BY PROPERTY TYPE

MWh	Electricity consumption in common areas	Heat consumption	Total energy consumption[1]
2011			
Shopping centres	91,596	136,142	229,217
Other retail properties	13,256	35,200	48,584
2012			
Shopping centres	92,520	109,665	204,862
Other retail properties	21,189	28,498	49,746
2013			
Shopping centres	92,585	115,285	213,175
Other retail properties	19,002	28,110	47,129
2014			
Shopping centres	92,851	110,358	207,568
Other retail properties	12,395	23,453	34,264
2015			
Shopping centres	128,478	89,979	227,109
Other retail properties	3,438	8,425	11,881
Change-% in shopping centres 2015/2014	38.4	-18.5	9.4
Change-% in other 2015/2014	-72.3	-64.1	-65.3
Change-% in shopping centres 2015/2011	40.3	-33.9	-0.9
Change-% in other 2015/2011	-74.1	-76.1	-75.5

ENERGY CONSUMPTION IN LIKE-FOR-LIKE SHOPPING CENTRES AND OTHER RETAIL PROPERTIES (EPRA ELEC-LFL & DH&C-LFL)

MWh	Electricity consumption in common areas	Heat consumption	Total energy consumption[1]
Shopping centres			
2014	59,789	69,385	134,662
2015	57,297	57,560	118,763
Change-% 2015/2014	-4.2	-17.0	-11.8
Other retail properties			
2014	2,949	8,667	11,649
2015	3,007	7,751	10,775
Change-% 2015/2014	2.0	-7.5	-10.6

1) *Total energy consumption incl. electricity in common areas, heating and cooling*

CARBON

GREENHOUSE GAS EMISSIONS BY SCOPES

$TnCO_2e$	2015	2014	2013	2012	2011
Scope 1, direct	489	650	909	755	185
Scope 2, indirect	71,593	77,648	71,816	73,165	69,490
Scope 3, indirect	1,500	1,240	693	689	672
Total	73,582	79,538	73,419	74,609	70,347

GREENHOUSE GAS EMISSIONS BY SCOPES IN LIKE-FOR-LIKE PROPERTIES

$TnCO_2e$	2015	2014
Scope 1, direct	467	650
Scope 2, indirect	58,228	65,018
Scope 3, indirect	438	474
Total	59,133	66,142

TOTAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS (G4-EN15 + G4-EN16, G4-EN17, EPRA GHG-DIR-ABS, DHG-INDIR-ABS)

$TnCO_2e$	2015	2014	2013	2012	2011
Electricity in common areas	19,619	20,880	20,850	21,112	21,079
Tenants' electricity supplied by the landlord 1)	34,919	34,036	25,626	25,259	23,222
District heating and cooling in properties	17,533	23365	26,196	27,484	25,314
Electricity and heat in office occupation	11	17	53	63	61
Wastewater in properties	879	762	225	234	239
Waste in properties	116	86	75	74	77
Business travel	315	300	317	303	275
Commuting	187	90	73	76	78
Paper consumption and mail	4	3	3	3	4
Total	73,582	79,538	73,419	74,609	70,347

The coverage of Energy and associated GHG disclosure is 98% of GLA owned and under operative control.

LIKE-FOR-LIKE TOTAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS (G4-EN15 + G4-EN16, G4-EN17, EPRA GHG-DIR-LFL, GHG-INDIR-LFL)

$TnCO_2e$	2015	2014
Electricity in common areas	15,443	18,593
Tenants' electricity supplied by the landlord 1)	31,332	32,698
District heating and cooling in properties	11,920	14,376
Wastewater in properties	52	53
Waste in properties	386	422
Total	59,133	66,142

GREENHOUSE GAS INTENSITY FROM BUILDING ENERGY (CRE3, EPRA GHG-INT) 2)

		2015	2014	2013	2012	2011
Building greenhouse gas intensity	$kgCO_2e$/sq.m.	56	48	50	47	53
Building greenhouse gas intensity	$kgCO_2e$/ visitor	0.41	0.33	0.36	0.35	0.40
Baseline corrected building greenhouse gas intensity 3)	$kgCO_2e$/sq.m	56	63			

The carbon footprint calculations have undergone changes in the past two years. The main factors are the acquisition of Sektor in Norway and the update of the GHG Protocol Scope 2 guidance. Due to these changes, the figures for 2015 and 2014 are not entirely comparable. For target setting, Norway has been included and the updated Scope 2 guidance has been considered. However, data for 2014 has not otherwise been retrospectively corrected. 2015 figures include Norway and take account of the updated Scope 2 guidance. In line with this, market-based figures consider utility-specific emissions factors and Guarantees of Origin. National production-based emissions factors from IEA (five year averages 2009–2013) have been used for location-based emissions. Emissions for district heating are based on national statistics for Finland and Sweden, information from the supplier for Estonia and Norway.

Properties' location based total emissions are 63,250 $TnCo_2e$.

1) Citycon also reports emissions from tenants' electricity consumption in cases where Citycon is responsible for electricity procurement. When energy procurement is on tenant's responsibility, it has been excluded from reporting.
2) In the calculation of greenhouse gas intensity, the numerator corresponds emissions from electricity in common areas,Tenants' electricity supplied by the landlord, district heating and cooling as well as emissions from waste water and waste.
3) Baseline corrected intensity includes Citycon Norway data 2014, in addition the intensity is calculated with market based emission factors for 2014 and 2015.

GREENHOUSE GAS EMISSIONS BY SCOPES AND BY BUSINESS AREAS

		Finland	Norway	Sweden	Baltics and Denmark
Scope 1, direct		0	22	0	467
Scope 2, indirect		34,350	131	3,333	33,768
Scope 3, indirect		314	239	373	68
Building greenhouse gas intensity [1]	$kgCO_2e$/sq.m	77	1	12	303

1) In the calculation of greenhouse gas intensity, the numerator corresponds emissions from electricity in common areas,Tenants' electricity supplied by the landlord, district heating and cooling as well as emissions from waste water and waste.

ENVIRONMENTAL DATA, MANAGED PROPERTIES

MANAGED SHOPPING CENTRES, NORWAY [1]

		2015
Energy	MWh	
Electricity consumption in common areas		18,289
Tenants' Electricity purchased by landlord		1,798
Heat consumption		2,984
Total energy consumption		24,004
Renewable electricity		17,994
Total energy consumption from fuels		2,598
Building energy intensity shopping centres	kWh/sq.m.	114
Carbon	tCO_2e	
Scope 1, direct		142
Scope 2, indirect		888
Scope 3, indirect		157
Building greenhouse gas intensity [2]	$kgCO_2e$/sq.m.	6
Water	m^3	
Total water consumption		136,662
Waste	t	
Total weight of waste by disposal routes		2,705
Landfill waste		31.7 (1%)
Incinerated waste		784.4 (29%)
Composted waste		544.9 (20%)
Recycled waste		1,259.6 (47%)
Reused waste		84.1 (3%)
Total waste amount		2,705

1) The coverage is 100% for managed properties (on behalf of other owners). But the figures are excluded from Citycon total numbers. In calculation of managed properties' environmental indicators same principles are applied than in other properties.

ENVIRONMENTAL CERTIFICATIONS

ENVIRONMENTAL CERTIFICATES (G4-EN27, CRE8, EPRA CERT-TOT)

	Proportion by value, %
Total portfolio - BREEAM IN USE	
BREEAM Excellent, asset/building management	0/2
BREEAM Very Good, asset/building management	30/2
BREEAM Good, asset/building management	19/45
Total	49
(Re)Developments (on track to achieve)	
LEED Platinum - Iso Omena	50%
LEED Gold - IsoKristiina	15%
BREEAM Very Good - Mölndal Galleria	17%
BREEAM GOOD - Porin Asema-aukio	11%
Total	93% of development projects ongoing or finished in 2015 to be certified

Previous (Re)development Certificates	
LEED Platinum	Liljeholmstorget Galleria
LEED Gold	Martinlaakson Ostari
LEED Silver	Rocca al Mare
LEED Certified	Trio

WATER

WATER CONSUMPTION (G4-EN8, CRE2, EPRA WATER-ABS, WATER-LFL, WATER-INT)

	Total water consumption (m^3)	Like-for-like total water consumption (m^3)	Total water consumption in shopping centres (m^3)	Total water consumption in like-for-like shopping centres (m^3)	Water intensity in shopping centres litre/visitor [1]	Water intensity in like-for-like shopping centres litre/visitor [1]
2011	639,457		573,626		3.8	
2012	632,306		581,990		4.0	
2013	603,014		560,464		3.7	
2014	723,423	400,643	685,898	386,705	4.3	3.5
2015	835,054	366,565	815,374	350,697	4.3	3.1
Change-% 2015/2014	15.4	-8.5	18.88	-9.3		
Change-% 2015/2011	30.6		42.1			

TOTAL WATER CONSUMPTION BY BUSINESS UNITS

	Total water consumption by business units (m^3)	Total water consumption in shopping centres by business units (m^3)	Total water consumption in like-for-like shopping centres by business units (m^3)	Water intensity by business units, litre/visitor
Finland				[1]
2011	295,336	253,101		3.1
2012	295,927	256,281		3.1
2013	294,216	253,844		2.9
2014	280,803	245,193	161,764	3.1
2015	253,637	235,001	151,394	3.0
Change-% 2015/2014	-9.7	-4.16	-6.4	
Change-% 2015/2011	-14.1	-7.2		
Norway				[1]
2015	192,998	192,998		5.1
Sweden				[1]
2011	287,360	263,764		6.9
2012	269,635	258,965		5.8
2013	237,718	235,540		5.9
2014	378,896	376,786	161,022	6.6
2015	328,039	326,995	138,922	5.8
Change-% 2015/2014	-13.4	-13.2	-13.7	
Change-% 2015/2011	14.2	24.0		
Baltics and Denmark				
2011	56,761	56,761		3.2
2012	66,744	66,744		3.5
2013	71,080	71,080		3.5
2014	63,919	63,919	63,919	3.7
2015	60,381	60,381	60,381	3.5
Change-% 2015/2014	-5.5	-5.5	-5.5	
Change-% 2015/2011	6.4	6.4		

1) Water intesity excludes Fruängen Centrum, Högdalen Centrum, Myllypuro, Heikintori, Glasshuspassasjen, Krokstad Senter and Lade where amount of visitors is not collected

The coverage of Water consumption is 98% of GLA owned and under operative control. The figures are based on measured consumption, estimates are not used.

WASTE

TOTAL WEIGHT OF WASTE BY DISPOSAL ROUTES (G4-EN23, EPRA WASTE-ABS)

	2015		2014	
	t	%	t	%
Landfill waste	1,137	4.9	2,106	12.2
Incinerated waste	8,151	35.3	4,294	25.1
Composted waste	4,148	17.9	2,628	15.4
Recycled waste	8,645	37.4	7,387	43.3
Reused waste	1,029	4.5	689	4.0
Total	23,110	100	17,105	100

TOTAL WEIGHT OF WASTE IN LIKE-FOR-LIKE PROPERTIES BY DISPOSAL ROUTES (G4-EN23, EPRA WASTE-LFL)

	2015		2014	
	t	%	t	%
Landfill waste	823	8.0	1,282	12.2
Incinerated waste	3,864	37.3	3,486	33.1
Composted waste	1,578	15.2	1,659	15.8
Recycled waste	3,612	34.9	3,585	34.1
Reused waste	476	4.6	509	4.8
Total	10,353	100	10,521	100

TOTAL WASTE AMOUNT BY BUSINESS UNITS

	t
Finland	
2011	10,143
2012	9,835
2013	9,959
2014	9,780
2015	9,465
Norway	
2015	7,088
Sweden	
2011	4,379
2012	4,067
2013	4,117
2014	6,338
2015	5,621
Baltics and Denmark	
2011	839
2012	994
2013	1,021
2014	986
2015	937

TOTAL WASTE AMOUNT

	t
2011	15,361
2012	14,896
2013	15,097
2014	17,105
2015	23,110
Change-% 2015/2014	35.1
Change-% 2015/2011	50.4

TOTAL WASTE AMOUNT IN SHOPPING CENTRES

	t
2011	14,596
2012	14,118
2013	14,446
2014	16,599
2015	22,882
Change-% 2015/2014	37.9
Change-% 2015/2011	56.8

TOTAL WEIGHT OF WASTE IN SHOPPING CENTRES BY TYPES

	2015		2014		2013		2012		2011	
	t	%	t	%	t	%	t	%	t	%
Non-hazardous waste										
Landfill	901	3.9	1,644	7.1	1,964	13.6	2,150	15.2	3,033	20.8
Energy	8,047	35.2	4,229	18.5	4,104	28.4	3,909	27.7	3,874	26.5
Paper	667	2.9	711	3.1	739	5.1	683	4.8	671	4.6
Plastic	335	1.5	1,900	8.4	66	0.5	56	0.4	54	0.4
Cardboard	6,785	29.7	4,066	17.8	3,686	25.5	3,588	25.4	3,604	24.7
Compost	4,125	18.0	2,580	11.3	2,658	18.4	2,711	19.2	2,193	15.0
Metal	327	1.4	221	1.0	220	1.5	145	1.0	159	1.1
Glass	445	1.9	308	1.3	377	2.6	287	2.0	384	2.6
Other recycled	795	3.5	578	2.5	432	3.0	338	2.4	370	2.5
Other unsorted waste	235	1.0	274	1.2	148	1.0	225	1.6	230	1.6
Hazardous	221	1.0	87	0.4	51	0.4	26	0.2	24	0.2
Total	22,882	100.0	14,446	100	14,118	100	14,596	100	14,596	100

The coverage of Waste data is 95% of GLA owned and under operative control (tenants are responsible for waste management in 5% of properties measured by GLA).

TOTAL WEIGHT OF WASTE IN SHOPPING CENTRES BY DISPOSAL ROUTES (G4-EN23, EPRA WASTE-ABS)

	2015		2014		2013		2012		2011	
	t	%	t	%	t	%	t	%	t	%
Landfill waste	1,135	5.0	1,918	11.5	2,112	14.7	2,375	16.8	3,263	22.4
Incinerated waste	8,047	35.2	4,229	25.5	4,104	28.3	3,909	27.7	3,874	26.5
Composted waste	4,125	18.0	2,580	15.5	2,658	18.5	2,711	19.2	2,193	15.0
Recycled waste	8,559	37.4	7,207	43.5	5,088	35.2	4,759	33.7	4,872	33.4
Reused waste	1,017	4.4	665	4.0	484	3.4	364	2.6	394	2.7
Total	22,882	100	16,599	100	14,446	100	14,118	100	14,596	100

TOTAL WEIGHT OF WASTE IN LIKE-FOR-LIKE SHOPPING CENTRES BY DISPOSAL ROUTES (G4-EN23, EPRA WASTE-LFL)

	2015		2014	
	t	%	t	%
Landfill waste	822	8.1	1,201	11.7
Incinerated waste	3,760	37.1	3,448	33.5
Composted waste	1,554	15.3	1,634	15.9
Recycled waste	3,526	34.8	3,508	34.1
Reused waste	470	4.6	506	4.9
Total	10,133	100	10,298	100

PROPORTION OF WASTE BY DISPOSAL ROUTE IN SHOPPING CENTRES BY BUSINESS UNITS (G4-EN23, EPRA WASTE-ABS)

%	Finland	Norway	Sweden	Baltics and Denmark
Landfill waste	8	1	5	8
Incinerated waste	29	28	52	48
Composted waste	21	24	8	4
Recycled waste	35	45	32	40
Reused waste	8	2	3	0
Total	100	100	100	100

TOTAL WEIGHT OF WASTE IN LIKE-FOR-LIKE SHOPPING CENTRES BY TYPES

	2015		2014	
	t	%	t	%
Non-hazardous waste				
Landfill	737	7.3	1,096	10.6
Energy	3,760	37.1	3,448	33.5
Paper	590	5.8	633	6.1
Plastic	47	0.5	44	0.4
Cardboard	2,602	25.7	2,534	24.6
Compost	1,554	15.3	1,634	15.9
Metal	115	1.1	117	1.1
Glass	172	1.7	181	1.8
Other recycled	388	3.8	444	4.3
Other unsorted waste	86	0.8	105	1.0
Hazardous	82	0.8	62	0.6
Total	10,133	100	10,298	100
Total amount change-% 2015/2014	-1.60			

RECYCLING RATE OF SHOPPING CENTRES

%	Total	Finland	Norway	Sweden	Baltics and Denmark
2011	77.6	69.8		94.8	82.1
2012	83.2	77.5		95.5	86.4
2013	85.4	80.4		96.5	86.2
2014	88.4	83.7		95.0	92.2
2015	95.0	92.4	99.2	94.6	92.3

PERSONNEL

NUMBER OF EMPLOYEES

	2015	2014	2013	2012	2011
Total number of employees 31 December (LA1)					
Total	146	152 *	137 *	129	136
Citycon Norway	172	-	-	-	-
Total incl. Citycon Norway	318	-	-	-	-
Personnel by country 31 December (LA1), %					
Finland	82 (25.8%)	92 (60.5%)	86 (66.7%)	86 (66.7%)	90 (66.2%)
Norway	172 (54.1%)	-	-	-	-
Sweden	51 (16.0%)	48 (31.6%) *	32 (24.8%) *	32 (24.8%)	35 (25.7%)
Estonia	9 (2.8%)	9 (6.0%)	9 (7.0%)	9 (7.0%)	9 (6.6%)
Netherlands	3 (1%)	3 (2.0%)	1 (0.8%)	1 (0.8%)	1 (0.7%)
Denmark	1 (0.3%)	-	-	-	-
Personnel by business unit 31 December (LA1), %					
Finnish business unit	43 (13.5%)	41 (27.0%)	60 (46.5%)	60 (46.5%)	58 (42.6%)
Norwegian business unit	172 (54.1%)				
Swedish business unit	48 (15.1%)	41 (27.0%) *	31 (24.0%) *	31 (24.0%)	35 (25.7%)
Baltics and Denmark	10 (3.1%)	9 (5.9%)	10 (7.8%)	10 (7.8%)	10 (7.4%)
Group functions	45 (14.2%)	61 (40.1%)	28 (21.7%)	28 (21.7%)	33 (24.3%)

The following mathematical formula has been used in the Social Responsibility text:

Absentee rate =

$$\frac{\text{Total absent days due to illness (1 Jan.–31 Dec.)}}{\text{Theoretical working days (1 Jan.–31 Dec.)}} \times 100\%$$

Number of training days per employee =

$$\frac{\text{Total training days (1 Jan.–31 Dec.)}}{\text{Employees average (1 Jan.–31 Dec.)}}$$

PERSONNEL KEY FIGURES [1)]

	2015	2014	2013	2012	2011
Employment type 31 December (LA1)					
Permanent employees/Fixed-term employees	305/13 (95.7%/4.3%)	130/21 (86.1%/13.9%)	112/15 (88.2/11.8%)	122/7 (94.6/5.4%)	130/6 (95.6/4.4%)
Full-time employees/Part-time employees	304/14 (95.4%/4.6%)	145/6 (96.0%/4.0%)	120/7 (94.5/5.5%)	125/4 (96.9/3.1%)	134/2 (98.5/1.5%)
Average age of employees and sex distribution (LA1)					
Average age, years 31 December	43.2	39.9	41	42	42
Employees under age 18 during the year	0	0	0	0	0
Female/male percentage 31 December	47.8/52.2	49.0/51.0	53.5/46.5	52.7/47.3	50.0/50.0
Employee turnover during the year (LA1 and LA15)					
New contracts including short-term substitutions	32	52	31	28	26
Female/male percentage of new contracts	62.5/37.5	41.4/59.6	58.1/41.9	[2)]	[2)]
Permanent employees left Citycon	27	20	25	28	18
Female/male percentage of left employees	29.6/70.4	35.0/65.0	52.0/48.0	[2)]	[2)]
Return to work after parental leave, %	100	100	100	100	100
Employee performance reviews (LA12)					
Twice a year (objective), % **	78.9	73.2	58.6	26.7	42.1
Once a year, % **	98.6	99.0	93.1	62.9	77.2
Training days (LA10)					
Days during the year **	333.7	418.5	516	469	563
Days per employee**	2.2	2.9	4.2	3.6	4.3
Sick days and work-related accidents (LA7)					
Number of sick days during the year **	307	243	220	424	409
Sick days per employee **	2.0	1.7	1.8	3.2	3.1
The absentee rate **	0.8	0.7	0.7	1.3	1.2[3)]
Work accidents resulting in absence	0	0	0	0	2
Fatalities	0	0	0	0	0

** Figures include Kista Galleria employees*
*** Figures don't include Citycon Norway employees*

1) Figures include Citycon Norway employees for the most part
2) Not reported
3) Revised number

All employment relationships are based on a legal employment contract.

ECONOMIC RESPONSIBILITY

ECONOMIC VALUE GENERATED AND DISTRIBUTED (EC1)[1]

	2015	2014
Direct economic value generated		
a) Revenues		
Finland	139.0	147.7
Norway	60.5	0.0
Sweden	60.4	60.5
Baltics and Denmark	35.6	37.2
Gross rental income	223.9	189.4
Service charge income	71.7	55.9
Revenues from sale of investment properties[2]	126.8	29.5
Economic value distributed		
b) Operating costs		
Finland	-35.2	-38.1
Norway	-15.6	0.0
Sweden	-14.8	-15.4
Baltics and Denmark	-8.2	-8.6
Headquarter	0.0	0.0
Purchases related to property operating costs	-73.8	-62.1
Finland	-109.0	-95.9
Norway	-1,556.2	0.0
Sweden	-43.7	-26.0
Baltics and Denmark	-8.4	-0.7
Headquarter	-1.3	-2.9
Investments	-1,718.6	-125.5

	2015	2014
c) Employee wages and salaries		
Finland	-2.7	-2.6
Norway	-9.5	0.0
Sweden	-3.4	-2.3
Baltics and Denmark	-1.0	-0.6
Headquarter	-5.5	-5.8
Paid wages and salaries	-22.1	-11.4
Finland	0.0	0.0
Norway	-0.1	0.0
Sweden	0.0	0.0
Baltics and Denmark	0.0	0.0
Headquarter	0.0	-0.1
Funds used for employee training	-0.2	-0.1
d) Payments to providers of capital[2]		
Paid dividends and return from invested unrestricted equity fund	-89.2	-66.3
Loan repayments and proceeds	3.9	-286.1
Paid and received financial expenses as well as realised exchange rate losses/gains	-57.9	-37.3
e) Payments to government		
Income taxes received/paid (directly from/ to government)[2]	-0.2	-0.7
Finland	-3.6	-3.6
Norway	-0.7	0.0
Sweden	-3.2	-3.4
Baltics and Denmark	-0.4	-0.4
Property taxes (payments to government as agent, recharged to tenants)	-7.8	-7.4

1) The figures do not include Kista Galleria
2) Items from the cash flow

Purchases related to property maintenance totalled EUR 73.8 million (EUR 62.1 million). Of which 48% was spent in Finland, 21% in Norway, 20% in Sweden and 11% in Baltics and Denmark. Services related to property maintenance always require the use of local employees. Energy was the largest cost item included in maintenance costs. The principal heating method in properties is district heating, which is procured locally from each region's district heating company. Electricity is purchased on a centralised basis in all countries.

REPORTING PRINCIPLES, METHOLOGY AND BOUNDARIES

REPORTING PRINCIPLES

This is Citycon's seventh integrated Annual and Sustainability Report. Reporting covers all of Citycon's operations in all operating countries. Citycon applies Global Reporting Iniative's (GRI) G4 reporting recommendations and GRI's construction and real-estate sector-specific (CRESS) guidelines, regarding the content and principles of sustainability reporting. Environmental indicators are reported in accordance with the guidelines published by EPRA in autumn 2014. Calculation methods have been retroactively revised to achieve compliance with the new and revised guidelines. Coverage in terms of GRI's G4 reporting recommendations is presented on pages 88–92. Citycon reports according to the GRI G4 "Core" level. The report is published annually and the information presented corresponds to the company's financial year i.e. 1 January–31 December.

METHODOLOGY AND BOUNDARIES

Reported measures related to environmental responsibility covers owned and rented shopping centres and other properties where Citycon's ownership is at least 50% and where it has operational control. Excluding two properties. This represents 98% of the leasable area owned by Citycon. Environmental data covers shopping centres and other properties which were owned by Citycon on 31.12.2015. Environmental data of managed properties (on behalf of other owners) is presented on the page 78 but excluded from Citycon's total numbers. The figures are based on measured consumption, estimates are not used. Kista Galleria shopping centre is included in the environmental data from 2014 onwards. Kista Galleria's energy expenses are excluded from Citycon's IFRS based figures. Figures include Citycon Norway, acquired in 2015, entire year data 2015. Concerning target setting, also the baseline of 2014 is updated with Citycon Norway data.

Even though annual changes in property portfolio due to acquisitions, sales and (re)development do not make reasonable comparisons over years, Citycon still reports total portfolio performance according to the limitations mentioned earlier. Citycon follows in sustainability reporting EPRA's financial Best Practices Recommendations. Properties, which have been consistently in operation, and not under development, during the two full preceding periods, are included in like-for-like portfolio. Sold properties are excluded from like-for-like comparison.

ENERGY

Citycon also reports the tenants' electricity consumption in cases where Citycon is responsible for electricity procurement. In shopping centres, tenants have in most of the cases own electricity meters and purchase agreement and Citycon has no availability to data related to tenants' consumption. In twenty-four properties out of sixty-two, electricity consumption is partially or totally recharged from tenants. When energy procurement agreement is on tenant's responsibility, it has been excluded from reporting. Energy used for heating and cooling is reported in its entirety. In terms of intensity figures, Citycon has limited the reported electricity consumption to common areas, where it can directly influence. This includes the electricity used for general lighting, ventilation and cooling, as well as lift s and escalators and other building technical systems. Based on the case studies, the share of electricity consumption in common areas is 25–70% of total electricity consumption depending on heating, lighting and other technical solutions, as well as on level of controllability. Even though a mismatch exists between numerator and denominator of the intensity indicator (kWh/sq.m.), for the denominator is chosen gross leasable area, which still is most feasible of the alternatives. Intensity indicator is calculated also per visitors.

EMISSIONS INTO THE AIR

In calculating its carbon footprint, Citycon applies the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development. The market-based emissions factors for 2015 (and for 2014 target baseline) for electricity are supplier-specific emissions factors, and in addition, Guarantees of Origin have been taken into account. For Estonia, supplier-specific factors were not available, therefore, an average for 2012–2014 RE-DISS emissions factors have been used. District heat emission factors for 2015 are based on national statistics in Finland and Sweden (five year averages: Statistics Finland 2008–2012 and Swedish District Heating Association 2009–2013). In Estonia emission factor for district heating is based on data provided by the heat supplier (three year average 2012–2014).

In calculation of greenhouse gas intensity from building energy, same principles are applied than in energy intensity calculation with the exception that landlord obtained tenant electricity is included.

WATER

Reported water covers water consumed in common areas and by tenants. All water comes from municipal waterworks.

WASTE

The recycling rate indicates recycled, incinerated or reused waste fractions as a share of the total waste volume. Landfill waste is not included in recycled items. Waste reporting covers all properties where Citycon is responsible for waste management. Properties in which tenants are responsible for waste management are excluded from reporting, as there is no record available of their waste quantities. These properties represent 5% of the leasable area owned by Citycon.

ASSURANCE

Ernst & Young Oy has provided limited assurance for numerical environmental indicators. The assured indicators have been marked into the GRI and EPRA tables presented on pages 88–92. The Assurance statement can be found on the page 93.

GLOSSARY

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.

Net yield requirement: For market value calculation, the net yield requirement comprises risk-free rate of interest as well as property and market-specific 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.

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.

Like-for-like property: A property owned by the company for the whole current and previous period, excluding properties under development and expansion as well as lots.

Occupancy cost ratio (OCR): Calculated as the share of annual gross rent paid by a tenant to Citycon, of the tenant's annual sales, excluding VAT. Expresses tenant's ability to pay rent.

ENVIRONMENTAL RESPONSIBILITY

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).

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.

GHG protocol: Greenhouse gas protocol; an accounting tool for calculating the size of carbon footprints.

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 as well as waste oil.

ASSOCIATIONS AND PROGRAMS

CRESS: Construction and Real Estate Sector Supplement. GRI's Construction and Real Estate Sector Supplement which provides guidance for anyone who invests in, develops, constructs, or manages buildings.

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.[1]

GRESB: The Global Real Estate Sustainability Benchmark. Global survey of property funds and real estate companies disclosing information on environmental management and performance. The survey's initiative origins from a global consortium of institutional investors. The survey was conducted by GRESB Foundation.

GRI: Global Reporting Initiative. A non-profit organization that works towards a sustainable global economy by providing sustainability reporting guidance.

ICSC: The International Council of Shopping Centers.[1]

IEA: The International Energy Agency.

NCSC: The Nordic Council of Shopping Centers.[1]

RAKLI ry: The Finnish Association of Building Owners and Construction Clients.[1]

SIPA: Scandinavian International Property Association.[1]

WBCSD: World Business Council for Sustainable Development.

WRI: World Resource Institute.

ABBREVIATIONS

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

1) Citycon is a member

OPERATIONAL KEY FIGURES

GRI G4 DISCLOSURE ON MANAGEMENT APPROACH (DMA)

	ENVIRONMENT	PEOPLE	COMMUNITY AND COMPANIONSHIP
Material aspects	**Energy, CO_2, water, waste, sustainable construction & green buildings**	**Good employer**	**Connectivity & Engagement with local comunities**
Policies & commitments	Subject to the EED, energy efficiency audit law. Member of the Finnish Property and Building sector Energy Efficiency Agreement 2010–2016. Strategic environmental targets (Energy, Carbon footprint, Water, Waste, Renewable energy, Building certifications) and programme guiding the work. New buildings: Citycon has a policy to acquire an environmental certification for major (re)developments. In addition to external environemental classification principles Citycon has internal guidelines. Existing buildings: internal guidelines as well as external benchmarks used, 49% of our properties are BREEAM In Use certified. Majority of the properties to be certified by 2017.	Several policies and guidelines in place to commit our management and employees to act as One: - HR Strategy - Employee Equality Plan - Occupational Health and Safety Action Plan - Performance Management process CODE - Different policies to support employees' capability and ability to work, including rehabilitation and early intervention plans. We also see our One Citycon Cooperation Group and local health and safety committees as a commitment to the cooperation with our employees.	Connectivity is part of our core portfolio criteria, 'urban environments'. Linked to public transportation, focused on capital city regions and population growth, health care, municipal services, education incorporated in the centres. Community actitivity checklist in place to steer our community activities. Socio-Economic Impact measurement project started in 2015. We started the project by establishing a few key indicators, such as local jobs created, and established a roadmap towards more extensive understanding of our impacts.
Targets & actions	Main targets and actions during 2015 are presented in the report on pages 38–39; 44–51.		
Responsibilities & resources	Business operations are supported by group level coordinator. The Sustainability function is headed by the Chief Investment Officer.	The VP of Human Resources is responsible for ensuring that the HR processes and plans are implemented in all Citycon countries by the HR Team, in cooperation with management.	
Evaluation of management approaches	We follow up on results achieved and develop our environmental management practices in connection to other strategic policies, the risk management programme, changes in the internal and external operating environments, including trends, industry best practices and benchmarks.	We collect information from the employees annually with an Employee Survey to evaluate the effectiveness and results of this management approach. The results are reviewed and action plans to improve them, and possible changes to the approach, are made. We also perform various analyses to review that employees are treated fairly and equally.	

Tenant satisfaction and cooperation	**Health and safety in shopping centres**	**Responsible supply chain management & Ethical business conduct and transparency**
Tenant satisfaction survey conducted annually. The survey takes into account several different aspects, such as the fluency of co-operation, the activities of Citycon shopping centre teams and how satisfied the tenants are with the marketing and services provided by the shopping centres. The results help Citycon to identify development areas in the centres, to improve activities and to measure the impact of measures taken.	Policies and trainings in place, including crisis plan and training. Various initiatives and collaboration agreements are in place to ensure the safety of our shopping centres.	Citycon's Code of Conduct lays down the ethical principles and business standards the company adheres to in all of its operations. Internal communication and training is provided to promote the Code of Conduct. Reports concerning any violation of the principles set out in the Code of Conduct, can be provided anonymously by submitting a report via Citycon's webpage. All reports will be treated with the strictest confidentiality. The principles of the reporting procedure are recorded in Citycon's Whistleblowing Procedure. The reporting line is open for employees as well as business partners. By applying Citycon's Business Code of Conduct to all material business relationships Citycon requires suppliers to fully embrace Citycon's Code of Conduct or similar high ethical principles and act accordingly. If a supplier should breach the Business Code of Conduct, Citycon may terminate its agreement with them.

Main targets and actions during 2015 are presented in the report on pages 38–39; 44–51.

Business operations are supported by group functions such as sustainability, legal, marketing, security and HR management activities.

We follow up on results achieved and develop our management practices in connection to other strategic policies, the risk management programme, changes in the internal and external operating environments, including trends, industry best practices and benchmarks

GRI TABLES

COMPARISON OF THE REPORT WITH THE GUIDELINES OF THE GLOBAL REPORTING INITIATIVE AND EPRA BEST PRACTICES RECOMMENDATIONS ON SUSTAINABILITY REPORTING

GRI G4 code	EPRA Sustainability BPR	Indicator content	Page	Comments	Limited assurance	Coverage % (EPRA sBPR)
		Strategy and analysis				
G4-1		Statement from CEO	12–15; 38–39			
G4-2		Key impacts, risks, and opportunities	34–35; 42–43; 60–61			
		Organisational profile				
G4-3–G4-9		Organisational profile	3–9; 53	www.citycon.com/about-us		
G4-10		Total number of employees by employment contract, region and gender	81–82			
G4-11		The percentage of total employees covered by collective bargaining agreements		Personnel is not covered by collective bargaining agreements.		
G4-12		The organization's supply chain	34–35; 83			
G4-13		Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	16–17; 42–43			
G4-14		Whether and how the precautionary approach or principle is addressed	60–61			
G4-15		Externally developed charters, principles, or other initiatives to which the organization subscribes or which it endorses		Property and Building Sector Energy Efficiency Agreement in Finland.		
G4-16		Memberships of associations (such as industry associations) and national or international advocacy organizations	85	Green Building council Finland, Norway.		
		Identified material aspects and boundaries				
G4-17		The organization's consolidated financial statements	3–9; 84			
G4-18		Defining the report content and the aspect boundaries	40; 84			
G4-19		Material aspects	40; 84			
G4-20		Material aspect boundary within the organization	40; 42–43; 84			
G4-21		Material aspect boundary outside the organization	40; 42–43; 84			
G4-22		The effect of any restatements of information provided in previous reports		Minor updates in the environmental figures of 2014.		
G4-23		Significant changes from previous reporting periods in the scope and aspect boundaries	84			
		Stakeholder engagement				
G4-24		Stakeholder groups engaged by the organization	42–43			
G4-25		Basis for identification and selection of stakeholders with whom to engage	42–43			
G4-26		The organization's approach to stakeholder engagement	42–43			
G4-27		Key topics and concerns that have been raised through stakeholder engagement	42–43			
		Report profile				
G4-28		Reporting period	84			
G4-29		Date of most recent previous report		www.citycon.com/reports-and-presentations		

GRI G4 code	EPRA Sustainability BPR	Indicator content	Page	Comments	Limited assurance	Coverage % (EPRA sBPR)
G4-30		Reporting cycle	84			
G4-31		Contact point for questions regarding the report or its contents		www.citycon.com/reports-and-presentations		
G4-32		GRI content index	88–92			
G4-33		Policy and current practice with regard to seeking external assurance for the report	84; 93			
		Governance				
G4-34-53		Governance structure, processes, remuneration	53–59			
		Ethics and integrity				
G4-56-58		Values, principles, standards and norms; mechanisms for seeking advice; mechanisms for reporting	9; 52	www.citycon.com/code-of-conduct		
		Management approach				
G4-DMA		General management approach	86–87			
		Economic				
		Economic performance				
G4-EC1		Direct economic value generated and distributed	34–35; 83	Further information can be found in Financial Statements.		
G4-EC2		Financial implications and other risks and opportunities for the organization's activities due to climate change	60–61	www.citycon.com/sustainability		
G4-EC3		Coverage of the organization's defined benefit plan obligations		The company acts in accordance with legislation, not reported separately.		
G4-EC4		Financial assistance received from government		Received subsidies EUR 0.2 million in Finland.		
		Indirect economic impacts				
G4-EC8		Significant indirect economic impacts, including the extent of impacts	34–35;51			
		Procurement practices				
G4-EC9		Proportion of spending on local suppliers at significant locations of operation	34–35; 83			
		Environmental				
		Energy				
G4-EN3	Elec-Abs, DH&C-Abs, Fuel-Abs Elec-LfL DH&C-LfL Fuels-LfL	Energy consumption within the organization	46–49; 74–75	(Re)development projects are not included in the reported figures (represent minor share of total energy consumption) the list of ongoing (re)developments can be found on page 72.	✓	98; l-f-l 100
G4-EN6		Reduction of energy consumption	46–49; 74–75			
G4-EN7		Reductions in energy requirements of products and services	46–49; 74–75			
CRE1	Energy-Int	Building energy intensity	46–49;74		✓	98
		Water				
G4-EN8	Water-Abs; Water-LfL	Total water withdrawal by source	48–49; 78	Water comes from municipal waterworks.	✓	98; l-f-l 100
CRE2	Water-Int	Building water intensity	48–49; 78			98
		Biodiversity				
G4-EN11		Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	49			

GRI G4 code	EPRA Sustainability BPR	Indicator content	Page	Comments	Limited assurance	Coverage % (EPRA sBPR)
		Emissions				
G4-EN15	GHG-Dir-Abs; GHG-Dir-LfL	Direct greenhouse gas (GHG) emissions (scope 1)	46–49; 76–77		✓	98; l-f-l 100
G4-EN16	GHG-Indir-Abs; GHG-Indir-LfL	Energy indirect greenhouse gas (GHG) emissions (scope 2)	46–49; 76–77		✓	98; l-f-l 100
G4-EN17	GHG-Indir-Abs	Other indirect greenhouse gas (GHG) emissions (scope 3)		Calculated partly.	✓	98; l-f-l 100
G4-EN19		Reduction of greenhouse gas (GHG) emissions	46–49; 76–77			
CRE3	GHG-Int	Greenhouse gas emissions intensity from buildings	46–49; 76–77		✓	98
		Effluents and Waste				
G4-EN22		Total water discharge by quality and destination		Waste water and rain water is led to municipal sewer system.		
G4-EN23	Waste-Abs; Waste l-f-l	Total weight of waste by type and disposal method	79–81		✓	95; l-f-l 95
G4-EN24		Total number and volume of significant spills		No such cases in 2015.		
		Products and Services				
G4-EN27		Extent of impact mitigation of environmental impacts of products and services	46–49; 77			
		Compliance				
G4-EN29		Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		No misconducts during 2015.		
		Supplier environmental assessment				
G4-EN32		Percentage of new suppliers that were screened using environmental criteria	52	No screenings. Citycon's Business Code of Conduct applied to all material business relationships.		
		Environmental grievance mechanisms				
G4-EN34		Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	52	No reports received via our Code of Conduct reporting channel.		
		Social				
		Labor practices and decent work				
		Employment				
G4-LA1		Total number and rates of new employee hires and employee turnover by age group, gender and region		New employee hires are not reported by age group and region, dute to the relatively small number of employees.		
G4-LA3		Return to work and retention rates after parental leave, by gender	82			
		Labor/management relations				
G4-LA4		Minimum notice periods regarding operational changes, including whether these are specified in collective agreements		Citycon complies with local legislation and regulations. Statutory negotiations between the employer and employees take place within a co-operation group. Employee representatives are elected for a term of two years at a time. The group discusses matters affecting the entire personnel.		
		Occupational Health and Safety				
G4-LA5		Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs		Co-operative occupational safety committee in Finland. Matters discussed include issues related to health and safety, as well as work-life balance.		
G4-LA6		Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	82			

GRI G4 code	EPRA Sustainability BPR	Indicator content	Page	Comments	Limited assurance	Coverage % (EPRA sBPR)
		Training and Education				
G4-LA9		Average hours of training per year per employee by gender, and by employee category	82	We offer all employees equal possibilities to participate in training.		
G4-LA11		Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	82	In accordance to our HR policy all employees partake in annual performance reviews.		
		Diversity and Equal Opportunity				
G4-LA12		Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	44–45; 82; 56–57			
		Supplier Assessment for Labor Practices				
G4-LA14		Percentage of new suppliers that were screened using labor practices criteria	52	No screenings. Citycon's Business Code of Conduct applied to all material business relationships.		
		Labor practices grievance mechanisms				
G4-LA16		Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms		No reports received via our Code of Conduct reporting channel.		
		Human rights				
		Investment				
G4-HR1		Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		According to Citycon's evaluation no significant risks exists in operating areas and therefore no special terms included in the contracts, for the time being.		
		Non-discrimination				
G4-HR3		Total number of incidents of discrimination and corrective actions taken		No such cases in 2015.		
		Freedom of Association and Collective Bargaining				
G4-HR4		Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights		According to Citycon's evaluation no significant risks exists in operating areas Citycon Code of Conduct, www.citycon.com/Sustainability		
		Child labor				
G4-HR5		Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	52	No identified risks in operation areas. Citycon Code of Conduct, www.citycon.com/Sustainability		
		Forced or Compulsory Labor				
G4-HR6		Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	52	No identified risks in operation areas. Citycon Code of Conduct, www.citycon.com/Sustainability		
		Security practices				
G4-HR7		Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations		Citycon does not directly employ security guards, the security Manager employed by Citycon has been trained as well as other personnel.		
		Human rights grievance mechanisms				
G4-HR12		Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms		No reports received via our Code of Conduct reporting channel.		

GRI G4 code	EPRA Sustainability BPR	Indicator content	Page	Comments	Limited assurance	Coverage % (EPRA sBPR)
		Society				
		Local communities				
G4-SO1		Percentage of operations with implemented local community engagement, impact assessments, and development programs	34–35; 50–51	In 2015, we started a project to better understand the social and economic effects Citycon has in the community. The impact figures presented on the page 35 (and 9, 11) include government induced effect include, i.e. the impact of higher tax income which is assumed to affect government spending.		
G4-SO2		Operations with significant actual and potential negative impacts on local communities	42–43; 50–51	Residents briefings in connection with development projects.		
		Anti-corruption				
G4-SO3		Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	52	Citycon Code of Conduct, www.citycon.com/Sustainability		
G4-SO4		Communication and training on anti-corruption policies and procedures	52	Mandatory e-learning tool for the whole personnel. Citycon Code of Conduct, www.citycon.com/Sustainability		
G4-SO5		Confirmed incidents of corruption and actions taken		No such cases in 2015.		
		Public policy				
G4-SO6		Total value of political contributions by country and recipient/beneficiary	52			
		Anti-competitive Behavior				
G4-SO7		Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes		No such cases in 2015.		
		Compliance				
G4-SO8		Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		No such cases in 2015.		
		Supplier Assessment for Impacts on Society				
G4-SO9		Percentage of new suppliers that were screened using criteria for impacts on society		No screenings. Citycon's Business Code of Conduct applied to all material business relationships.		
		Grievance Mechanisms for Impacts on Society				
G4-SO11		Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms		No reports received via our Code of Conduct reporting channel.		
		Product responsibility				
		Customer Health and Safety				
G4-PR2		Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes		No such cases in 2015.		
		Product and Service Labeling				
G4-PR5		Results of surveys measuring customer satisfaction	24–24; 35; 42–43	Satisfaction survey carried out at end of the year 2015.		
CRE8	Cert-tot	Sustainable development certificates	77	www.citycon.com/environmental-certifications	✓	100
		Marketing communications				
G4-PR7		Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes		No such cases in 2015.		
		Customer privacy				
G4-PR8		Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		No such cases in 2015.		
		Compliance				
G4-PR9		Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		No such cases in 2015.		

INDEPENDENT ASSURANCE REPORT

(TRANSLATED FROM ORIGINAL REPORT IN FINNISH LANGUAGE)

TO THE MANAGEMENT OF CITYCON OYJ

At the request of the Management of Citycon Oyj (hereafter Citycon) we have performed a limited assurance engagement on the numerical environmental data presented for the reporting period 1.1.–31.12.2015 in Citycon's Annual and Sustainability Report 2015 (hereafter corporate responsibility information).

MANAGEMENT'S RESPONSIBILITY

The Management of Citycon is responsible for the preparation and presentation of the corporate responsibility information in accordance with the *Global Reporting Initiative (GRI) Sustainability Reporting Guidelines G4, EPRA (European Public Real Estate Association) Best Practice Recommendations on Sustainability Reporting (2nd Edition)* and Citycon's internal reporting guidelines (hereafter the reporting principles).

ASSURANCE PROVIDER'S RESPONSIBILITY

It is our responsibility to present an independent conclusion on the corporate responsibility information based on our work performed. We do not accept nor assume responsibility to anyone else except to Citycon for our work, for the assurance report and for the conclusions that we have reached.

We have conducted the assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information'. The ISAE 3000 standard requires compliance with ethical requirements as well as planning and performing the assurance engagement to obtain limited assurance on whether the corporate responsibility information has been prepared, in all material respects, in accordance with the reporting principles.

ASSURANCE PROVIDER'S INDEPENDENCE AND QUALITY ASSURANCE

We comply with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the IESBA (International Ethics Standards Board for Accountants). We apply ISQC 1 (International Standard on Quality Control) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

LIMITATIONS OF THE ENGAGEMENT

Assurance is provided only on the numerical environmental information disclosed in Citycon's Annual and Sustainability Report 2015. We have not been engaged to provide assurance on amounts or disclosures relating to other topics or to prior reporting periods presented in the Annual and Sustainability Report 2015.

In a limited assurance engagement the evidence gathering procedures are more limited than in a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the Assurance Provider's judgment, including an assessment of the risks that the corporate responsibility information would not, in all material respects, comply with the reporting principles.

We have planned and performed our engagement to obtain sufficient appropriate evidence on which to base our conclusion.

a. An update of our knowledge and understanding of Citycon's material sustainability reporting topics, organisation and activities,
b. An assessment of suitability and application of the reporting principles regarding the stakeholders' needs for information,
c. Interviews with personnel responsible for gathering and consolidation of the corporate responsibility information to understand the systems, processes and controls related to gathering and consolidating the information,
d. Visiting a site in Sweden and a site in Finland to obtain evidence of the data gathering and consolidation process,
e. Reviewing environmental data from source systems and checking the data to reporting information on a sample basis,
f. Reviewing the disclosed data presentation with regard to GRI G4 Guidelines and EPRA Best Practice recommendations.

Our assurance report should be read in conjunction with the inherent limitations of accuracy and completeness for corporate responsibility information. This independent assurance report should not be used on its own as a basis for interpreting Citycon's performance in relation to its principles of corporate responsibility.

CONCLUSION

Based on our work described in this report, nothing has come to our attention that causes us to believe that the corporate responsibility information has not been prepared, in all material respects, in accordance with the reporting principles, or that the Information is not reliable, in all material respects, based on the reporting principles.

Helsinki, 24 February 2016

Ernst & Young Oy

Mikko Rytilahti
Partner, Authorized Public Accountant

Jani Alenius
Leader of Climate Change and Sustainability Services

FINANCIAL STATEMENTS 2015

CONTENTS

REPORT BY THE BOARD OF DIRECTORS

In 2015, Citycon's operational results developed positively, with like-for-like net rental income growing by 1.1% and occupancy rate increasing by 0.5%-points to 96.8%. The year was characterised by the acquisition and integration of the Norwegian Sektor Gruppen AS (Sektor). The results for the Norwegian operations, included in the company's financials for the first time in Q3/2015, were in line with expectations. During the year Citycon also focused on enhancing the quality and composition of its portfolio by divesting non-core assets and investing in accretive (re)development projects. Citycon's financial position and balance sheet was strengthened through a rights issue and several debt financing transactions. All these efforts contributed to an EPRA Earnings increase of 31.2%.

JANUARY–DECEMBER 2015

Citycon met its financial targets for 2015. The company specified its guidance twice during the year. In the Q3 interim report, the company stated that it expects its Direct Operating profit to change by EUR 23–29 million and EPRA Earnings to change by EUR 28–34 million in 2015 compared to 2014, and forecasted an EPRA Earnings per share of EUR 0.17–0.18. In 2015 Direct Operating profit increased by EUR 25.6 million and EPRA Earnings increased by EUR 31.1 million compared to 2014. EPRA Earnings per share was EUR 0.173.

- Gross rental income increased to EUR 223.9 million (Q1–Q4/2014: EUR 189.4 million) mainly due to the Sektor acquisition, which contributed by EUR 43.0 million to gross rental income. Divestments decreased gross rental income by EUR 7.6 million.
- Net rental income increased by EUR 30.3 million, or 17.9%, to EUR 199.6 million (EUR 169.4 million) mainly due to the reasons explained above. Net rental income of like-for-like properties increased by EUR 1.2 million, or 1.1%, excluding currency changes.
- EPRA Earnings increased by EUR 31.1 million, or 31.2% mainly as a result of the Sektor acquisition. In addition, lower direct financing expenses of EUR 4.8 million increased EPRA Earnings. EPRA Earnings per share (basic) was EUR 0.173 (EUR 0.178).
- Earnings per share was EUR 0.14 (EUR 0.15).
- Net cash from operating activities per share increased to EUR 0.15 (EUR 0.12) mainly due to lower paid interest costs.
- The Board of Directors proposes to the Annual General Meeting a dividend of EUR 0.01 per share for the financial year 2015, and an equity repayment of EUR 0.0275 per share from the invested unrestricted equity fund. Additionally, the Board of Directors will seek an authorization to decide in its discretion on the distribution of assets from the invested unrestricted equity fund for a maximum of EUR 0.1125 per share.

KEY FIGURES [1]

		2015	2014	% [3]
Gross rental income	MEUR	223.9	189.4	18.2
Net rental income	MEUR	199.6	169.4	17.9
Direct Operating profit	MEUR	175.4	149.8	17.1
Profit/loss attributable to parent company shareholders	MEUR	108.8	84.5	28.7
Earnings per share (basic) [2]	EUR	0.14	0.15	-4.7
Net cash from operating activities per share [2]	EUR	0.15	0.12	22.2
Fair value of investment properties	MEUR	4,091.6	2,769.1	47.8
Loan to Value (LTV)	%	45.7	38.6	18.4

EPRA based key figures		2015	2014	% [3]
EPRA Earnings	MEUR	130.8	99.7	31.2
EPRA Earnings per share (basic) [2]	EUR	0.173	0.178	-2.8
EPRA NAV per share	EUR	2.74	3.01	-9.1

1) Citycon has changed its income statement format to be more comparable to its peers'. Citycon excluded turnover row and reclassified maintenance rents (EUR 53.4 million in 2015 and EUR 42.6 million in 2014) from gross rental income to service charges.

2) Result per share key figures have been calculated with the issue-adjusted number of shares resulting from the rights issue completed in July 2015.

3) Change-% is calculated from exact figures and refers to the change between 2015 and 2014.

NET RENTAL INCOME AND GROSS RENTAL INCOME BY SEGMENT AND PROPERTY PORTFOLIO

Net rental income						Gross rental income
MEUR	Finland	Norway	Sweden	Baltics and Denmark	Total	Total
2013	103.5	-	39.7	25.6	168.9	192.6
Acquisitions	-	-	-	-0.4	-0.4	-0.2
(Re)development projects	-1.0	-	0.8	2.1	1.9	1.5
Divestments	-2.1	-	-0.5	0.0	-2.6	-3.5
Like-for-like properties	2.5	-	1.2	0.1	3.8	1.5
Other (incl. exchange rate difference and IFRIC 21 impact)	-	-	-2.3	-	-2.3	-2.5
2014	103.0	-	38.9	27.5	169.4	189.4
Acquisitions	-0.4	36.8	0.0	0.3	36.8	43.2
(Re)development projects	-1.5	-	0.7	0.0	-0.8	0.0
Divestments	-4.0	-	-0.7	-1.1	-5.8	-7.6
Like-for-like properties	-0.2	-	2.0	-0.5	1.2	0.2
Other (incl. exchange rate difference and IFRIC 21 impact)	0.0	-	-1.0	0.0	-1.0	-1.3
2015	96.9	36.8	39.7	26.2	199.6	223.9

MAIN EVENTS IN 2015

- On 28 January Citycon signed an agreement with TK development regarding the forward purchase of the Straedet project in Køge in the greater Copenhagen area. Citycon will acquire the property at completion in Q3/2017 for EUR 75 million.
- On 25 May Citycon announced that it will acquire all the shares in the Norwegian shopping centre company Sektor. The transaction was completed on 14 July and the debt-free acquisition price amounted to approximately EUR 1.47 billion and the cash purchase price to approximately EUR 540 million. Sektor is consolidated in Citycon's financial numbers as of 1 July.
- As part of the financing of the Sektor acquisition Citycon executed a rights issue of approximately EUR 600 million in June–July. The rights issue was oversubscribed.
- On 24 August Citycon placed NOK 2.65 billion bonds in two tranches, split in a 10-year fixed rate tranche and a 5.5-year floating rate tranche. The bonds were allocated to a broad base of Nordic investors.
- In August Citycon started the (re)development of the new shopping centre Mölndal Galleria in Gothenburg in cooperation with its joint venture partner NCC.
- Citycon placed a EUR 300 million 7-year Eurobond on 8 September. The bond offering was oversubscribed and allocated to a broad base of European investors.
- Citycon acquired the 31% minority stakes in the shopping centres Storbyen, Sjøsiden and Oasen in Norway for EUR 31 million on 11 November. After the transaction, Citycon owns 100% of the shopping centres.

NET RENTAL INCOME GROWTH THROUGH THE ACQUISITION OF SEKTOR

Citycon's net rental income increased by 17.9% and was EUR 199.6 million (EUR 169.4 million). The increase was mainly attributable to the acquisition of Sektor, which contributed to Citycon's net rental income growth by EUR 36.8 million. This was offsetting the impact of divestments of non-core assets and a weaker Swedish krona which lowered net rental income by EUR 5.8 million and EUR 1.0 million respectively. In addition, on-going (re) development projects decreased net rental income by a total of EUR 0.8 million. Citycon's gross rental income came to EUR 223.9 million (EUR 189.4 million), acquisition of Norwegian operations increasing gross rental income by EUR 43.0 million. Divestments reduced gross rental income by EUR 7.6 million and the weaker Swedish krona by EUR 1.3 million.

For the like-for-like portfolio, gross rental income grew by EUR 0.2 million, or 0.1%, and net rental income developed positively increasing by EUR 1.2 million, or 1.1%. Like-for-like property operating expenses were 0.5% lower than previous year, the decrease deriving from strict cost management and lower heating and electricity costs. Like-for-like net rental income in shopping centres increased by 1.6% while declining by 4.8% in supermarkets and shops. Especially Swedish shopping centres, such as Liljeholmstorget Galleria, Åkersberga Centrum and Högdalen Centrum but also Koskikeskus in Finland contributed to the positive development in like-for-like net rental income of shopping centres. Like-for-like properties are properties held by Citycon throughout two full preceding periods, excluding properties under (re)development or extension and undeveloped lots. Therefore, the Norwegian properties are not included in any like-for-like figures.

IMPROVED OCCUPANCY FOLLOWING SEKTOR ACQUISITION

The economic occupancy rate for Citycon's property portfolio increased to 96.8% (96.3%). The year-on-year improvement derived mainly from the Sektor acquisition as the economic occupancy rate for the Norwegian properties was high at 98.6%. Occupancy increased also in Sweden and the Baltics and Denmark, while decreasing in Finland. The economic occupancy rate for shopping centres was 96.9% (96.2%) and for supermarkets and shops 94.3% (96.6%).

The gross leasable area increased by 32.9% to 1,240,440 sq.m. following the Sektor acquisition. At year-end, Citycon had a total of 4,214 (3,158) leases, of which the average remaining length was 3.3 (3.2) years.

The average rent per sq.m. increased from EUR 21.6 to EUR 22.3 mainly due to divestments and index increments. The challenging retail environment in Finland and increased competition in Estonia resulted in an overall property portfolio year-to-date leasing spread of renewals of -4.5%.

The rolling twelve-month occupancy cost ratio for like-for-like shopping centre properties was 9.1%.

LEASE PORTFOLIO SUMMARY

		2015	2014
Gross leasable area	sq.m.	1,240,440	933,040
Occupancy rate at the end of the period (economic)	%	96.8	96.3
Average remaining length of lease portfolio at the end of the period	years	3.3	3.2
Annualised potential rental value [1]	MEUR	335.2	243.1
Average rent	EUR/sq.m.	22.3	21.6
Number of leases started during the period	pcs	895	595
Total area of leases started [2]	sq.m.	173,301	122,568
Average rent of leases started [2]	EUR/sq.m.	23.2	19.9
Number of leases ended during the period	pcs	1,114	724
Total area of leases ended [2]	sq.m.	278,984	144,880
Average rent of leases ended [2]	EUR/sq.m.	20.1	21.0
Leasing spread of renewals [3]	%	-4.5	-3.4
Net rental yield [4]	%	5.9	6.3
Net rental yield, like-for-like properties	%	6.4	6.5

1) Includes annualised base rent and maintenance charge based on valid rent roll at the end of the period, market rent of vacant premises and rental income from turnover based contracts (estimate) and possible other rental income.

2) Leases started and ended do not necessarily refer to the same premises.

3) Refers to leases that are renewed with the same tenant concerning the same premise.

4) Includes the value of unused building rights.

PERSONNEL KEY FIGURES

		2015	2014	2013
Average number of personnel		236	145	123
Salaries and other remuneration	EUR million	22.3	12.2	11.5

TENANT SALES INCREASING IN SWEDEN AND NORWAY

Total sales in Citycon's shopping centres increased by 2% while footfall decreased by 1%, year-on-year. Sales increased in Norway and Sweden, but decreased in Baltics and Denmark due to increased competition in Estonia. In Finland sales remained on previous years' level. Overall like-for-like (LFL) shopping centre sales decreased by 1% and footfall by 2%, year-on-year.

DECREASING FINANCIAL EXPENSES SUPPORTED EPRA EARNINGS GROWTH

Administrative expenses totalled EUR 36.8 million (EUR 20.7 million). The increase of EUR 16.1 million was mainly driven by the Sektor acquisition along with the indirect uncapitalized transaction costs of EUR 6.8 million related to the acquisition. In Citycon standing assets the increase in administrative costs mainly relates to higher depreciation resulting from recent IT investments including lease management system upgrade. At the end of December, Citycon Group employed a total of 318 (151) persons, of whom 82 worked in Finland, 172 in Norway, 51 in Sweden, 9 in Estonia, 3 in the Netherlands and 1 in Denmark.

In all, Citycon Group paid EUR 22.3 million (EUR 12.2 million) in salaries and other remuneration, of which the Group's CEO's salaries and other remuneration consisted of EUR 0.9 million (EUR 0.8 million) and the equivalent figure for the Board of Directors accounted for EUR 0.8 million (EUR 0.8 million). The parent company paid out, in total, EUR 6.0 million (EUR 6.9 million) in salaries and other remuneration, of which the CEO's salary and other compensation accounted for EUR 0.8 million (EUR 0.8 million) and those of the Board of Directors came to EUR 0.8 million (EUR 0.8 million).

Operating profit came to EUR 148.9 million (EUR 165.0 million), being lower than in the previous year mainly due to the non-recurring transaction costs from the acquisition of Sektor and goodwill reduction of EUR 9.2 million in other operating income and expenses which is offset by positive deferred tax change. This results from the decrease in Norwegian corporate income tax rate.

Net financial expenses decreased year-on-year by EUR 25.2 million to EUR 52.3 million, despite a higher debt amount, mainly as a result of a clearly lower average interest rate, the weaker Swedish krona and lower one-off financial expenses.

Share of profit of joint ventures totalled EUR 19.4 million (EUR 14.9 million). The increase came mainly from the fair value gain of minority owned shopping centres in Norway.

Income taxes Current tax expense for the period was EUR 0.4 million (EUR 0.3 million). Change in deferred taxes amounted to EUR -5.1 million (EUR -12.4 million). The change resulted mainly from a deferred tax liability arising from the difference between properties' fair value and tax residual value of the underlying assets. Norway income tax percent decrease impacted positively deferred taxes.

Profit for the period came to EUR 110.4 million (EUR 89.7 million). The increase was mainly a result of lower financial expenses.

STATEMENT OF FINANCIAL POSITION AND CASH FLOW

PROPERTY PORTFOLIO INCREASED IN VALUE

The fair value of investment properties increased by EUR 1,322.5 million to EUR 4,091.6 million (31 December 2014: EUR 2,769.1 million) due to gross capital expenditure of EUR 1,455.1 million (including acquisitions). The fair value of the Norwegian properties amounted to EUR 1,330.8 million on 31 December 2015. Net fair value gains of EUR 7.3 million increased the fair value of investment properties and exchange rate changes by EUR 15.6 million. Divestments decreased the fair value of investments properties by EUR 97.8 million and exchange rate changes by EUR 15.6 million. Furthermore, the fair value of investment properties was decreased by EUR 57.9 million as non-core properties were moved to investment properties held for sale.

Citycon has defined other retail properties (supermarkets and shops) as non-core properties and intends to divest these properties within the next few years.

The fair value change of investment properties amounted to EUR 7.3 million (EUR 15.7 million). The company recorded a total value increase of EUR 77.7 million (EUR 64.9 million) and a total value decrease of EUR 70.3 million (EUR 49.3 million). The fair value gain of shopping centres was EUR 10.7 million while supermarkets and shops recorded a loss of EUR 3.4 million.

The average net yield requirement defined by JLL for Citycon's investment property portfolio under valuation on 31 December 2015 decreased to 5.7% (31 December 2014: 6.1%). The decrease was mainly due to the Norwegian property portfolio which was included in the valuation for the first time in Q4/2015. The net yield requirements also decreased in other Citycon's operating countries especially due to the strong demand and low supply of prime shopping centre properties as well as due to continued low interest rates. Also the non-core property disposals decreased the average net yield requirement. The weighted average market rent per sq.m. used for the valuation decreased to EUR 25.1 (31 December 2014: EUR 25.2). JLL's Valuation Statement for the year-end is available on Citycon's website.

Citycon's gross capital expenditure (including acquisitions) for the period totalled EUR 1,718.6 million (EUR 125.5 million).

ACTIVE RECYCLING OF CAPITAL

The most important transaction of the year was the acquisition of Norwegian shopping centre company Sektor for EUR 1.47 billion. During Q4 Citycon also acquired the 31% minority stakes in three shopping centres in Norway as well as the minority stake in shopping centre Åkersberga Centrum.

During the year Citycon also continued its divestment strategy by selling properties it has defined as non-core. Since the publication of its strategy update in July 2011, the company has divested 43 non-core properties and four residential portfolios for a total value of more than EUR 250 million. Citycon aims to divest an additional EUR 300 million of non-core assets, including divestments in Norway, within the coming 1–2 years.

(RE)DEVELOPMENT PROJECTS PROGRESSED – ISO OMENA'S PRE-LEASING DEVELOPED POSITIVELY

At the end of the year, the company had two major (re)development projects underway: the extension and (re)development of Iso Omena in Espoo and the Mölndal Galleria project in Gothenburg.

ACQUISITIONS AND DIVESTMENTS 2015

		Location	Date	Gross leasable area, sq.m.	Price, MEUR
Acquisitions					
Sektor Gruppen	Company acquisition	Norway	1 July	400,000	1,470
Storbyen, Sjøsiden, Oasen	31% minority stakes	Norway	11 November	-	31
Åkersberga Centrum	25% minority stake	Stockholm area, Sweden	22 December	-	19
Acquisitions, total				400,000	1,520
Divestments					
Stenungstorg	Residential and office building	Gothenburg area, Sweden	4 February	6,700	5
Galleria	Shopping centre	Oulu, Finland	31 July	6,400	13
Portfolio transaction[1]	Retail properties	Finland	1 September	58,800	76
Strömpilen	Shopping centre	Umeå, Sweden	1 October	27,000	39
Talvikkitie 7-9	Retail property	Helsinki area, Finland	1 October	8,700	9
Kallhäll	Retail property	Stockholm area, Sweden	15 December	3,700	6
Divestments, total				111,300	148

1) Including 13 supermarket and shop properties in Finland: Lahden Kauppakatu (Lahti), Varkauden Relanderinkatu (Varkaus), Runeberginkatu 33 (Porvoo), Kirkkonummen Liikekeskus (Kirkkonummi), Vantaan Säästötalo (Vantaa), Porin Isolinnankatu (Pori), Kotkan Keskuskatu (Kotka), Vaakalintu (Riihimäki), Orimattilan Markkinatalo (Orimattila), Minkkikuja 4 (Vantaa), Karjaan Ratakatu (Raasepori), Hakunilan Keskus (Vantaa), Puijonlaakson Palvelukeskus (Kuopio).

(RE)DEVELOPMENT PROJECTS COMPLETED IN 2015 AND IN PROGRESS ON 31 DECEMBER 2015

	Location	Area before and after project completion, sq.m.	Expected gross investment, MEUR[1]	Actual gross investments by 31 December 2015, MEUR	Completion
Iso Omena	Helsinki area, Finland	63,300/99,000	182.0 (250.0)	82.2	Q3/2016 and Q2/2017
Mölndal Galleria	Gothenburg, Sweden	-/24,000	60.0 (120.0)	10.8	Q2/2018
Porin Asema-aukio	Pori, Finland	18,800/23,000	40.0	15.6	Q2/2017
Stenungstorg	Gothenburg area, Sweden	36,400/41,400	18.0	16.3	Q2/2016
IsoKristiina	Lappeenranta, Finland	22,400/34,000	56.0	55.7	Completed Q4/2015
Kista Galleria	Stockholm, Sweden	94,600/95,100	6.0	6.0	Completed Q2/2015

1) The number in brackets reflects Citycon's total investment in the project including agreed buyouts of JV shares.

The estimated investment for the Iso Omena extension project, including partial (re) development of the existing shopping centre, totals approximately EUR 250 million. The first phase (part A) of the project, covering a EUR 120 million investment, is carried out in partnership with NCC. Citycon will purchase NCC's share at completion. During the quarter, the pre-leasing for the first phase to be opened in Q3/2016, increased to 83%.

In August, Citycon started the (re) development of the new shopping centre Mölndal Galleria in Gothenburg. Citycon will purchase joint venture partner NCC's 50% share after the project is completed, making Citycon's total investment around EUR 120 million.

In January, Citycon started the construction of a new campus for the Satakunta University of Applied Sciences (SAMK) in its Asema-aukio premises in Pori. The company has signed an agreement to sell the property at completion of the project.

In addition to the (re)development projects listed below Citycon has several ongoing smaller refurbishments in e.g. Myyrmanni, Stovner Senter, Kilden Senter and Kongssenteret.

The new and extended IsoKristiina in Lappeenranta had its grand opening at the end of September.

Further information on the company's completed, ongoing and planned (re) developments can be found in the upcoming Annual and Sustainability Report 2015.

SHAREHOLDERS' EQUITY, LIABILITIES AND CASH FLOW

Equity per share decreased to EUR 2.52 (31 December 2014: EUR 2.78), mainly due to higher number of shares. In addition, translation loss of EUR 28.1 million arising mainly from the Sektor acquisition decreased the equity. The equity ratio decreased to 48.3% (31 December 2014: 54.6%).

At year-end, **shareholders' equity** attributable to parent company's shareholders was EUR 2,245.5 million (EUR 1,650.7 million). This figure increased from the end of 2014 by EUR 594.8 million, mainly due to the rights issue of EUR 602.7 million, which was completed in July.

Liabilities totalled EUR 2,418.8 million (EUR 1,384.8 million), with short-term liabilities accounting for EUR 262.9 million (EUR 154.1 million). Interest-bearing debt showed a year-on-year increase of EUR 845.5 million to EUR 2,023.2 million as a result of the debt from the acquisition of Sektor. In the end of 2014 the interest bearing debt stood at EUR 1,177.7 million. The fair value of interest-bearing debt increased year-on-year by EUR 848.7 million to EUR 2,037.1 million.

Net cash from operating activities increased to EUR 111.8 million (EUR 69.2 million) in the reporting period due to the Sektor acquisition and lower paid interest costs. Net cash used in investing activities totalled EUR -595.4 million (EUR -104.7 million). Acquisition of subsidiaries amounted to EUR -526.0 million due to the acquisition of Sektor. Capital expenditure related to investment properties, shares in joint ventures and tangible and intangible assets totalled EUR -196.2 million (EUR -134.2 million). Cash flow used in investing activities was partly offset by sales of investment properties totalling EUR 126.8 million (EUR 29.5 million). Net cash from financing activities was EUR 472.8 million (EUR 33.0 million). Acquisition of Sektor and the rights issue of EUR 602.7 million impacted financing cash flow during the reporting period.

KEY FINANCING FIGURES

		31 December 2015	31 December 2014
Interest bearing debt, fair value	MEUR	2 037,1	1 188,4
Cash	MEUR	27,9	34,4
Available liquidity	MEUR	377,1	449,8
Average loan maturity	years	5,5	5,9
Loan to Value (LTV)	%	45,7	38,6
Equity ratio	%	48,3	54,6
Equity ratio (financial covenant > 32.5)	%	48,3	54,8
Interest cover ratio (financial covenant > 1.8)	x	3,8	3,1
Solvency ratio (financial covenant < 0.65)	x	0,45	0,38
Secured solvency ratio (financial covenant < 0.25)	x	0,03	0,00

FINANCING UPDATE

To strengthen its financial position, to reduce the cost of debt and to extend the debt maturities Citycon has completed several actions, during this year mainly related to the acquisition of Sektor, including the refinancing of Sektor debt.

Citycon financed its approximately EUR 1.47 billion acquisition of Sektor with a rights issue with gross proceeds of approximately EUR 600 million and with bridge financing facilities. The bridge financing consisted of bridge financing facilities in an aggregate amount of EUR 400 million. Approximately EUR 220 million of bridge loans were drawn at closing of the Sektor acquisition. The facilities had an original maturity of one year. All bridge loans were repaid and cancelled during 2015, following completion of Sektor refinancing. Waivers were obtained on both Citycon and Sektor level, for approximately EUR 671 million of the existing bank financing facilities of Sektor to remain in place for up to one year post-closing.

In connection with the completion of the transaction, Citycon also refinanced three secured bonds issued by Sektor amounting to approximately EUR 222 million through an early redemption of the outstanding bonds. In addition, a former vendor loan in Sektor of approximately EUR 42 million was settled.

In order to refinance the bridge facilities and the secured bank debt on Sektor level, Citycon issued on 24 August two senior unsecured NOK bonds. A 10 year NOK 1.4 billion bond with a fixed coupon of 3.90% and a 5.5 year NOK 1.25 billion bond carrying a coupon of floating 3 month Nibor + 155 bps margin.

Additionally Citycon issued on 8 September, a EUR 300 million 7 year senior unsecured Eurobond with a fixed coupon of 2.375%. The issue was oversubscribed. The bond is rated by S&P and Moody's in line with Citycon's corporate credit ratings.

In order to complete the refinancing of Sektor, Citycon in December signed a new NOK 1,300 million secured bank facility with

Skandinaviska Enskilda Banken AB and Danske Bank A/S with a loan tenor of 5.5 years. The loan is on Norwegian entity level, and on December 22 the last remaining debt of Sektor was repaid, and related interest rate swaps were unwound The new loan with new interest rate swaps decreases the cost of debt and increases the loan maturity.

Interest-bearing debt

The fair value of interest-bearing debt increased year-on-year by EUR 848.7 million to EUR 2,037.1 million. The weighted average loan maturity of 5.5 years decreased year-on-year, but stayed at the same level as in previous quarter due to longer maturities of refinanced debt.

Financial expenses

The net financial expenses decreased by EUR 25.2 million compared to last year to EUR 52.3 million (EUR 77.5 million), despite the acquisition of Sektor in July and the resulting higher debt level in Q3–Q4. This was mainly the result of a clearly lower average interest rate, the weaker Swedish krona and lower one-off financial expenses. Sektor's bank debt was refinanced in Q3 and Q4 creating one-off expenses that however were clearly lower than in the corresponding period last year. The financial income mainly consists of the interest income on the loan to Kista Galleria.

The financial expenses for 2015 include EUR 6.1 million of indirect financial expenses. Most relates to the early repayment of Sektor's bank loans, including write-down of unamortised arrangement fees, prepayment fees and break costs on the loans. Unwinding of Sektor's former interest rate swaps has contributed to the lower average interest rate. Due to the negative market value, unwinding costs of EUR 17.2 million was realized. As the fair value of the interest rate swaps at the time of purchase of EUR -15.5 million was included in the Sektor purchase price calculation, only the fair value change of EUR 1.7 million was booked as indirect financial expenses. The rest of the indirect financial expenses relates to fair value revaluations of some of the cross-currency swaps, which are not under IFRS hedge accounting.

The year-end weighted average interest rate decreased clearly year-on-year as a result of several debt refinancing transactions at lower margins and even lower market interest rates and was 3.04%

KEY FIGURES, FINLAND

		2015	2014
Gross rental income	MEUR	105.3	112.4
Net rental income	MEUR	96.9	103.0
Gross leasable area	sq.m.	465,640	546,140
Occupancy rate at the end of the period (economic)	%	94.8	95.6
Average remaining length of lease portfolio at the end of the period	years	3.3	3.4
Annualised potential rental value	MEUR	136.3	148.7
Average rent	EUR/sq.m.	24.1	22.6
Number of leases started during the period	pcs	520	408
Total area of leases started	sq.m.	100,501	87,433
Average rent of leases started	EUR/sq.m.	23.1	19.0
Number of leases ended during the period	pcs	616	472
Total area of leases ended	sq.m.	179,796	109,133
Average rent of leases ended	EUR/sq.m.	20.2	20.9
Net rental yield	%	5.8	6.2
Net rental yield, like-for-like properties	%	6.6	6.7
Fair value of investment properties	MEUR	1,659.4	1,710.0
Weighted average yield requirement	%	5.9	6.1
Weighted average market rents	EUR/sq.m.	29.0	26.5

FINANCIAL PERFORMANCE OF BUSINESS UNITS

Citycon's business operations are divided into four business units: Finland, Norway, Sweden as well as Baltics and Denmark.

Finland – Non-core disposals and (re)development projects lowered net rental income compared to previous year

Citycon's net rental income from Finnish operations decreased by 5.9% compared to the previous year and totalled EUR 96.9 million (EUR 103.0 million). This was mainly a result of successful divestments of non-core assets in 2014 and 2015 as well as on-going (re)development projects (a.o. extension project in Iso Omena and refurbishment in Myyrmanni), which decreased net rental income by EUR 5.5 million in total. Despite the challenging market situation, net rental income in Finnish like-for-like properties remained stable and the growth was flat compared to the previous year.

The gross leasable area of 465,640 sq.m. (546,140 sq.m.) decreased due to non-core property divestments. Also the annualised potential rental value decreased to EUR 136.3 million.

KEY FIGURES, NORWAY 1)

		2015
Gross rental income	MEUR	43.0
Net rental income	MEUR	36.8
Gross leasable area	sq.m.	420,900
Occupancy rate at the end of the period (economic)	%	98.6
Average remaining length of lease portfolio at the end of the period	years	3.7
Annualised potential rental value	MEUR	109.3
Average rent	EUR/sq.m.	21.5
Number of leases started during the period	pcs	130
Total area of leases started	sq.m.	27,539
Average rent of leases started	EUR/sq.m.	22.3
Number of leases ended during the period	pcs	100
Total area of leases ended	sq.m.	16,920
Average rent of leases ended	EUR/sq.m.	25.5
Net rental yield 2)	%	2.7
Net rental yield, like-for-like properties	%	-
Fair value of investment properties	MEUR	1,330.8
Weighted average yield requirement	%	5.2
Weighted average market rents	EUR/sq.m.	21.2

1) Including rented properties, even though their fair value is recognised within intangible rights based on IFRS rules. Excludes the numbers of Citycon managed centers.

2) Net rental yield 2.7% is based on the net rental income from 6 months period divided by the fair value of investment properties.

KEY FIGURES, SWEDEN

		2015	2014
Gross rental income	MEUR	47.8	48.2
Net rental income	MEUR	39.7	38.9
Gross leasable area	sq.m.	222,300	259,300
Occupancy rate at the end of the period (economic)	%	96.2	96.1
Average remaining length of lease portfolio at the end of the period	years	2.9	3.0
Annualised potential rental value	MEUR	57.7	62.4
Average rent	EUR/sq.m.	21.5	20.0
Number of leases started during the period	pcs	162	142
Total area of leases started	sq.m.	25,869	28,809
Average rent of leases started	EUR/sq.m.	24.1	20.5
Number of leases ended during the period	pcs	303	138
Total area of leases ended	sq.m.	62,648	19,997
Average rent of leases ended	EUR/sq.m.	16.0	22.4
Net rental yield	%	5.6	5.6
Net rental yield, like-for-like properties	%	5.4	5.4
Fair value of investment properties	MEUR	739.0	709.7
Weighted average yield requirement	%	5.4	5.7
Weighted average market rents	EUR/sq.m.	26.1	24.3

The average rent for new lease agreements was higher than the average rent for ended leases, mostly due to divestments. Also the average rent per sq.m. rose from EUR 22.6 to EUR 24.1 thanks to divestments and index increments. The economic occupancy rate decreased to 94.8% (95.6%) mainly due to a temporary vacancy increase due to the completion of IsoKristiina (re)development and higher vacancy in Koskikeskus.

Norway – Sektor acquisition brings growth to Citycon's net rental income

Citycon's Norwegian operations contributed to the result in Q3–Q4/2015 by a gross rental income of EUR 43.0 million and net rental income of EUR 36.8 million, in line with the expectations. This was generated by 20 fully-owned and 2 rented shopping centres. In addition, Sektor's managed shopping centre business notably increased management fees recognized in Citycon's other income and expenses. All the Norwegian properties are included in the Acquisition portfolio until held by Citycon throughout two full reporting periods.

The gross leasable area of the Norwegian properties totalled 420,900 sq.m. The average rent per sq.m. was EUR 21.5 and the annualised potential rental value EUR 109.3 million. The economic occupancy rate was 98.6% and impacted positively the economic occupancy rate for the entire Citycon's property portfolio.

Sweden – Strong performance in like-for-like net rental income

The company's net rental income from Swedish operations developed positively, increasing by 2.2% to EUR 39.7 million (EUR 38.9 million). Excluding the impact of the weakened Swedish krona, net rental income from the Swedish operations increased by EUR 1.9 million compared to the corresponding period in 2014. In addition, net rental income from like-for-like properties grew by EUR 2.0 million, or 6.4%, thanks to strong net rental income

KEY FIGURES, BALTICS AND DENMARK

		2015	2014
Gross rental income	MEUR	27.8	28.8
Net rental income	MEUR	26.2	27.5
Gross leasable area	sq.m.	131,600	127,600
Occupancy rate at the end of the period (economic)	%	99.4	99.3
Average remaining length of lease portfolio at the end of the period	years	3.1	3.0
Annualised potential rental value	MEUR	31.9	32.0
Average rent	EUR/sq.m.	20.4	21.0
Number of leases started during the period	pcs	83	45
Total area of leases started	sq.m.	19,392	6,326
Average rent of leases started	EUR/sq.m.	23.8	29.3
Number of leases ended during the period	pcs	95	114
Total area of leases ended	sq.m.	19,621	15,750
Average rent of leases ended	EUR/sq.m.	27.7	19.9
Net rental yield	%	7.6	8.2
Net rental yield, like-for-like properties	%	7.7	8.2
Fair value of investment properties	MEUR	362.4	349.4
Weighted average yield requirement	%	6.9	7.2
Weighted average market rents	EUR/sq.m.	20.4	20.6

development from several shopping centres. (Re)development project in Stenungstorg increased net rental income by EUR 0.7 million.

The gross leasable area of 222,300 sq.m. (259,300 sq.m.) decreased due to divestments and led to a lower annualised potential rental value of EUR 57.7 million. The average rent level for new lease agreements was higher than the average rent level for ended lease agreements mostly due to the aforementioned divestments and lease agreements which were renewed at higher rent. The average rent per sq.m. increased to EUR 21.5 (EUR 20.0).

The economic occupancy rate increased to 96.2% (96.1%), mainly due to the divestment of one supermarket and shop property and improved occupancy rates in Åkersberga Centrum and Liljeholmstorget Galleria.

Baltics and Denmark – Competitive situation impacts leasing spreads

Citycon's 'Baltic Countries and New Business' segment has been renamed 'Baltics and Denmark'.

Net rental income from the Baltics and Denmark operations decreased compared to previous year by 4.8% and came to EUR 26.2 million. This was mainly due to the divestment of the non-core shopping centre Mandarinas at the end of 2014 which reduced net rental income by EUR 1.1 million. In addition, like-for-like net rental income decreased by EUR 0.5 million or 2.2% compared to the previous year mainly due to increased vacancy resulting from tightening competition.

The gross leasable area of 131,600 sq.m. (127,600 sq.m.) increased due to the completion of Albertslund Centrum extension during the third quarter of 2015. The annualised potential rental value decreased to EUR 31.9 million due to new leases and leases renewed at lower rent.

The average rent level for new lease agreements was lower than the average rent for ended lease agreements, due to tightened competition and decreased tenant sales in Estonia. Also the average rent per sq.m. decreased to EUR 20.4. The economic occupancy rate increased to 99.4% (99.3%).

BUSINESS ENVIRONMENT

The macroeconomic environment in Sweden, Estonia and Denmark remained strong or relatively strong during 2015, while market conditions continued to be challenging in Finland and the Norwegian economy was impacted by the fall in the oil price. According to the European Commission (forecast), GDP growth in 2015 was 1.6% in the Euro area, 0.0% in Finland, 2.1% in Norway, 3.6% in Sweden, 0.9% in Estonia and 1.2% in Denmark.

In 2016, the European Commission forecasts Euro area GDP growth to reach 1.7%. Sweden (3.2%) and Estonia (2.1%) are showing stronger growth figures than the Euro area average and Denmark (1.7%) is in line with the Euro area forecast while the GDP growth for Finland (0.5%) is expected to remain relatively modest for a fifth year in a row and is dependent on both the recovery of the country's export markets as well as domestic demand. Norway's GDP is expected to grow by 1.5% in 2016, slightly below Euro area average.

During 2015 consumer confidence levels have stayed stable in Citycon's operating countries. The consumer confidence levels in Finland, Sweden and Denmark remain positive, while the consumer confidence in Norway, Estonia and on average in Euro area is still slightly negative. (Source: Eurostat) Consumer prices have remained nearly unchanged compared to the previous year in all Citycon's operating countries apart from Norway where the prices have increased by 2.3%. (Sources: Statistics Finland/Norway/Sweden/Estonia/Denmark) The unemployment rates are below the Euro area average (10.5%) in all Citycon's operating countries. (Source: Eurostat)

Retail sales growth in 2015 was particularly strong in Estonia (8.0%) and Sweden (5.7%), positive in Norway (3.1%) and Denmark (1.3%), but slightly negative in Finland (-0.8%). (Sources: Statistics Finland/Norway/Sweden/Estonia/Denmark)

In Finland prime shopping centre rents remained unchanged compared to the previous quarter and decreased by around 2% year-on-year. The weak outlook for retail sales limits the rental growth potential and a slight decrease in prime rents is forecasted to continue in 2016. In Norway, rents are expected to stay unchanged. In Sweden, prime shopping centre rents increased by around 2–3% over the last year with a similar growth rate forecast for the forthcoming year. In Estonia, downwards pressure on rents has increased due to intensifying competition and new supply and the rental growth at prime shopping centres is expected to remain below consumer price inflation during 2016–2017. (Source: JLL)

In Finland, despite of the sluggish development of the real economy, the high activity in the investment market has continued and the transaction volume almost doubled in 2015 compared to the previous year. The demand for prime properties remains strong and the demand for secondary properties has increased mainly due to new funds and the return of international investors. In Norway the transaction volume broke last year's all time high reaching NOK 115 billion. The record high volume was due to favourable exchange rate of NOK, low interest rates and international investors' increasing presence on Norwegian investment market. Outside the prime properties the transaction volume is expected to decrease slightly in 2016 due to stricter requirement for equity by Norwegian banks resulting financing to be harder to obtain. The prime yield is estimated to remain unchanged at 4.25%. In Sweden the transaction volume was significantly higher in 2015 than during previous years. The transaction volume of retail properties was SEK 23.5 billion. Prime shopping centre yields have moved in during 2015 to 4.25–4.5% followed by strong demand and low supply as well as continued low interest rates. Also yields for secondary shopping centres have decreased due to investors' willingness to take on more risk and the lack of prime property investments. Investors are also seen to be willing to pay a premium for portfolios of assets compared to individual assets. In Estonia, prime yields are perceived edging close to their lows in the cycle (6.5–7.0%). However, yield compression is still expected to continue as real estate investment market remains attractive in the low interest rate environment. (Source: JLL)

SUSTAINABILITY

Citycon's ambition is to be among the forerunners in sustainable shopping centre management. Citycon's sustainability strategy was updated in 2014 and Citycon has set ambitious targets that extend to 2020.

In September Citycon's Annual and Sustainability Report 2014 received the EPRA Gold Award in the Sustainability Best Practices series for the fourth time in a row. Citycon was also honoured again with the Green Star status in the GRESB (Global Real Estate Sustainability Benchmark) and Citycon was globally among the top ten per cent of all reviewed companies.

Key environmental indicators 2015

- Citycon's total energy consumption (incl. electricity consumption in common areas, heating and cooling) amounted to 239 gigawatt hours (242 GWh). Shopping centre energy intensity (kWh/sq.m) decreased by 6% compared to previous year (target 2%).
- In 2015, the carbon footprint totalled 74 thousand tonnes of carbon dioxide equivalent (79 1000 tCO_2e). The carbon intensity ($kgCO_2e$/sq.m) of shopping centres decreased by 10% compared to previous year (target 4%).
- The total water consumption in all shopping centres and retail properties owned by Citycon was 835 thousand cubic metres (723 1000 m^3) in 2015. Water consumption per visitor in shopping centres was 4.3 litres and 3.1 litres in like-for-like shopping centres (target 3.5 litres per visitor).
- The recycling rate in shopping centres improved 7%-points compared to the previous year and was 95% (targeted recycling rate 90%).

Citycon's reported environmental data 2015 covers shopping centres owned by Citycon and other properties where Citycon's share of ownership is at least 50%. Figures include Citycon Norway entire year data 2015. Concerning target setting, also the baseline of 2014 is updated with Citycon Norway data. Environmental data of managed properties (on behalf of other owners) is presented in the upcoming Annual and Sustainability Report 2015 but excluded from Citycon's total numbers.

In 2015, Citycon took a step forward in its environmental management practices with the implementation of BREEAM In Use certificates. 49% of Citycon's shopping centres, measured by value, have received the certification.

In its sustainability reporting, Citycon applies the construction and real estate sector specific (CRESS) guidelines of the Global Reporting Initiative, as well as the guidelines published by EPRA in autumn 2014. Results, indicators and calculation methods for Citycon's Corporate Sustainability are presented in the upcoming Annual and Sustainability Report 2015.

RISKS

The company's core risks and uncertainties, along with its main risk management actions and principles, are described in detail in the Financial Statements and in the upcoming Annual and Sustainability Report.

Citycon's Board of Directors believes there have been no material changes to the key risk areas. The main risks are associated with property values, leasing, development projects, operations, environment and people and the availability and cost of financing.

LEGAL PROCEEDINGS

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

GENERAL MEETINGS

Annual General Meeting 2015

Citycon's Annual General Meeting (AGM) was held in Helsinki on 19 March 2015. The meeting was opened by Chaim Katzman, the Chairman of the Board, and chaired by Manne Airaksinen, Attorney-at-Law. A total of 422 shareholders attended the AGM either personally or through a proxy representative, representing 83.5% of shares and votes in the company.

The AGM adopted the company's Financial Statements for the financial year 2014 and discharged the members of the Board of Directors and the Chief Executive Officer from liability. The AGM decided that no dividend be paid for the financial year 2014 and that the shareholders are paid an equity repayment of EUR 0.15 per share from the invested unrestricted equity fund. The record date for the equity repayment was 23 March 2015, and the equity returns totalling approximately EUR 89.0 million were paid on 30 March 2015.

Extraordinary General Meeting 2015

The Extraordinary General Meeting (EGM) of Citycon took place in Helsinki on 15 June 2015. The EGM decided to authorize the Board of Directors to decide on the issuance of shares for the purpose of financing a part of the acquisition of all shares in Sektor. Further, the EGM decided to authorize the Board of Directors to decide on the issuance of shares as well as the issuance of special rights giving title to shares.

All General Meeting decisions are reported on the company's website at www.citycon.com/general-meetings2015 where also meeting minutes of General Meetings are available.

Board of Directors

Under the Articles of Association, the Board of Directors of the company consists of a minimum of five and a maximum of ten members, elected by the General Meeting for a term of one year that will end at the close of the following Annual General Meeting. Amendments to the Articles of Association may be made only by the General Meeting and require a 2/3 majority vote.

In 2015, the Board of Directors had ten members: Ronen Ashkenazi, Chaim Katzman, Bernd Knobloch, Arnold de Haan, Kirsi Komi, Rachel Lavine (since 19 March 2015), Andrea Orlandi, Claes Ottosson, Per-Anders Ovin and Ariella Zochovitzky. Karine Ohana resigned from the Board of Directors as of 19 March 2015.

Chaim Katzman was the Chairman of the Board of Directors in 2015, and Ronen Ashkenazi and Bernd Knobloch the Deputy Chairmen.

Auditor

Since 2006, the company's auditor has been Ernst & Young Oy, a firm of authorised public accountants, which had designated Authorised Public Accountant Mikko Rytilahti to act as the responsible auditor of Citycon in 2015.

Chief Executive Officer (CEO)

Marcel Kokkeel (LL.M., Dutch citizen, born in 1958) has served as Citycon's CEO since 24 March 2011. Eero Sihvonen, Chief Financial Officer, is Citycon's Executive Vice President. Their personal details, career histories and possible positions of trust can be found on the company's website at www.citycon.com/management. Information on the CEO's executive contract and its terms and conditions are available in the Note 34B of the Financial Statements.

SHARES, SHARE CAPITAL AND SHAREHOLDERS

Citycon's shares have been listed on Nasdaq Helsinki Ltd (Helsinki Stock Exchange) since November 1988. In 2015 Citycon was a Large Cap company in the Helsinki Stock Exchange's Financials sector, sub-industry Real Estate Operating Companies (until 1 January 2015, the company was a Mid Cap company). Citycon's trading code is CTY1S and its shares are traded in euros. The ISIN code used in international securities clearing is FI0009002471.

The company has a single series of shares, with each share entitling to one vote at General Meeting of shareholders. The shares have no nominal value.

INFORMATION ON SHARES AND SHARE CAPITAL

Share price, transactions, EUR	2015	2014	Change-%	2014
Low	2.13	2.29	-7.0 %	2.29
High	3.24	2.92	11.0 %	2.92
Average	2.53	2.65	-4.5 %	2.65
Latest	2.40	2.58	-7.0 %	2.58
Market capitalisation at period-end, MEUR	2136.0	1530.8	39.5 %	1530.8
Share trading volume				
Number of shares traded, million	158.3	88.8	78.3 %	88.8
Value of shares traded, MEUR	400.2	234.9	70.4 %	234.9
Share capital and shares				
Share capital at period-start, MEUR	259.6	259.6	0.0 %	259.6
Share capital at period-end, MEUR	259.6	259.6	0.0 %	259.6
Number of shares at period-start, million	593.3	441.3	34.4 %	441.3
Number of shares at period-end, million	890.0	593.3	50.0 %	593.3

INFORMATION ON SHARES AND SHARE CAPITAL

During the year 2015, there were no changes in the company's share capital. Following the rights issue, the number of the company'sshares increased by 296,664,209 shares on 14 July 2015. At the end of December 2015, the total number of shares outstanding in the company was 889,992,628.

At the end of December 2015, Citycon had a total of 9,537 (7,657) registered shareholders, of which nine were account managers of nominee-registered shares. Holders of the nominee-registered shares held approximately 622.0 million (408.5 million) shares, or 69.9% (68.9%) of shares and voting rights in the company. Details of the most significant registered shareholders of the company and of the distribution of ownership can be found on page FS70 of the Financial Statements.

Board authorisations and own shares

At the year-end 2015, the Board of Directors of the company had two valid authorisations granted by the EGM held on 15 June 2015:

– Board of Directors may decide on an issuance of a maximum of 120 million shares or special rights entitling to shares referred to in Chapter 10 Section 1 of the Finnish Companies Act, which corresponded to approximately 13.5% of all the shares in the company at the year-end. The authorisation is valid until the close of the next AGM, however, no longer than until 30 June 2016.

— Board of Directors may decide on the repurchase and/or on the acceptance as pledge of the company's own shares in one or several tranches. The amount of own shares to be repurchased and/or accepted as pledge shall not exceed 30 million shares, which corresponded to approximately 3.4% of all the shares in the company at the year-end. The authorisation is valid until the close of the next AGM, however, no longer than until 30 June 2016.

During the year 2015, the Board of Directors had also two authorisations granted by the AGM and third authorisation granted by the EGM held on 15 June 2015. As granted by the AGM, the Board of Directors had the authorisation to decide on an issuance of a maximum of 60 million shares as well as the issuance of special rights entitling to shares referred to in Chapter 10 Section 1 of the Finnish Companies Act, which corresponded to approximately 10.1% of all the shares in the company on that time and the authorisation to decide on the repurchase and/or on the acceptance as pledge a maximum of 30 million of the company's own shares, which corresponded approximately 5.1% of all the shares in the company on that time. Both authorisations granted by the AGM were revoked in the EGM held on 15 June 2015. Furthermore, as granted by the EGM held on 15 June 2015, the Board of Directors had the authorisation to decide on the issuance of new shares for the financing of the Sektor acquisition. The authorisation was granted to decide on an issuance of a maximum of 300 million shares, which corresponded to approximately 50.6% of all the shares in the company on that time. The Board of Directors used the authorisation for the share issue completed in June–July 2015.

Own shares

During the year 2015, the company or its subsidiaries held no shares in the company.

SHARE-RELATED EVENTS

Rights issue

On 15 June 2015, Citycon's Board of Directors decided on a share issue and offered a maximum of 296,664,209 new shares based on shareholders' pre-emptive subscription right at a price of EUR 2.05 per share, pursuant to an authorisation granted by the EGM held on the same day. The offered shares represented approximately 50.0% of the total shares and voting rights in the company prior to the rights issue and approximately 33.3% of the total shares and voting rights in the company after the rights issue. The subscription period began on 23 June and ended on 7 July 2015. All the offered 296,664,209 shares were subscribed for in the rights issue. The new shares were entered in the Finnish Trade Register and public trading in the new shares commenced on 14 July 2015. More information on the rights issue is available in the stock exchange releases issued by the company in June and July 2015.

Flagging notices

The company did not receive any notifications of changes in shareholding during the year 2015.

Shareholder agreements

Gazit-Globe Ltd. and Canada Pension Plan Investment Board European Holdings S.à r.l (CPPIBEH) have signed an agreement regarding certain governance matters relating to Citycon on 12 May 2014.

Based on the information received by Citycon, Gazit-Globe Ltd. and CPPIBEH have undertaken to vote in Citycon's general meetings in favour of the election of members to the Citycon Board of Directors so that no less than three members of the Board of Directors will be nominated by Gazit-Globe Ltd. and no less than two members will be nominated by CPPIBEH. One of the members nominated by CPPIBEH shall be independent of both CPPIBEH and Citycon. The parties to the agreement have agreed to use their best efforts to ensure that the Board members nominated by CPPIBEH will also be elected to serve on such Board committees as Citycon may establish from time to time, including one member on the Board's Nomination and Remuneration Committee. In the event that a Board member nominated by CPPIBEH is not a member of the Board's Nomination and Remuneration Committee for a period of three months during any annual financial period of Citycon, subject to certain exceptions, Gazit-Globe Ltd. shall support and vote in favour of a proposal by CPPIBEH at a general meeting of shareholders of Citycon to introduce a shareholders' nomination board to replace the Board's Nomination and Remuneration Committee.

Gazit-Globe Ltd. has also, subject to certain exceptions, granted CPPIBEH a limited right to sell its shares (tag-along right) in connection with potential transfers by Gazit-Globe Ltd. of more than 5% of Citycon's shares during any 12-month period.

According to information received by Citycon, Gazit-Globe Ltd. and CPPIBEH have received statements from the Finnish Financial Supervisory Authority to the effect that the governance agreement does not, as such, constitute acting in concert, and thus does not trigger an obligation for the parties to make a mandatory tender offer for the shares in Citycon.

The governance agreement shall terminate 10 years from the date of the agreement, or if CPPIBEH ceases to hold at least 10% of Citycon shares, directly or indirectly, for more than 30 consecutive days, or if Gazit-Globe Ltd. ceases to hold at least 20% of Citycon shares, directly or indirectly, for more than 30 consecutive days.

Further information on the agreement between Gazit-Globe Ltd. and CPPIBEH is available on the company's website at www.citycon.com/shareholder-agreements.

The company has no knowledge of any other shareholder agreements.

OPTION RIGHTS OF THE CORPORATE MANAGEMENT COMMITTEE (CMC) ON 31 DECEMBER 2015

	2011A(I)	2011B(I)	2011C(I)	2011D(I)	Total
Chief Executive Officer (CEO)	250,000	250,000	250,000	250,000	1,000,000
	2011A(I–III)	2011B(I–III)	2011C(I–III)	2011D(I–III)	
Other CMC members	337,500	337,500	337,500	337,500	1,350,000

INCENTIVE PLANS

Long-term Share-based Incentive Plans

On 10 February 2015, the Board of Directors of Citycon decided on two new long-term share-based incentive plans for the Group key employees, a performance share plan 2015 and a restricted share plan 2015.

The performance share plan 2015 includes three three-year performance periods, calendar years 2015–2017, 2016–2018, 2017–2019. As a consequence of the rights issue carried out in June-July 2015, the Board of Directors of the company adjusted the amount of the maximum reward and the performance criterion under the performance share plan 2015 in accordance with the terms and conditions of the plan. Based on these adjustments that are effective as of 14 July 2015, the maximum total number of shares that can be paid under the performance share plan 2015 is 3,814,498 shares.

The rewards from the restricted share plan 2015 may be allocated in 2015–2017. The rewards to be paid on the basis of the restricted share plan correspond to the value of an approximate maximum total of 500,000 shares (including also the cash proportion to be used for taxes and tax-related costs).

Further information and the terms and conditions of both incentive plans are available on the company's website at www.citycon.com/remuneration.

Stock Option Plan 2011

Citycon's Board of Directors decided on 3 May 2011 to issue stock options to the key personnel of the company and its subsidiaries.

In accordance with the terms and conditions of the stock option plan 2011 the maximum total number of stock options which could be granted during years 2011-2015 was 7,250,000. As a consequence of the rights issue carried out in June-July 2015, the Board of Directors of the company adjusted the subscription ratio and the subscription price of the 2011 stock options in accordance with the terms and conditions of the 2011 stock options. The adjustments to the terms and conditions of the 2011 stock options came into force as of 14 July 2015. The subscription price for stock options 2011A–D(I) is adjusted to EUR 2.5380 per share, for stock options 2011A–D(II) to EUR 2.6075 per share and for stock options 2011A–D(III) to EUR 2.2703 per share. The subscription ratio for the 2011 stock options is adjusted to 2.0169. Due to the adjustments, the adjusted maximum total number of shares to be subscribed for based on the 2011 stock options distributed at the year-end 2015 is 12,474,526, or alternatively, provided that the stock options had been fully distributed, the stock options would have entitled their owners to subscribe to a maximum total of 14,622,525 (9,748,350) new shares in the company or existing shares held by the company. The number of shares to be subscribed by exercising stock options distributed at the year-end 2015 corresponds to a maximum total of 1.4 % of the shares and votes in the company, after the potential share subscription, if new shares are issued in the share subscription.

The 2011 stock options did not entitle their holders to participate in the rights issue.

The subscription ratios, subscription prices and subscription periods of the 2011 stock options are available in the Note 31A of the Financial Statements.

Granted stock options

At the year-end 2015, 2011A–D(I), 2011A–D(II) and 2011A–D(III) stock options were held by 12 key personnel of the group. On 31 December 2015 there were 6,185,000 outstanding options, entitling holders to subscribe 12,474,526 shares in 2012–2018.

The table on previous page indicates the stock options granted to the CEO and other Corporate Management Committee members.

A share ownership obligation, under which the CEO and other members of the Corporate Management Committee are obliged to acquire Citycon's shares with 25% of the income gained from the exercised stock options, is incorporated into the 2011 stock options. The acquisition obligation will remain in force until the CEO or another member of the Corporate Management Committee owns company shares to the value of his or her gross annual salary, and share ownership must continue while his or her employment or service contract is in force.

The stock option plan 2011 and its terms and conditions are presented in further detail in the Note 31A of the Financial Statements. The terms and conditions of the 2011 stock options in their entirety are available on the company's website at www.citycon.com/options.

SHARES AND STOCK OPTIONS HELD BY MEMBERS OF THE BOARD OF DIRECTORS AND BY THE COMPANY MANAGEMENT

The members of the Board of Directors of Citycon, the CEO, the other Corporate Management Committee members and their related parties held a total of 976,057 company shares on 31 December 2015. These shareholdings represented 0.10% of the company's total shares and total voting rights.

The number of 2011 stock options held by the CEO and other Corporate Management Committee members at the year-end 2015 are presented in the table above. The maximum number of shares that they can subscribe for by exercising these outstanding 2011 stock options amounts to 4,739,715 shares. Members of the Board of Directors are not included in the company's share-based incentive plans.

Updated details of the share and stock option holdings of the members of the Board of Directors, the CEO and the other members of the Corporate Management Committee are available on the company's website at www.citycon.com/insiders.

Helsinki, 10 February 2016
Citycon Oyj
Board of Directors

EPRA PERFORMANCE MEASURES

EPRA (European Public Real Estate Association) is a common interest group for listed real estate companies in Europe. EPRA's mission is to promote, develop and represent the European publicly traded real estate sector. Citycon is an active member of EPRA. EPRA's objective is to encourage greater investment in European listed real estate companies and strive for 'best practices' in accounting, financial reporting and corporate governance in order to provide high-quality information to investors and to increase the comparability of different companies. The best practices also create a framework for discussion and decision-making on the issues that determine the future of the sector.

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

In addition to promoting the European real estate sector and publishing best practice policies, EPRA publishes the FTSE EPRA/NAREIT index in association with FTSE, which tracks the performance of the largest European and North-American listed real estate companies. Citycon is included in the FTSE EPRA index, which increases international interest towards Citycon as an investment.

EPRA PERFORMANCE MEASURES

		2015	2014
EPRA Earnings	MEUR	130.8	99.7
EPRA Earnings per share (basic) 1)	EUR	0.173	0.178
EPRA Cost Ratio (including direct vacancy costs)	%	20.3	19.4
EPRA Cost Ratio (excluding direct vacancy costs)	%	18.5	17.7
EPRA NAV per share	EUR	2.74	3.01
EPRA NNNAV per share	EUR	2.46	2.63
EPRA Net Initial Yield (NIY)	%	5.4	6.1
EPRA 'topped-up' NIY	%	5.5	6.1
EPRA vacancy rate	%	3.2	3.7

1) Result per share key figures have been calculated with the issue-adjusted number of shares resulting from the rights issue executed in June–July 2015.

The following tables present how EPRA Performance Measures are calculated.

EPRA EARNINGS AND EPRA EARNINGS PER SHARE (BASIC)

EPRA Earnings presents the underlying operating performance of a real estate company excluding all so called non-recurring items such as net fair value gains/losses on investment properties, profit/loss on disposals and other non-recurring items. It provides a measure for recurring income, but does not exclude exceptional items that are part of normal IFRS earnings. EPRA Earnings is especially important for investors who want to assess the extent to which dividends are supported by recurring income. Citycon paid 0.15 EUR/share as equity return in 2014. Citycon's Board of Directors will propose to the company's Annual General Meeting (AGM) 2016 that Citycon would move to quarterly distribution of assets policy starting in 2016. Hence the proposal to the AGM for distribution of assets will be made in two parts. The Board of Directors proposes that a dividend of EUR 0.01 per share would be paid for financial year 2015, and that the shareholders would be paid an equity repayment of EUR 0.0275 per share from the invested unrestricted equity fund, totalling approximately EUR 33.4 million. The Board of Directors further proposes, that the Board of Directors would be authorized to decide in its discretion on the distribution of assets from the invested unrestricted equity fund for maximum of EUR 0.1125 per share. The authorization would be valid until the opening of the next AGM.

Citycon presents Direct Operating Profit performance measure figure, which was earlier named as EPRA Operating Profit. The change in term does not have an impact on the calculation of the performance measure figure.

	2015			2014		
	MEUR	Average number of shares (1,000)[1]	per share, EUR	MEUR	Average number of shares (1,000)[1]	per share, EUR
Earnings in IFRS Consolidated Statement of Comprehensive Income	108.8	755,496	0.144	84.5	559,863	0.151
-/+ Net fair value gains/losses on investment property	-7.3	755,496	-0.010	-15.7	559,863	-0.028
-/+ Net losses/gains on disposal of investment property	17.1	755,496	0.023	0.3	559,863	0.001
+ Transaction costs related to business combinations and investment property disposals	7.5	755,496	0.010	0.1	559,863	0.000
+/- Indirect other operating expenses	9.2	755,496	0.012	-	559,863	-
+ Early close-out costs of debt and financial instruments	4.4	755,496	0.006	-	559,863	-
-/+ Fair value gains/losses of financial instruments	1.7	755,496	0.002	26.5	559,863	0.047
-/+ Indirect gains/losses of joint ventures	-16.9	755,496	-0.022	-12.8	559,863	-0.023
+/- Change in deferred taxes arising from the items above	5.8	755,496	0.008	13.2	559,863	0.024
+/- Non-controlling interest arising from the items above	0.5	755,496	0.001	3.5	559,863	0.006
EPRA Earnings (basic)	130.8	755,496	0.173	99.7	559,863	0.178

1) Calculation of the number of shares is presented in Note 14. Earnings per share. Result per share key figures have been calculated with the issue-adjusted number of shares resulting from the rights issue executed in July 2015.

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

	2015			2014		
	MEUR	Average number of shares (1,000)[1]	per share, EUR	MEUR	Average number of shares (1,000)[1]	per share, EUR
Net rental income (NRI)	199.6	755,496	0.264	169.4	559,863	0.302
Direct administrative expenses	-29.3	755,496	-0.039	-20.6	559,863	-0.037
Direct other operating income and expenses	5.0	755,496	0.007	1.0	559,863	0.002
Direct operating profit	175.4	755,496	0.232	149.8	559,863	0.268
Direct net financial income and expenses	-46.2	755,496	-0.061	-51.0	559,863	-0.091
Direct share of profit/loss of joint ventures	2.6	755,496	0.003	2.1	559,863	0.004
Direct current taxes	-0.4	755,496	-0.001	-0.3	559,863	-0.001
Change in direct deferred taxes	0.6	755,496	0.001	0.9	559,863	0.002
Direct non-controlling interest	-1.1	755,496	-0.001	-1.6	559,863	-0.003
EPRA Earnings (basic)	130.8	755,496	0.173	99.7	559,863	0.178

1) Calculation of the number of shares is presented in Note 14. Earnings per share. Result per share key figures have been calculated with the issue-adjusted number of shares resulting from the rights issue executed in July 2015.

CFO's comment on the development of EPRA Earnings:

EPRA Earnings increased by EUR 31.1 million to EUR 130.8 million in 2015 from EUR 99.7 million in 2014. The increase was a result of NRI growth due to acquisition of Sektor, which contributed by EUR 36.8 million to net rental income. In addition, positive like-for-like net rental income growth, higher other operating income and lower direct financial expenses of EUR 4.8 million increased EPRA Earnings compared to 2014. EPRA Earnings per share (basic) decreased to EUR 0.173 compared to EUR 0.178 in 2014 due to substantially higher number of shares resulting from the rights issue executed in June–July 2015.

EPRA COST RATIOS

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

CFO's comment on the development of EPRA Cost Ratios:
EPRA Cost Ratio (including direct vacancy costs) was 20.3% in 2015, compared with 19.4% in 2014. EPRA Cost Ratio (excluding direct vacancy costs) was 18.5% compared with 17.7% a year earlier. The slight increase in the EPRA Cost Ratios were mainly a result of the Sektor acquisition.

MEUR		2015	2014
Include:			
Administrative expenses [1]		29.3	20.7
Property operating expenses and other expenses from leasing operations less service charge costs		71.9	51.2
Net service charge costs/fees		13.0	16.3
Management fees less actual/estimated profit element		-4.3	-2.0
Other operating income/recharges intended to cover costs less any related profit		-9.9	-4.9
Share of joint venture expenses		5.5	6.4
Exclude:			
Ground rent costs		-4.3	-1.8
Service charge costs recovered through rents but not separately invoiced [2]		-50.6	-42.6
Share of joint venture investment property depreciation, ground rent costs and service charge costs recovered through rents but not separately invoiced		-1.9	-3.5
EPRA Costs (including direct vacancy costs) (A)		48.4	39.9
Direct vacancy costs		-4.3	-3.6
EPRA Costs (excluding direct vacancy costs) (B)		44.2	36.3
Gross rental income less ground rent costs [2]		270.2	230.2
Less: service fee and service charge cost components of Gross Rental Income [2]		-50.6	-42.6
Add: share of joint ventures (Gross rental income less ground rent costs less service fees in GRI)		19.4	17.5
Gross Rental Income (C) [2]		239.0	205.1
EPRA Cost Ratio (including direct vacancy costs) (A/C)	%	20.3	19.4
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	%	18.5	17.7

1) Non-recurring transaction costs of EUR 7.5 million are excluded from the administrative expenses in 2015. Administrative expenses are net of costs capitalised of EUR 2.3 in 2015 and EUR 1.5 million in 2014. Citycon's policy is to capitalise, for example, expenses related to property development projects and major software development projects.

2) Citycon has changed its income statement format to exclude turnover row and to reclassify maintenance rents (EUR 53.4 million 2015 and EUR 42.6 million in 2014) from the gross rental income to service charges. This change didn't impact the EPRA Cost Ratio calculations.

EPRA NAV PER SHARE AND EPRA NNNAV PER SHARE

EPRA NAV presents the fair value of net assets of a real estate company. It is based on the assumption of owning and operating investment properties for a long term and therefore it is a useful tool to compare against the share price of a real estate company. The closing share price of Citycon was 2.4 EUR/share on 31 December, 2015.

As EPRA NAV intends to reflect the fair value of a business on a going-concern basis, all items arising from future disposals and the fair value of financial instruments are excluded from EPRA NAV. Items arising from future disposals are the deferred taxes that would materialise only on disposal of properties. Fair value of financial instruments i.e. mark-to-market value of hedging instruments will end up zero when they are held to maturity. Therefore, the fair value of financial instruments at the balance sheet date is excluded from EPRA NAV.

EPRA NNNAV is including the deferred tax liabilities and fair value of financial instruments and therefore it is a measure of the real estate company's "spot" fair value at the balance sheet date. Spot fair value means that EPRA NNNAV reflects the fair value of net assets of the company at a particular day as opposed to EPRA NAV, which reflects the fair value of net assets on a going-concern basis. However, EPRA NNNAV is not a liquidation NAV as the fair values of assets and liabilities are not based on a liquidation scenario.

CFO's comment on the development of EPRA NAV per share and EPRA NNNAV per share:
EPRA NAV per share decreased by EUR 0.27 to EUR 2.74 (31 December 2014: EUR 3.01) mainly due to the rights issue in June–July 2015 and goodwill, which arose from deferred taxes as a result of Sektor acquisition. EPRA NNNAV per share decreased by EUR 0.17 to EUR 2.46 (31 December 2014: EUR 2.63) due mainly to the rights issue and a translation loss of EUR 28.1 million, which resulted from the weaker Norwegian crown.

	2015			2014		
	MEUR	Number of shares on the balance sheet date (1,000)	per share, EUR	MEUR	Number of shares on the balance sheet date (1,000)	per share, EUR
Equity attributable to parent company shareholders	2,245.5	889,993	2.52	1,650.7	593,328	2.78
Deferred taxes from the difference between the fair value and fiscal value of investment properties	288.3	889,993	0.32	128.7	593,328	0.22
Goodwill as a result of deferred taxes	-106.6	889,993	-0.12	-	-	-
Fair value of financial instruments	7.9	889,993	0.01	7.1	593,328	0.01
Net asset value (EPRA NAV)	2,435.1	889,993	2.74	1,786.5	593,328	3.01
Deferred taxes from the difference between the fair value and fiscal value of investment properties	-288.3	889,993	-0.32	-128.7	593,328	-0.22
Goodwill as a result of deferred taxes	106.6	889,993	0.12	-	-	-
Difference between the secondary market price and fair value of bonds and capital loans 1)	-59.8	889,993	-0.07	-91.2	593,328	-0.15
Fair value of financial instruments	-7.9	889,993	-0.01	-7.1	593,328	-0.01
EPRA NNNAV	2,185.8	889,993	2.46	1,559.5	593,328	2.63

1) Secondary market price
When calculating the EPRA NNNAV in accordance with EPRA's recommendations, the shareholders' equity is adjusted using EPRA's guidelines so that bonds are valued based on secondary market prices. In accordance with Citycon's accounting policies, the carrying amount and fair value of bonds are different from this secondary market price. Due to this, in the calculation of this key figure the bonds 1/2012, 1/2013, 1/2014, 1/2015, 2/2015 and 3/2015 have been valued using the price derived from the secondary market on the balance sheet date. The secondary market price for the bond 1/2012 was 104.66% (107.38%), for bond 1/2013 109.24% (111.66%), for bond 1/2014 98.25% (102.75%), for bond 1/2015 100.73%, for bond 2/2015 100.00% and for bond 3/2015 97.75% as of 31 December 2015. The difference between the secondary market price and the fair value of the bonds was EUR 59.76 million (EUR 91.2 million) as of 31 December 2015.

EPRA NET INITIAL YIELD (NIY) (%) AND EPRA 'TOPPED-UP' NIY (%)

There are a variety of yield performance indicators in the real estate market to present a company's ability to generate rent. In order to have a consistent yield definition and comparable yield indicators between real estate companies, EPRA has published a best practice recommendation for yield calculation i.e. EPRA Net Initial Yield (NIY).

EPRA NIY is calculated as the annualised net rental income for the completed property portfolio, based on the valid rent roll on the balance sheet date, divided by the gross market value of the completed property portfolio (including estimated transaction costs and excluding properties under (re)development, unused building rights and properties, the valuation of which is based on the value of the building right). Citycon also discloses net rental yield, which is calculated over the past 12-month period, by constructing an index from the monthly net rental income and from computational monthly market value figures. Net rental yield includes the total property portfolio and excludes estimated transaction costs.

EPRA 'topped-up' NIY presents the yield of a company with the full rent that is valid at the balance sheet date. In EPRA 'topped-up' yield, the cash rent is 'topped-up' to reflect rent after the expiry of lease incentives such as rent free periods and rental discounts.

MEUR	31 December 2015	31 December 2014
Fair value of investment properties determined by the external appraiser	4,081.8	2,763.0
Less (re)development properties, unused building rights and properties which valuation is based on the value of the building right	-126.3	-160.7
Completed property portfolio	3,955.5	2,602.3
Plus the estimated purchasers' transaction costs	95.5	59.0
Gross value of completed property portfolio (A)	4,051.1	2,661.3
Annualised gross rents for completed property portfolio	301.0	221.9
Property portfolio's operating expenses	-81.8	-60.0
Annualised net rents (B)	219.1	161.9
Plus the notional rent expiration of rent free periods or other lease incentives	2.2	1.6
Topped-up annualised net rents (C)	221.3	163.5
EPRA Net Initial Yield (NIY) (%) (B/A)	5.4	6.1
EPRA 'topped-up' NIY (%) (C/A)	5.5	6.1

CFO's comment on the development of EPRA NIY and EPRA 'TOPPED-UP' NIY:
EPRA initial yields decreased mostly due to fair value change during the year, resulting from reduced cap rates, and the Sektor acquisition. It is worth to note that EPRA NIY and EPRA 'topped-up' NIY at the end of the year 2015 and 2014 are not fully comparable due to other changes in the completed property portfolio either (such as property disposals, and started/completed (re)development projects).

EPRA VACANCY RATE (%)

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

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

MEUR	31 December 2015	31 December 2014
Annualised potential rental value of vacant premises	10.2	8.6
./. Annualised potential rental value for the whole property portfolio	313.7	230.1
EPRA vacancy rate (%)	3.2	3.7

CFO's comment on the development of the EPRA vacancy rate:
The EPRA vacancy rate at the end of 2015 for the entire property portfolio decreased mainly due to Sektor acquisition.

PROPERTY RELATED CAPEX

	31 December 2015	31 December 2014
Acquisitions	1,344.7	0.3
(Re)development	69.0	33.6
Like-for-like portfolio	32.9	58.5
Capex on disposed assets	5.1	0.2
Other incl. capitalised interest	3.5	3.2
Capital expenditure	1,455.1	95.9

Capex disclosed in the table are categorised according to the EPRA recommendations and consists of the items 'Acquisitions during the period', 'Investments during the period' and 'Capitalised interest' presented in the Note 15. Investment Properties. Investments include both income-producing and maintenance capex.

Investments into Acquisition portfolio's properties after the acquisition totaled EUR 28.6 million in 2015.

EPRA PERFORMANCE MEASURES FOR FIVE YEARS

		2015	2014	2013	2012	2011
EPRA Earnings	MEUR	130.8	99.7	86.7	63.9	53.3
EPRA Earnings per share (basic) 1)	EUR	0.173	0.178	0.189	0.185	0.170
EPRA Cost Ratio (including direct vacancy costs)	%	20.3	19.4	22.4	26.2	30.3
EPRA Cost Ratio (excluding direct vacancy costs)	%	18.5	17.7	20.0	23.3	26.9
EPRA NAV per share	EUR	2.74	3.01	3.13	3.29	3.47
EPRA NNNAV per share	EUR	2.46	2.63	2.78	2.89	3.14
EPRA Net Initial Yield (NIY)	%	5.4	6.1	6.2	6.0	6.2
EPRA 'topped-up' NIY	%	5.5	6.1	6.3	6.1	6.3
EPRA vacancy rate	%	3.2	3.7	4.3	4.3	4.5

1) Result per share key figures have been calculated with the issue-adjusted number of shares resulting from the rights issue executed in July 2015.

EPRA EARNINGS FOR FIVE YEARS

MEUR		2015	2014	2013	2012	2011
Earnings in IFRS Consolidated Statement of Comprehensive Income		108.8	84.5	94.9	63.4	11.5
-/+ Net fair value gains/losses on investment property		-7.3	-15.7	-26.1	-23.6	35.3
-/+ Net losses/gains on disposal of investment property		17.1	0.3	-0.8	-4.2	-0.3
+ Transaction costs related to business combinations and investment property disposals		7.5	0.1	-	-	0.7
-/+ Indirect other operating expenses		9.2	-	-	-	-
-/+ Fair value gains/losses of financial instruments and early close-out costs of debt and financial instruments		6.1	26.5	27.0	-	-
-/+ Indirect gains/losses of joint ventures		-16.9	-12.8	1.4	-0.3	-0.3
+/- Current taxes arising from the items above		-	-	-	-	0.5
+/- Change in deferred taxes arising from the items above		5.8	13.2	-15.0	23.0	1.6
+/- Non-controlling interest arising from the items above		0.5	3.5	5.3	5.6	4.4
EPRA Earnings (basic)		130.8	99.7	86.7	63.9	53.2
Issue-adjusted average number of shares, million 1)		755,496	559,863	458,161	345,861	312,893
EPRA Earnings per share (basic) 1)	EUR	0.173	0.178	0.189	0.185	0.170

1) Result per share key figures have been calculated with the issue-adjusted number of shares resulting from the rights issue executed in July 2015.

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

MEUR		2015	2014	2013	2012	2011
Net rental income		199.6	169.4	168.9	162.0	144.3
Direct administrative expenses		-29.3	-20.6	-20.6	-26.5	-27.1
Direct other operating income and expenses		5.0	1.0	0.9	0.2	0.2
Direct operating profit		175.4	149.8	149.1	135.7	117.4
Direct net financial income and expenses		-46.2	-51.0	-63.0	-68.1	-62.4
Direct share of profit/loss of joint ventures		2.6	2.1	3.1	0.0	-
Direct current taxes		-0.4	-0.3	-0.7	-1.4	-0.4
Change in direct deferred taxes		0.6	0.9	0.1	0.0	0.3
Direct non-controlling interest		-1.1	-1.6	-1.9	-2.2	-1.7
EPRA Earnings		130.8	99.7	86.7	63.9	53.2
Issue-adjusted average number of shares 1)	million	755,496	559,863	458,161	345,861	312,893
EPRA Earnings per share (basic) 1)	EUR	0.173	0.178	0.189	0.185	0.170

1) Result per share key figures have been calculated with the issue-adjusted number of shares resulting from the rights issue executed in July 2015.

CITYCON OYJ'S CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

MEUR		Note	1 January–31 December 2015	1 January–31 December 2014
Gross rental income [1]		4	223.9	189.4
Service charge income [1]			71.7	55.9
Property operating expenses		6	-94.6	-74.4
Other expenses from leasing operations		7	-1.4	-1.6
Net rental income		5	199.6	169.4
Administrative expenses		8, 9, 10	-36.8	-20.7
Other operating income and expenses		11	-4.2	1.0
Net fair value gains on investment property		15	7.3	15.7
Net losses on sale of investment property		15, 25	-17.1	-0.3
Operating profit			148.9	165.0
Financial income			112.9	55.3
Financial expenses			-165.2	-132.8
Net financial income and expenses		12	-52.3	-77.5
Share of profit of associated companies and joint ventures		18, 19	19.4	14.9
Profit before taxes			116.0	102.4
Current taxes			-0.4	-0.3
Change in deferred taxes			-5.1	-12.4
Income taxes		13, 22	-5.6	-12.7
Profit for the period			110.4	89.7
Profit attributable to				
Parent company shareholders			108.8	84.5
Non-controlling interest			1.6	5.2
Earnings per share attributable to parent company shareholders:				
Earnings per share (basic) [2]	EUR	14	0.14	0.15
Earnings per share (diluted) [2]	EUR	14	0.14	0.15
Other comprehensive expenses/income				
Items that may be reclassified subsequently to profit or loss				
Net gains/losses on cash flow hedges		12	-0.3	23.7
Income taxes relating to cash flow hedges		13, 22	0.1	-4.7
Share of other comprehensive income of joint ventures			-0.5	-3.3
Exchange losses on translating foreign operations			-28.1	-9.7
Net other comprehensive income to be reclassified to profit or loss in subsequent periods			-28.9	6.0
Other comprehensive expenses for the period, net of tax			-28.9	6.0
Total comprehensive profit/loss for the period			81.5	95.7
Total comprehensive profit/loss attributable to				
Parent company shareholders			79.9	90.7
Non-controlling interest			1.6	5.0

1) Citycon has changed its income statement format to exclude turnover row and to reclassify maintenance rents (EUR 53.4 million 2015 and EUR 42.6 million in 2014) from the gross rental income to service charges.

2) Result per share key figures have been calculated with the issue-adjusted number of shares resulting from the rights issue executed in July 2015.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

MEUR	Note	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Investment properties	15	4,091.6	2,769.1
Goodwill	16	171.5	-
Investments in associated companies and joint ventures	18, 19	269.0	182.8
Intangible assets	20	23.6	5.3
Property, plant and equipment	21	2.7	0.7
Deferred tax assets	22	10.3	5.7
Derivative financial instruments and other non-current assets	25, 26	5.0	1.7
Total non-current assets		4,573.6	2,965.2
Investment properties held for sale	25	1.7	7.2
Current assets			
Derivative financial instruments	23, 24	7.7	0.2
Current tax receivables	13	0.5	0.4
Trade and other receivables	23, 26	53.0	29.8
Cash and cash equivalents	27	27.9	34.4
Total current assets		89.1	64.8
Total assets		4,664.4	3,037.2

MEUR	Note	31 December 2015	31 December 2014
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to parent company shareholders	28		
Share capital		259.6	259.6
Share premium fund		131.1	131.1
Fair value reserve		-7.9	-7.1
Invested unrestricted equity fund		1,354.9	841.2
Translation reserve		-47.9	-19.7
Retained earnings		555.7	445.7
Total equity attributable to parent company shareholders		2,245.5	1,650.7
Non-controlling interest		0.0	1.8
Total shareholders' equity		2,245.5	1,652.5
LIABILITIES			
Long-term liabilities			
Loans	23, 29	1,855.3	1,094.5
Derivative financial instruments	23, 24	7.8	6.0
Deferred tax liabilities	22	292.1	129.6
Other liabilities	23	0.8	0.6
Total long-term liabilities		2,155.9	1,230.7
Short-term liabilities			
Loans	23, 29	167.9	83.1
Derivative financial instruments	23, 24	5.4	2.2
Current tax liabilities	13	1.1	0.8
Trade and other payables	23, 30	88.5	67.9
Total short-term liabilities		262.9	154.1
Total liabilities		2,418.8	1,384.8
Total liabilities and shareholders' equity		4,664.4	3,037.2

CONSOLIDATED CASH FLOW STATEMENT, IFRS

MEUR	Note	1 January– 31 December 2015	1 January– 31 December 2014
Cash flow from operating activities			
Profit before taxes		116.0	102.4
Adjustments:			
Depreciation and amortisation	10, 32	2.5	0.8
Net fair value gains/losses on investment property	15, 32	-7.3	-15.7
Losses on disposal of investment property	25, 32	17.1	0.3
Financial income	12, 32	-112.9	-55.3
Financial expenses	12, 32	165.2	132.8
Share of profit of associated companies and joint ventures and other adjustments	18, 19, 32	-9.8	-14.7
Cash flow before change in working capital		170.7	150.7
Change in working capital	32	-10.4	-5.3
Cash generated from operations		160.3	145.4
Interest expenses and other financial expenses paid 1)		-49.4	-75.5
Interest income and other financial income received		1.1	0.0
Taxes paid/received		-0.2	-0.7
Net cash from operating activities		111.8	69.2
Cash flow from investing activities			
Acquisition of subsidiaries, less cash acquired	15	-526.0	-
Capital expenditure on investment properties 1)	15	-135.5	-101.0
Capital expenditure on investments in joint ventures, intangible assets and PP&E	18, 20, 21	-60.7	-33.3
Sale of investment properties	15, 25	126.8	29.5
Net cash used in investing activities		-595.4	-104.7
Cash flow from financing activities			
Proceeds from rights and share issue	28	602.7	401.1
Proceeds from short-term loans	29	1,156.2	271.3
Repayments of short-term loans	29	-1,000.4	-203.2
Proceeds from long-term loans	29	508.1	446.9
Repayments of long-term loans	29	-660.2	-801.1
Acquisition of non-controlling interests	28	-34.9	-57.0
Dividends and return from the invested unrestricted equity fund		-89.2	-66.3
Realised exchange rate profit/loss		-9.7	41.4
Net cash from/used in financing activities		472.8	33.0
Net change in cash and cash equivalents		-10.9	-2.6
Cash and cash equivalents at period-start	27	34.4	38.0
Effects of exchange rate changes		4.3	-1.0
Cash and cash equivalents at period-end	27	27.8	34.4

1) Citycon has reclassified the capitalised interest paid (EUR 3.4 million in 2015 and EUR 3.2 million in 2014) from operating activities to investing activities.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS

	Equity attributable to parent company shareholders									
MEUR	Share capital	Share issue	Share premium fund	Fair value reserve	Invested unrestricted equity fund	Translation reserve	Retained earnings	Total	Non-controlling interest	Total shareholders' equity
Balance at 31 December 2013	259.6	-	131.1	-22.8	493.0	-10.3	385.6	1,236.2	42.6	1,278.8
Profit for the period							84.5	84.5	5.2	89.7
Net losses/gains on cash flow hedges, net of tax (Notes 12, 13 and 22)				19.0				19.0		19.0
Share of other comprehensive income of joint ventures				-3.3				-3.3		-3.3
Exchange gains/losses on translating foreign operations						-9.7		-9.7	-0.1	-9.8
Total other comprehensive expenses/income for the period, net of tax				15.7		-9.7		6.0	-0.1	5.9
Total comprehensive loss/profit for the period				15.7		-9.7	84.5	90.5	5.0	95.5
Directed share issue and rights issue (Note 28)					402.9			402.9		402.9
Arrangement fee for directed share issue and rights issue					-1.8			-1.8		-1.8
Dividends and return from the invested unrestricted equity fund (Note 28)					-53.0		-13.2	-66.2		-66.2
Share-based payments (Notes 28 and 31)							0.3	0.3		0.3
Acquisition of non-controlling-interests							-11.3	-11.3	-45.7	-57.0
Balance at 31 December 2014	259.6	-	131.1	-7.1	841.1	-19.7	445.7	1,650.7	1.8	1,652.5
Profit for the period							108.8	108.8	1.6	110.4
Net losses/gains on cash flow hedges, net of tax (Notes 12, 13 and 22)				-0.2				-0.2		-0.2
Share of other comprehensive income of joint ventures				-0.5				-0.5		-0.5
Exchange gains/losses on translating foreign operations						-28.1		-28.1	0.0	-28.1
Total other comprehensive expenses/income for the period, net of tax				-0.7		-28.1		-28.8	0.0	-28.9
Total comprehensive loss/profit for the period				-0.7		-28.1	108.8	79.9	1.6	81.5
Rights issue (Note 28)					608.2			608.2		608.2
Arrangement fee for rights issue					-5.5			-5.5		-5.5
Dividends and return from the invested unrestricted equity fund (Note 28)					-89.0			-89.0		-89.0
Share-based payments (Notes 28 and 31)							0.3	0.3		0.3
Acquisition of non-controlling-interests							0.9	0.9	-3.4	-2.5
Balance at 31 December 2015	259.6	-	131.1	-7.9	1,354.9	-47.9	555.7	2,245.5	0.0	2,245.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 Basic company data

As a real estate investment company specialising in retail properties, Citycon operates in Finland, Sweden, the Baltic Countries, Denmark and Norway. Citycon is a Finnish public limited liability company established under Finnish law and domiciled in Helsinki, the address of its registered office being Korkeavuorenkatu 35, FI-00130 Helsinki. The Board of Directors has approved the financial statements of the company on 10 February 2016. In accordance with the Finnish Limited Liability Companies Act, Annual General Meeting has the right to not approve the financial statements approved by the Board of Directors and return the financial statements back to the Board of Directors for a correction.

A copy of Citycon's consolidated financial statements is available on the corporate website at www.citycon.com and from the Group's headquarters at the address Korkeavuorenkatu 35, FI-00130 Helsinki, Finland.

1.2. Basis of preparation

Citycon has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and applied the International Accounting Standards (IAS) and IFRS as well as Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) interpretations effective as of 31 December 2015. International financial reporting standards refer to the approved applicable standards and their interpretations under Finnish accounting legislation and the following rules on European Union Regulation No. 1606/2002. Notes to the consolidated financial statements are also in compliance with Finnish accounting legislation and community legislation.

Available-for-sale financial assets, derivative contracts and investment properties, are measured at fair value following their initial recognition. In other respects, the consolidated financial statements are prepared at historical cost. The financial statements are shown in millions of euros and rounded in hundred thousands 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 deemed reasonable under the circumstances, the results of which form the basis of management judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. 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 current and future periods if the revision affects both current and future periods. The chapter 2 "Key estimates and assumptions, and accounting policies requiring judgment" provides a more detailed description of the factors underlying judgements and assumptions.

1.3 Changes in IFRS and accounting policies

1.3.1 New standards as well as interpretations and changes applied in 2015

The following new standards as well as amendments and interpretations to the existing standards have been adopted in the financial statements 2015. These were not relevant to Citycon, because they didn't significantly change its accounting policies nor presentation of the accounts.

- **IFRS 9** Financial Instruments (2014)
- **Annual Improvement to IFRS standards 2010–2012 cycle**
  - **IFRS 2** Share – based payment
  - **IFRS 3** Business combinations
  - **IFRS 8** Operating segments
  - **IAS 16** Property, Plant and Equipment and **IAS 38** Intangible Assets
  - **IAS 24** Related Party Disclosures
- **Annual Improvement to IFRS standards 2011–2014 cycle**
  - **IFRS 3** Business combinations
  - **IFRS 13** Fair Value Measurement (amendment)
  - **IAS 40** Investment Property

In addition to the list above, Citycon has adopted IFRIC 21 Levies interpretation as of 1 January 2015 (effective on 1 January 2014). The interpretation changed the way company reports property taxes in the interim reports, but the change in interpretation did not impact presentation in annual financial closing. In Citycon operating countries the party who owns the property on the 1st of January is responsible for the property taxes. In accordance with IFRIC 21 Citycon has accounted for the full year property taxes and corresponding further invoiced amount (income) in its result for the period.

1.3.2 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 must be applied in Citycon Group's (Group) accounting periods from 1 January 2016 or later, but the Group has not early adopted them. Citycon expects that these might have an impact on disclosures, financial position or performance when applied at future date. Citycon will adopt these standards when they become effective and EU has approved them.

- **IFRS 9** Financial Instruments
- **IFRS 15** Revenue from Contracts with Customers
- **IFRS 16** Leases
- **IFRS 14** Regulatory Deferral Accounts
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
- Equity Method in Separate Financial Statements (Amendments to IAS 27)
- **Annual Improvements 2012–2014**
  - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Changes in methods of disposal
  - IFRS 7 Financial Instruments: Disclosures: Servicing contracts Applicability of the amendments to IFRS 7 to condensed interim financial statements
  - IAS 19 Employee Benefits : Discount rate: regional market issue
  - IAS 34 Interim Financial Reporting: Disclosure of information 'elsewhere in the interim financial report'
- Investment Entities: Applying the Consolidated Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
- Disclosure Initiative (Amendments to IAS 1)

Citycon is currently assessing the impact of the aforementioned new standards, amendments and interpretations.

1.4 Summary of significant accounting policies

1.4.1 Group accounting

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

1.4.1.1 Subsidiaries

Subsidiaries refer to companies in which the Group has control. The Group controls an investee if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect its returns.

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

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

When an acquisition is made, judgment is needed whether the acquisition is treated as an asset acquisition or either as a business acquisition (see Chapter 2.2.2 Business acquisitions and asset acquisitions for judgment principles). An asset acquisition does not generate goodwill, but the entire acquisition cost is allocated to land, buildings and other assets and liabilities.

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

1.4.1.2 Joint operations

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

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

1.4.1.3 Associated companies and Joint ventures

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

Citycon has interests in joint ventures, which are treated as joint ventures based on IFRS 11 Joint Arrangements. In joint ventures, venturers have a contractual arrangement that establishes joint control over the economic activities of the entity.

Citycon recognises its interest in associated companies and in joint ventures with the equity method. The Group presents the aggregate share of profit or loss from the associated companies and joint ventures on the face of its statement of comprehensive income in line "Share of profit of associated companies and joint ventures" and "Share of other comprehensive income of associated companies and joint ventures". In the Note 18 "Investments in joint ventures" and in the Note 19. "Investments in associated companies" the assets and liabilities of associated companies and joint ventures are presented.

1.4.2 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 statement of comprehensive income.

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

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

1.4.3 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 statement of comprehensive income.

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

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

The fair value measurement is based on the presumption that the transaction takes place either in the principal market, or in the absence of a principal market, in the most advantageous market which is accessible to the company at the measurement date. The fair value is measured using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

A fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use of Citycon's properties does not differ from their current use.

Citycon uses valuation techniques that are appropriate under the existing circumstances, and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Input data used in valuation method to determine the fair value is categorized into three fair value hierarchy levels described below. Investment property measured at fair value is categorised wholly to the same fair value hierarchy level as the lowest level input, which is significant to the fair value measurement as a whole.

- Level 1 input data – Quoted (unadjusted) market prices in active markets for identical assets
- Level 2 input data – Valuation inputs which are other than level 1 related to quoted market prices and are directly or indirectly observable for the investment property
- Level 3 input data – Valuation inputs which are unobservable for the investment property

Transfers between fair value hierarchy levels are presented at the end of each reporting period.

An investment property's fair value reflects current market circumstances at the statement of financial position date, taking into account prices paid for similar properties with comparable location, condition, and lease portfolio.

The fair valuation of the company's properties is conducted by an external independent professional appraiser according to the International Valuation Standards (IVS) at least once a year. During 2015 and 2014, 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 for determining the fair value of investment properties. The basic cash flow is determined by the company's lease agreements valid at the valuation date. Upon a lease's 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 discount rate comprising of yield requirement and inflation assumption. Yield requirements are determined for each property by taking into account property-specific risk and market risk. The total value of the property portfolio is calculated as the sum of the individual properties' fair values and not adjusted by amendment of total value.

(Re)development projects are also classified as investment properties and determined at fair value. The valuation is based on a cash flow analysis, in which the capital expenditure on the (re)development project and the property's future cash flows are taken into account according to the (re)development project's schedule. The (re)development projects are taken into account as soon as an investment decision has been made and the external appraiser considers that sufficient information is available for a reliable valuation. In the fair value valuation on 31 December 2015, 3 properties were classified (2 properties on 31 December 2014) as (re)development projects.

All potential development projects, whose realization is uncertain, have been left out of the valuation conducted by the external appraiser.

The fair value of Citycon's investment properties in the statement of financial position consists of the property portfolio's total value determined by the external appraiser, less transfers into investment properties held for sale, added by capital expenditure on development projects under planning that are not 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 netted and stated as a separate item in the statement of comprehensive income.

1.4.4 Investment properties held for sale

An investment property is derecognised from the statement of financial position on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. As a main rule, investment properties not under construction or development for the purpose of a sale are measured at fair value in accordance with IAS 40 and presented under 'Investment properties' in the statement of financial position. However, if the sale of an operative investment property is deemed highly probable, such a property is transferred to 'Investment properties held for sale' in the statement of financial position. A sale is deemed highly probable when

- the management is committed to a plan to sell the property and an active programme to locate a buyer and complete the plan must have been initiated,
- the property is actively marketed for sale at a price that is reasonable in relation to its current fair value,
- the sale should be expected to qualify for recognition as a completed sale within one year.

However, investment properties held for sale are still recognised at fair value in accordance with IAS 40. Further details are presented in Note 15 Investment properties.

1.4.5 Inventory properties

Under IAS 40, a property must be reclassified under inventories in the event of a change in the use of the property. If an investment property is being built/developed with a view to a sale, it will be treated in accordance with IAS 2 Inventories: it is recognised either at cost or below at net realisable value. If the property was acquired with a view to a sale, it will also be treated in accordance with IAS 2 Inventories. When a property is treated in accordance with IAS 2 Inventories, the property's value is presented under "Inventory properties" in the statement of financial position. Citycon had no inventory properties on 31 December 2015 or 31 December 2014.

1.4.6 Property, plant and equipment

Property, plant and equipment (PPE) are measured at historical cost less 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. If any major differences occur between the values, the depreciation plan is 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 statement of comprehensive income.

1.4.7 Intangible assets

1.4.7.1 Goodwill

Goodwill arises when the given consideration exceeds the fair value of the acquired net assets. Goodwill is not amortized, but it is tested for possible impairment annually and when there is an indication that the value may be impaired. For this purpose goodwill has been allocated to cash generating units (CGUs). Goodwill is recognised at cost less any accumulated impairment losses.

If part of the CGU, to which goodwill has been allocated, is disposed, goodwill that has been allocated to that disposed part is written off as part of the gains/losses on sale. Goodwill is allocated to the disposed part based on the relative values of the disposed operations and the portion of the retained part.

1.4.7.2 Other intangible assets

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

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

These assets include among other things contract values of rented centers and managed centers, which arose from the business combinations, and software. The following depreciation periods apply:

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

1.4.8 Impairment of tangible and intangible assets

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

1.4.9 Financial assets and liabilities

1.4.9.1 Recognition and measurement

Financial assets are classified into the following categories for measurement purposes according to IAS 39:

1. loans and other receivables not held for trading,
2. available-for-sale financial assets and
3. 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 initially 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 fair value these assets under current and non-current assets are carried at amortised cost. Their statement of financial position value is impaired by the amount of any credit loss. In the company's consolidated statements of financial position as at 31 December 2015 and 31 December 2014, loans and other receivables include the items "Other non-current assets", "Trade and other receivables" and "Cash and cash equivalents".

Available-for-sale financial assets are non-derivative assets carried at fair value. Changes in their fair value are recognised in the fair value reserve under shareholders' equity and in the statement of comprehensive income 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. Available-for-sale financial assets are intended to be held for an undefined period and can be sold at a time deemed appropriate. On 31 December 2015 or 31 December 2014, Citycon had no available-for-sale financial assets.

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

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

Financial liabilities are initially recognised at fair value. Afterwards, financial liabilities excluding derivative debt are recognised at amortised cost using the effective interest method. In the company's consolidated statement of financial position, on 31 December 2015 and 31 December 2014, financial liabilities at amortised cost include the items "Loans", "Other liabilities" and "Trade payables and other payables". On 31 December 2015 Citycon had foreign exchange derivative contracts classified as a financial assets and liabilities at fair value through profit or loss.

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

1.4.9.2 Derivative contracts and hedge accounting

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

Citycon uses interest rate swaps to hedge the interest rate cash flow risk. These interest rate swaps hedge against volatility in future interest payment cash flows (cash flow hedging) resulting from interest rate fluctuations, and the resulting profit fluctuations. Citycon applies hedge accounting according to the IAS 39 to the majority of its interest rate swaps. Then the amount of financial instruments' fair value change stemming from effective hedging is recognised under other comprehensive income. The amount stemming from significant 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, if hedge accounting is not applied. The fair value of interest rate swaps is shown in current or non-current receivables or current and non-current liabilities in the statement of financial position. The fair value of interest rate swaps is based on the present value of estimated future cash flows. As of 31 December 2015 all Citycon's interest rate swaps were under hedge accounting.

The company uses foreign exchange derivatives like for example forwards and cross currency swaps to hedge against exchange rate risk relating to financial assets and liabilities denominated in foreign currency. Fair value changes related to foreign exchange derivatives are recognised in the statement of comprehensive income, since fair value changes related to financial assets and liabilities denominated in foreign currencies are also recognised therein. The interest payments of cross currency swaps and forward points of currency forwards are included in interest expenses. For some cross-currency swaps, hedge accounting is applied and the fair value change due to changed interest rates is shown in current or non-current receivables or current and non-current liabilities in the statement of financial position. Fair value from foreign exchange rate is booked through profit and loss.

1.4.9.3 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.

1.4.9.4 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, the 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.

1.4.10 Cash and cash equivalents

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

1.4.11 Share capital

Ordinary shares are classified as equity. The company has a single series of shares, with each share entitling to one vote at general meetings of shareholders. The shares have no nominal value, and there is no maximum amount to share capital.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

1.4.12 Provisions

Provisions are recognised when Citycon has a present legal or constructive obligation as a result of past events, when 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.

1.4.13 Income recognition

1.4.13.1 Rental income

Leases based on Citycon as a lessor renting out investment properties are classified under operating leases, since Citycon retains a significant share of risks and rewards of ownership. Rental income from operating leases is spread evenly over the lease term.

Citycon also has leases including rent-free periods or rental discounts and which have been agreed in the original lease. Such lease incentives are treated according to SIC Interpretation 15 Operating Leases – Incentives and are recognised on a straight-line basis over the lease term, although rent payments are not received on the same basis. Citycon has also allowed rental discounts which have not been agreed in the original lease. In such cases, the leaseholder has requested a rental discount due to the market situation or the property's (re)development project. Such temporary rental discounts are recognised in the statement of comprehensive income within the gross rental income during the period for which rent reductions have been granted.

On behalf of the lessee, Citycon may perform alteration work on premises rented by the lessee and charge the lessee for the resulting costs, in the form 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.

1.4.13.2 Service charges

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.

Deeming itself the principal is based on the fact that Citycon selects the maintenance service providers for its properties, concludes agreements with property maintenance suppliers and bears the credit risk associated with maintenance. In addition, the tenant doesn't have a possibility to select the property maintenance service provider, nor can the tenant impact the service providers' pricing.

Service income, such as marketing income, is recognised for the period during which the services are provided.

1.4.13.3 Sale of an existing property

A property is deemed as sold when the significant risks and rewards of ownership have been transferred to the buyer.

1.4.13.4 Sale of a property under construction

When property is under (re)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 recognised 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.

1.4.13.5 Interest income

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

1.4.13.6 Dividend income

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

1.4.14 Borrowing costs

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

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

1.4.15 Taxes

Income taxes include taxes based on the taxable income of Group companies for the financial period, adjustments for previous periods' taxes and changes in deferred taxes. Tax based on taxable income for the period is calculated in accordance with the tax legislation enacted in each country.

Deferred tax assets and liabilities are calculated on temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts.

Due to an agenda decision by the IFRS Interpretations Committee, Citycon amends its accounting policy regarding deferred tax assets and liabilities. A major temporary difference arises between the fair value and taxable value of investment properties. In such a case, taxes are calculated on the difference between the property's fair value and residual tax value of the underlying asset. This rule applies even if the property is disposed by selling the shares of the property company and includes no assessment of likelihood of such tax consequences. Citycon has amended its accounting policy to be in line with this agenda decision. The amendment has been effective as of Q3/2014 reporting.

Citycon's policy maintains to realise its shareholding in property companies by selling the shares rather than the underlying asset. For properties owned abroad due to the ownership structure, property disposal does not lead to tax implications.

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 statement of financial position date is used to determine deferred tax.

1.4.16 Leases – Citycon as lessee

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 statement of comprehensive income 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.

1.4.17 Pensions

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

1.4.18 Share-based payments

Citycon applies IFRS 2 Share-based Payment to its stock options and to the long-term share-based incentive plan. 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.

1.4.19 Dividend distribution

Dividends to the company's shareholders are recognised as a liability in the consolidated statement of financial position, for the period during which the General Meeting of shareholders approves the dividends.

2. KEY ESTIMATES AND ASSUMPTIONS, AND ACCOUNTING POLICIES REQUIRING JUDGMENT

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions. Judgment is also required in the application of certain accounting policies. These may affect the reported assets and liabilities, recognition of income and expenses for the period, and other information such as the presentation of contingent liabilities. Although these estimates are based on the best knowledge and current information available, the actual results may differ from the estimates due to uncertainty related to these assumptions and estimates.

2.1 Key estimates and assumptions

Estimates and assumptions bearing a significant risk concerning a material change in the carrying amounts of assets or liabilities are presented in the following.

2.1.1 Fair value of investment properties

Measuring the fair value of investment properties is a key accounting policy that is based on assessments and assumptions about future uncertainties. Market rents, yield requirement, vacancy rate and operating expenses form the key variables used in an investment property's fair value measurement. The evaluation of these variables involves the management's judgement and assumptions. Further details and an analysis of investment properties' sensitivity to key variables is presented under Note 15. Investment Properties.

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 are defined for the cash flow analysis. Net rental income equals gross rental income less operating expenses. The yield requirement added by an inflation assumption 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, are added to obtain the fair value of an 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 unit within a property.
- The yield requirement includes risk-free interest as well as property-specific risk and market risk. The property-specific risk is defined by Citycon and this definition involves the management's judgement and assumptions. Market risk is defined by an external appraiser. The yield requirement added by an inflation assumption is used as the discount rate in the cash flow analysis. When the yield requirement decreases, the fair value of the investment property increases.
- The vacancy rate denotes the lost rental income due to vacancy. Upon a lease's expiry vacancy is measured as an idle time between the expired contract and assumed new contract. For the remaining cash flow period and for the residual value, the vacancy rate denotes the percentage of rental income which is being lost due to vacancy. Measuring the vacancy rate involves the management's assessment.
- Operating expenses comprise from costs resulting for example from a property's management, maintenance, heating, electricity and water supply. Operating expenses are determined according to actual or budgeted operating expenses.

Other variables involving the management's assessment and estimates include: the current leases' extension probability, the idle time of vacant areas, investments, the inflation rate, and rental growth assumptions.

When evaluating the fair value of (re) development projects, estimates or assumptions must be made regarding future investments, rental agreements and the project's timetable.

2.1.2 Impairment testing of Goodwill

Goodwill is not amortized, but tested annually for impairment. Goodwill is also tested at each reporting date, in case the company has any indication that an asset may potentially be impaired. Deferred tax liabilities are valued at nominal value (not fair value). On the acquisition of business deferred tax liabilities generate goodwill, if the nominal value of deferred tax liabilities is higher than their fair value at the time of acquisition. The difference between nominal and fair value of deferred tax liabilities determined at the time of acquisition is reduced from goodwill, and the net amount of this goodwill is tested for impairment.

Impairment of goodwill arises when the carrying value of cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

Citycon determines recoverable amounts using value in use cash flows based on cash flows used in investment property fair value evaluation over 10 year period prepared by external appraiser as presented in notes 15 and administrative expenses as well as other operating income and expenses according to budget approved by Board of Directors. Cash flows do not include restructuring activities that Citycon is not yet committed to or significant future uncommitted investments that will enhance the assets' performance of the cash generating unit being tested. The recoverable amount is sensitive especially to assumption of market rents and yield requirement. Evaluation of these variables involves the management's judgement and assumptions.

Impairment testing and the key assumptions used to determine the recoverable amount, including a sensitivity analysis, are disclosed and further explained in Note 16. Goodwill.

2.1.3 Taxes

Citycon is subject to income taxation in several countries. The complexity of tax legislation, as well as constant changes in it and in the operating environment, require Citycon to use estimates and assumptions when preparing its tax calculations. Tax legislation specifically related to tax deductibility of interest expenses has changed and is changing in the countries Citycon operates in. Citycon monitors and analyses the impact of these changes as part of its normal operations. Future taxable income is uncertain, and the final amount of taxes may deviate from the originally recorded amount. If final tax deviates from originally recorded amounts, such differences may affect the period's taxable profit, tax receivables or liabilities as well as deferred tax assets or liabilities.

Deferred tax assets and liabilities are calculated on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

The major temporary difference arises between the fair value and taxable value of investment properties. In such a case, taxes are calculated on the difference between the property's fair value and residual tax value of the underlying asset.

Other main temporary differences relate to among other things unused tax losses and financial instruments. When tax receivables are recognised for tax losses that have been confirmed in taxation, the company must evaluate whether it is probable that such tax losses can be used against a taxable profit arising in the future.

No deferred tax is recognised on subsidiaries' retained earnings, to the extent that it is considered unlikely that such a difference will be discharged in the future.

Deferred taxes are calculated on the statement of financial position day using valid tax rates.

Further details are presented in Note 13. Income Taxes and Note 22. Deferred Tax Assets and Liabilities.

2.2 Accounting policies requiring judgment

Citycon must use judgement especially when applying the following accounting policies.

2.2.1 Classification of properties

Citycon uses judgment when classifying its properties into investment properties, inventory properties or investment properties held for sale, according to the following policies:

- Properties which are neither held for sale nor used in Citycon's administration or other operations but, rather, held to earn rentals or for capital appreciation or both, are classified as investment properties. Properties in which a redevelopment is initiated for the purpose of a sale, or which are being built/developed with a view to a sale, are classified as inventory properties.
- Properties which are held to earn rentals and/or for capital appreciation, but whose sale is deemed highly probable, are classified as investment properties held for sale.

2.2.2 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 exercises judgement in assessing whether the purchase of an investment property or an investment property portfolio is classified as an asset acquisition or business combination. Acquisitions are treated as business combinations when significant set of activities is acquired in addition to the property. The significance of activities is assessed in accordance with the definition of business (e.g. maintenance, cleaning, security, book-keeping, etc.) of IFRS 3. Citycon treated the acquisition of Sektor Gruppen AS as a business combination in 2015.

2.2.3 Sale of investment properties and sale of business

When investment properties are sold, Citycon exercises judgement in estimating whether the sale is classified as a real estate sale or sale of a business. For Citycon, characteristics of a sale of a business include, for example, the sale of a major line of business or geographical area of operations that also involves the transfer of staff and/or management essential to the business.

In the case of **real estate sale**, IAS 40 Investment Property or IAS 2 Inventory based accounting treatment is applied. Policies concerning the sale of individual investment properties or properties are described in 1.4.4 "Investment properties held for sale" and 1.4.5 "Inventory properties".

In the case of **sale of a business**, IFRS 5, Non-current Assets Held for Sale and Discontinued Operations based accounting treatment is applied. Businesses i.e. disposal groups such as segments or property portfolios are classified as non-current assets held for sale when their carrying amount is to be recovered, principally through a sale transaction, and a sale is considered highly probable. A sale is considered highly probable based on the policies presented under 1.4.4 "Investment properties held for sale". Profit for the period from the business held for sale must be stated as a separate item in the consolidated statement of comprehensive income, while the business held for sale must be presented in the statement of financial position, separately from other assets. In addition, liabilities under the business held for sale must be presented in the statement of financial position, separately from other liabilities. Citycon had no businesses held for sale on 31 December 2015 or 31 December 2014.

3. BUSINESS COMBINATIONS

Citycon acquired 100% of shares in Sektor Gruppen AS (Sektor), Norway's second largest shopping centre owner and manager on 14 July, 2015 in order to strengthen its Nordic position. Even thought the closing of the acquisition was made on 14 July, Citycon has consolidated the Sektor numbers into its consolidated financial statements as of 1 July 2015 as Citycon has considered to have rights to variable returns of Sektor from 1 July onwards and as Citycon has had the ability to affect those returns.

Citycon has elected the accounting principle option to not measure non-controlling interests at acquisition-date fair value.

The Sektor acquisition generated a goodwill of EUR 192,6 million (based on the exchange rates on 1 July 2015 and after two purchase price adjustments). The goodwill was a result of the difference between how deferred taxes are calculated for IFRS based financial statements and the value ascribed to it in negotiations. The IFRS based deferred taxes are based on the difference between the fair values of the assets and liabilities and tax values. In measuring deferred tax, no account is taken on the likelihood that more or less tax will be paid or timing of any tax payments in the future. On top of the goodwill arising from deferred taxes, approximately EUR 52.2 million of the goodwill arises from FX-change of fixed NOK/EUR exchange rate. In addition, the goodwill recognised is attributed to the portfolio premium, expected synergies and other benefits from combining the assets and activities of Sektor with those of Citycon.

In Note 16. Goodwill is presented information on goodwill impairment testing. Citycon tested goodwill for impairment and there was no impairment need. Resulting from the decrease

Assets acquired and liabilities assumed, purchase consideration and net cash flow from acquisition, MEUR	1 July 2015
The fair values of the identifiable assets and liabilities of Sektor Gruppen as at the date of acquisition with the acquisition date exchange rate were:	Fair value of assets and liabilities recognised on acquisition
Assets	
Investment properties	1,441.9
Investments in joint ventures and associated companies	31.0
Intangible assets, property, plant and equipment and other non-current assets	20.1
Deferred tax assets	17.7
Derivative financial instruments and other non-current assets	1.1
Trade and other current assets	8.3
Cash and cash equivalents	35.1
Total assets	1,555.2
Loans	-946.5
Derivative financial instruments	-17.4
Deferred tax liabilities	-179.1
Total liabilities	-1,143.0
Total identifiable net assets at fair value	412.2
Non-controlling interest	-33.3
FX-change from the fixed NOK/EUR-rate	52.2
Goodwill arising from acquisition	140.4
Purchase consideration transferred	571.5
Analysis of cash flows on acquisition:	
Net cash acquired (included in the cash flows from investing activities)	35.1
Cash paid	-571.5
Net cash flow on acquisition	-536.3

in Norwegian income tax percent, a goodwill reduction of EUR 9.2 million was recognised in other operating income and expenses, which is offset by positive deferred tax change.

Gross rental income of Sektor amounted to EUR 43.0 million and direct operating profit EUR 32.4 million for the six months and they are included in Citycon's statement of comprehensive income in the annual financial statements. If Sektor had been consolidated from the beginning of 2015, the gross rental income of Citycon would have amounted to EUR 286.1 million and Direct operating profit EUR 208.6 million. Citycon has recognised transaction costs of EUR 6.8 million from the Sektor transaction and those costs have been reported within administrative expenses in the consolidate statement of comprehensive income.

4. GROSS RENTAL INCOME

A) Breakdown of gross rental income

MEUR	2015	2014
Straight-lining of lease incentives	-0.5	0.6
Temporary rental discounts	-1.5	-1.9
Gross rental income (excl. items above)	225.9	190.7
Total	223.9	189.4

B) General description of Citycon's lease agreements

In accordance with the table presented below, Citycon had 4,214 lease agreements on 31 December 2015 (3,158 agreements on 31 December 2014). The increase in the number of lease agreements was due to the new properties acquired in Norway offset by the divestment of total 17 non-core properties, of which 15 were in Finland and 2 in Sweden.

In the majority, i.e. in 90% (89% on 31 December 2014) of Citycon's lease agreements the rent is divided into base rent and maintenance rent. Base rent is typically tied to a yearly rent revision which is based on index, such as cost-of-living index, or percentual minimum increase. Maintenance rent, charged separately from the lessee, are used for covering operating expenses incurred by the property owner due to property maintenance. Citycon has changed its income statement format to reclassify maintenance rents from the gross rental income to service charges.

Part of Citycon's lease agreements also contain a turnover-linked component in addition to base rent. In addition Citycon also has some lease agreements which are fully based on tenant's turnover. At the end of 2015, turnover based lease agreements accounted for roughly 64% (53% on 31 December 2014) of Citycon's lease portfolio.

Because the majority of the lease portfolio is tied to either indexation, a predetermined minimum rent increase and/or the lessee's turnover, Citycon's leases are mainly leases with contingent rent payments in accordance with IAS 17.4.

Number of lease agreements at the end of the financial year	2015	2014
Finland	1,544	1,631
Norway	1,295	-
Sweden	941	1,082
Baltics and Denmark	434	445
Total	4,214	3,158

In accordance with the table presented below, the average remaining length of Citycon's lease portfolio was 3.3 years on 31 December 2015 (3.2 years on 31 December 2014). A new lease's duration depends on the type of premises to be leased and the tenant. With an anchor tenant, the company typically concludes long-term leases of 10–15 or even 20 years. Leases for smaller retail premises, however, are mainly negotiated for a term of 3 to 5 years.

Citycon mainly seeks to sign fixed-term leases. Apartments, storage facilities and individual parking spaces form the main exception to this. Fixed-term leases represented around 92% of Citycon's lease portfolio on 31 December 2015 (81% on 31 December 2014) and initially fixed-term leases 5% on 31 December 2015 (11% on 31 December 2014). The rest of the lease agreements are leases in effect until further notice (3% out of all leases on 31 December 2015 and 8% on 31 December 2014).

Average remaining length of the lease portfolio at the end of the financial year, years	2015	2014
Finland	3.3	3.4
Norway	3.7	-
Sweden	2.9	3.0
Baltics and Denmark	3.1	3.0
Average	3.3	3.2

C) Future minimum lease payments receivable under non-cancellable leases at the end of the financial year

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

MEUR	2015	2014
Not later than 1 year	70.6	60.9
1–5 years	176.1	113.2
Over 5 years	59.2	47.7
Total	305.8	221.8

5. SEGMENT INFORMATION

Citycon's business consists of the regional business units Finland, Norway, Sweden and Baltics and Denmark.

Citycon acquired ownership of 50% in Kista Galleria shopping centre on 17 January, 2013. In Citycon's reporting, Kista Galleria is treated as a joint venture and the shopping centre's result or fair value will not impact on the turnover, net rental income or fair value of investment properties of the Group. Kista Galleria is consolidated in Citycon's financial statements based on the equity method, meaning that Citycon's share of Kista Galleria's profit for the period is recognised in the line 'Share of result in joint ventures' in the statement of comprehensive income and Citycon's share of Kista Galleria's total assets is recognised in the line 'Investments in joint ventures' in the statement of financial position. In addition, the management fee received by Citycon is reported in the line 'other operating income and expenses' and the interest income on the shareholder loan is reported in 'net financial income and expenses'. Citycon's Board of Directors also follow the performance of Kista Galleria as if it were fully consolidated with Citycon's net rental income and operating profit. Therefore, in the segment information numbers of Sweden are presented with (Segments) and without (IFRS) Kista Galleria.

Citycon's Board of Directors assess the business units' performance on the basis of net rental income and Direct operating profit. Fair value changes are also reported to Citycon's Board of Directors, by business unit.

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

Capital expenditure includes additions to the investment properties, joint ventures, 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. Citycon presents its gross rental income broken down by property type.

Principal customers include the five biggest tenants (one of whose share of gross rental income exceeded 10% in 2014). The proportion of gross rental income and the segment is specified for each of these tenants. The proportion of gross rental income is based on the rent roll at 31 December 2015 and at 31 December 2014.

A) Segment information

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

Finland

Citycon is a market leader in the Finnish shopping centre business. It owns 20 shopping centres and 9 other properties in Finland. Of the Finnish properties 15 are located in the Helsinki Metropolitan Area and 14 elsewhere in Finland.

Norway

Citycon owns Norway's second largest shopping centre company Sektor (after name change Citycon Norway AS) from 14 July 2015. Citycon has 22 shopping centres in Norway of which 8 are located in Oslo area and 14 elsewhere in Norway.

Sweden

Citycon has eight shopping centres (excluding Kista Galleria) and one other retail property in Sweden. Seven of the properties in Sweden are located in the Greater Stockholm Area, one in the Greater Gothenburg Area and one in Umeå.

Baltics and Denmark

Citycon owns three shopping centres in Estonia. In addition Citycon owns one shopping centre in Denmark.

1 January–31 December 2015 MEUR	Finland	Norway	Sweden	Baltics and Denmark	Other	Total segments	Reconciliation to IFRS	Total IFRS	Sweden IFRS
Gross rental income [1]	105.3	43.0	82.2	27.8	-	258.3	-34.4	223.9	47.8
Service charge income [1]	33.8	17.5	20.0	7.8	-	79.1	-7.4	71.7	12.6
Property operating expenses	-41.6	-23.6	-32.0	-8.9	0.0	-106.1	-11.5	-94.6	-20.5
Other expenses from leasing operations	-0.5	-0.2	-0.4	-0.5	-	-1.6	-0.2	-1.4	-0.2
Net rental income	96.9	36.8	69.8	26.2	0.0	229.7	-30.1	199.6	39.7
Direct administrative expenses	-3.3	-6.6	-4.0	-1.2	-14.0	-29.0	-0.2	-29.3	-4.3
Other operating income and expenses	1.6	2.2	2.6	0.0	-	6.4	-1.4	5.0	1.3
Direct operating profit	95.2	32.4	68.4	25.0	-14.0	207.0	-31.7	175.4	36.7
Indirect administrative expenses	-0.7	-6.8	-	-	-0.1	-7.5	-	-7.5	-
Indirect other operating income and expenses	-	-9.2	-	-	-	9.2	-	-9.2	
Net fair value losses/gains on investment property	-37.1	0.2	78.3	4.7	-	46.1	-38.7	7.3	39.6
Losses/gains on disposal of investment property	-8.8	-	-8.3	-	0.0	-17.1	-	-17.1	-8.3
Operating profit/loss	48.6	16.6	138.4	29.7	-14.0	237.6	-70.4	148.9	68.0
Net financial income and expenses								-52.3	
Share of profit/loss of jointly controlled entities								19.4	
Income tax expense								-5.6	
Profit for the period								110.4	
Allocated assets									
Investment properties	1,659.4	1,330.8	1,369.9	362.4	-	4,722.4	-630.9	4,091.6	739.0
Investment properties held for sale	1.7		-	-	-	1.7	-	1.7	-
Other allocated assets	78.2	223.8	50.2	-0.1	14.0	366.1	187.0	553.2	16.7
Unallocated assets									
Deferred tax assets						10.3	-	10.3	
Derivative financial instruments						7.7	-	7.7	
Assets	1,739.3	1,554.6	1,420.1	362.3	14.0	5,108.2	-443.9	4,664.4	755.7
Allocated liabilities									
Trade and other payables	11.9	12.6	60.8	11.7	4.2	101.2	-34.9	66.3	25.9
Unallocated liabilities									
Interest-bearing liabilities					2,023.2	2,023.2	-	2,023.2	
Deferred tax liabilities					292.1	292.1	-	292.1	
Derivative financial instruments					13.2	13.2	-	13.2	
Other unallocated liabilities					24.1	24.1		24.1	
Liabilities	11.9	12.6	60.8	11.7	2,356.7	2,453.7	-34.9	2,418.8	25.9
Capital expenditure	109.0	1,556.2	69.1	8.4	1.3	1,744.0	-25.4	1,718.6	43.7

1) Citycon has changed its income statement format to exclude turnover row and to reclassify maintenance rents (EUR 53.4 million) from the gross rental income to service charges.

1 January–31 December 2014 MEUR	Finland	Norway	Sweden	Baltics and Denmark	Other	Total segments	Reconciliation to IFRS	Total IFRS	Sweden IFRS
Gross rental income 1)	112.4	-	81.1	28.8	-	222.2	-32.9	189.4	48.2
Service charge income 1)	35.3	-	21.9	8.4	-	65.5	-9.5	55.9	12.2
Property operating expenses	-44.0	-	-33.2	-9.3	-	-86.5	-12.1	-74.4	-21.1
Other expenses from leasing operations	-0.7	-	-0.6	-0.4	-	-1.6	-0.1	-1.6	-0.5
Net rental income	103.0	-	69.2	27.5	-	199.6	-30.3	169.4	38.9
Direct administrative expenses	-3.2	-	-4.7	-0.9	-12.8	-21.6	-0.9	-20.7	-3.8
Other operating income and expenses	0.4	-	-0.1	-0.6	-	-0.3	-	1.0	1.2
Direct operating profit	100.1	-	64.3	26.1	-12.8	177.7	-29.4	149.7	36.3
Net fair value losses/gains on investment property	-15.8	-	50.5	18.1	-	52.8	-37.1	15.7	13.3
Losses/gains on disposal of investment property	-0.9	-	0.0	0.4	0.2	-0.3	-	-0.3	0.0
Operating profit/loss	83.5	-	114.7	44.2	-12.8	230.0	-66.5	165.0	49.6
Net financial income and expenses					-77.5			-77.5	
Share of profit/loss of jointly controlled entities					14.9			14.9	
Income tax expense					-12.7			-12.7	
Profit for the period								89.7	
Allocated assets									
Investment properties	1,710.0	-	1,277.6	349.4	-	3,337.0	-567.9	2,769.1	709.7
Investment properties held for sale	1.8	-	5.4	-	-	7.2	-	7.2	5.4
Other allocated assets	9.0	-	16.6	1.6	81.8	109.0	146.0	255.0	15.8
Unallocated assets									
Deferred tax assets					5.7	5.7		5.7	
Derivative financial instruments					0.2	0.2		0.2	
Assets	1,720.7	-	1,299.7	351.0	87.7	3,459.2	-422.0	3,037.2	731.0
Allocated liabilities									
Trade and other payables	20.5	-	46.6	4.6	-3.7	67.9	-17.9	50.0	28.7
Unallocated liabilities									
Interest-bearing liabilities					1,177.7	1,177.7	-	1,177.7	
Deferred tax liabilities					129.6	129.6	-	129.6	
Derivative financial instruments					8.2	8.2	-	8.2	
Other unallocated liabilities					19.4	19.4		19.4	
Liabilities	20.5	-	46.6	4.6	1,331.2	1,402.7	-17.9	1,384.8	28.7
Capital expenditure	95.9	-	50.1	0.7	2.9	149.6	-24.1	125.5	26.0

1) Citycon has changed its income statement format to exclude turnover row and to reclassify maintenance rents (EUR 42.6 million) from the gross rental income to service charges.

B) Gross rental income by property type

	2015	2014
Shopping centres	207.7	168.4
Supermarkets and shops	16.2	21.0
Total	223.9	189.4

C) Major tenants

31 December 2015	Proportion of rental income, % 1)	Segment
Kesko	7.8	Finland
S Group	4.5	Finland and Baltics and Denmark
Varner Group	4.2	Finland, Norway and Sweden
ICA Gruppen AB	2.9	Finland, Norway, Sweden and Baltics and Denmark
NorgesGruppen	2.4	Norway
Total	21.7	

1) Proportion of rental income, including maintenance rent, is based on the rent roll on 31 December 2015.

31 December 2014	Proportion of rental income, % 1)	Segment
Kesko	15.4	Finland
S Group	6.0	Finland and Baltics and Denmark
ICA Gruppen AB	4.1	Finland, Sweden and Baltics and Denmark
Stockmann	2.8	Finland, Sweden and Baltics and Denmark
H&M	2.1	Finland, Sweden and Baltics and Denmark
Total	30.3	

1) Proportion of rental income, including maintenance rent, is based on the rent roll on 31 December 2014.

6. PROPERTY OPERATING EXPENSES

MEUR	2015	2014
Heating and electricity	-22.3	-23.2
Maintenance expenses	-30.7	-23.9
Land lease fees and other rents	-4.3	-1.8
Property personnel expenses	-7.8	-2.5
Administrative and management fees	-3.0	-2.5
Marketing expenses	-10.6	-5.6
Property insurances	-0.8	-0.5
Property taxes	-7.8	-7.4
Repair expenses	-6.0	-6.1
Other property operating expenses	-1.3	-0.9
Total	-94.6	-74.4

One property generated no income during the year 2015, while it generated expenses of EUR 0.0 million (two properties in 2014 generating expenses EUR 0.1 million).

7. OTHER EXPENSES FROM LEASING OPERATIONS

MEUR	2015	2014
Tenant improvement expenses and commissions	-0.2	-0.3
Credit losses	-1.2	-1.2
Total	-1.4	-1.6

Significant tenant improvements are recognised as investments.

Credit losses include increase of EUR 0.9 million in credit loss provisions (increase of 0.3 million) in the consolidated statement of comprehensive income. Credit loss provisions in the statement of financial position are presented in Note 26. Trade and other receivables.

8. ADMINISTRATIVE EXPENSES

MEUR	2015	2014
Personnel expenses	-16.1	-11.9
Non-recurring personnel expenses arising from employment terminations	-0.6	-0.3
Consultancy and advisory fees as well as external services	-11.2	-2.9
Office and other administrative expenses	-6.4	-4.8
Depreciation and amortisation	-2.5	-0.8
Total	-36.8	-20.7

Non-recurring personnel expenses arising from employment terminations include one-off compensations (incl. pension and social charges) paid to 2 persons in 2015 (to 4 persons in 2014).

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

MEUR	2015	2014
Audit fees	-0.6	-0.3
Other advisory services	-0.7	-0.2
Total	-1.3	-0.5

9. PERSONNEL EXPENSES

MEUR	2015	2014
Wages and salaries of management		
CEO	-0.9	-0.8
Management committee	-1.7	-1.4
Board	-0.8	-0.8
Other wages and salaries	-19.0	-7.7
Pension charges: defined contribution plans	-2.3	-1.8
Social charges	-1.8	-1.5
Expense of share based payments	-0.4	-0.3
Total	-26.8	-14.4

Personnel expenses of EUR 16.1 million (EUR 11.9 million) are included in administrative expenses, EUR 8.4 million (EUR 2.5 million) in property operating expenses and EUR 2.3 million in other operating income and expenses (EUR 0.0 million).

The share-based payment plans are described in Note 31. Employee benefits.

Information on management benefits is presented in Note 34. Related party transactions.

Average Group headcount by Business Units during the period	2015	2014
Finland	42	44
Norway	86	-
Sweden	46	37
Baltics and Denmark	10	10
Group functions	52	54
Total	236	145

Citycon has had employees in Norway since 1 July 2015, year-end headcount was 172.

10. DEPRECIATION AND AMORTISATION

Depreciation and amortisation of EUR 2.5 million (EUR 0.8 million) on contract values of managed and rented centers, on machinery and equipment as well as on IT software is included in administrative expenses.

11. OTHER OPERATING INCOME AND EXPENSES

MEUR	2015	2014
Other operating income	7.1	2.0
Other operating expenses	-2.1	-1.0
Reduction in goodwill resulting from corporate income tax rate change in Norway	-9.2	-
Total	-4.2	1.0

Other operating income consist mainly of management fees from joint ventures and managed centers. Corporate income tax percent change in Norway reduced the deferred tax liabilities arising from Sektor acquisition as treated in accordance with the business combination method. As the goodwill from Sektor acquisition arose mainly from deferred tax liabilities, the tax percent change reduced the goodwill accordingly. This reduction in goodwill does not indicate any changes in the future cash flows of Norway business unit.

12. NET FINANCIAL INCOME AND EXPENSES

A) Recognised in the income statement

MEUR	2015	2014
Interest income	8.3	7.2
Foreign exchange gains	104.5	48.2
Other financial income	0.1	0.0
Financial income, total	112.9	55.3
Interest expenses	-56.8	-55.5
Foreign exchange losses	-104.8	-48.1
Fair value loss from derivatives	-1.7	-26.5
Development interest capitalised [1]	6.2	4.5
Other financial expenses	-8.1	-7.3
Financial expenses, total	-165.2	-132.8
Net financial income and expenses	-52.3	-77.5
Of which attributable to financial instrument categories:		
Interest-bearing loans and receivables	-31.4	-38.1
Finance lease liabilities	-	0.0
Derivative financial instruments	-20.9	-39.4
Other liabilities and receivables	-	0.0
Net financial income and expenses	-52.3	-77.5

1) Including also capitalized interest from joint ventures.

In 2015, foreign exchange loss of EUR 8.3 million(2014: loss of EUR 1.6 million) were recognised in the statement of comprehensive income from foreign exchange derivative agreements.

Interest on development expenditure is capitalised at a rate of 3.88% as at 31 December 2015 (4.33% as at 31 December 2014).

Citycon's interest expenses in the statement of comprehensive income contain interest expenses from interest-bearing debt as well as all interest expenses arising from derivative financial instruments used for hedging purposes. Additional information on Citycon's derivative financial instruments, their fair values and hedge accounting treatment can be found in Note 24. Derivative Financial Instruments.

B) Recognised in the other comprehensive income

MEUR	2015	2014
Gains/losses arising during the period from cash flow hedges	-8.8	14.7
Less: interest expenses recognised in the income statement on cash flow hedges	8.5	9.0
Net gains/losses on cash flow hedges	-0.3	23.7

13. INCOME TAXES

MEUR	2015	2014
Current tax	-0.5	-0.4
Tax for prior periods	0.0	0.1
Deferred tax expense	-5.1	-12.4
Income tax expense	-5.6	-12.7

Citycon did not recognise any current taxes directly in the equity during 2015 and 2014.

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

MEUR		2015	2014
Profit before taxes		116.0	102.4
Taxes at Finnish tax rate		23.2	20.5
Change in subsidiaries' tax rate		-12,5	-
Fair value of investment properties		-1,3	4,4
Difference in foreign subsidiaries' tax rate		-0,1	-3.6
Unrecognised tax receivables from losses		-0,4	-1.4
Utilisation of tax losses		0,5	-3.4
Tax free income deducted by non-deductible expenses		-4,6	-3.9
Other		0,9	0.1
Income taxes		5.6	12.7
Effective tax rate	%	4.9	12.4

14. EARNINGS PER SHARE

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

Earnings per share, basic		2015	2014
Profit/loss attributable to parent company shareholders	MEUR	108.8	84.5
Issue-adjusted average number of shares [1]	1,000	755,496	559,863
Earnings per share (basic)	EUR	0.14	0.15

Earnings per share, diluted			
Profit/loss attributable to parent company shareholders	MEUR	108.8	84.5
Issue-adjusted average number of shares [1]	1,000	755,496	559,863
Adjustment for stock options	1,000	3,288	1,149
Average number of shares used in the calculation of diluted Earnings per share	1,000	758,783	561,011
Earnings per share (diluted)	EUR	0.14	0.15

1) Result per share key figures have been calculated with the issue-adjusted number of shares resulting from the rights issue executed in July 2015.

Diluted Earnings per share is calculated by adjusting the weighted average number of shares to assume the conversion of all dilutive potential shares. The Group currently has one category of dilutive shares in place: stock options.

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 account of the total number of shares that can be subscribed based on stock options, less the number of shares the Group could acquire using assets derived from exercising stock options.

Average number of shares used in the calculation of Earnings per share	days	number of shares
1 January 2015	194	636,943,991
14 July 2015	171	889,992,628
Weighted average (daily) number of shares	365	755,495,544

15. INVESTMENT PROPERTIES

Citycon divides its investment properties into two categories: Investment Properties Under Construction (IPUC) and Operative Investment Properties. On 31 December 2015, the first mentioned category included Porin Asema-aukio in Finland, as well as Stenungstorg in Sweden. On 31 December 2014, the first mentioned category included IsoKristiina in Finland as well as Stenungstorg in Sweden.

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

Contractual obligations to purchase, construct or develop investment properties are presented in Note 33. B) Pledges and other contingent liabilities.

31 December 2015 MEUR	Investment properties under construction	Operative investment properties	Investment properties total
At period-start	124.2	2,644.9	2,769.1
Acquisitions during the period	-	1,316.1	1,316.1
Investments during the period	20.9	114.6	135.5
Disposals during the period	-	-97.8	-97.8
Capitalised interest	0.6	2.9	3.5
Fair value gains on investment property	4.0	73.6	77.7
Fair value losses on investment property	-	-70.3	-70.3
Exchange differences	1.5	14.1	15.6
Transfer between IPUC and operative investment properties and transfer into investment properties held for sale	-44.6	-13.3	-57.9
At period-end	106.7	3,984.9	4,091.6

31 December 2014 MEUR	Investment properties under construction	Operative investment properties	Investment properties total
At period-start	96.6	2,636.9	2,733.5
Acquisitions during the period	-	-	-
Investments during the period	32.8	59.8	92.7
Disposals during the period	-	-27.7	-27.7
Capitalised interest	1.3	1.9	3.2
Fair value gains on investment property	2.8	62.1	64.9
Fair value losses on investment property	-0.1	-49.2	-49.3
Exchange differences	-3.8	-37.1	-40.9
Transfer between IPUC and operative investment properties and transfer into investment properties held for sale	-5.4	-1.8	-7.2
At period-end	124.2	2,644.9	2,769.1

Under the 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 using a net rental income based cash flow analysis. Market rents, yield requirement, vacancy rate and operating expenses form the key variables used in the cash flow analysis.

A global property valuation expert, Jones Lang LaSalle, conducted the valuation of Citycon's properties for the financial statements for 2015 and 2014. The resulting fixed fees based on the 2015 valuations totalled EUR 0.2 million (EUR 0.2 million in 2014).

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 under planning, which the external appraiser does not take into account, transfer into investment properties held for sale 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:

MEUR	31 Dececember 2015	31 December 2014
Fair value of investment properties determined by the external appraiser per 31 December	4,081.8	2,763.0
Capital expenditure on development projects	9.7	7.9
Transfer into investment properties held for sale	-	-1.8
Fair value of investment properties per 31 December	4,091.6	2,769.1

The IFRS 13 standard categorises the valuation of a property's fair value according to a 3-level hierarchy, where categorisation is based on the inputs in the valuation measurement. Properties are usually heterogeneous and valuation inputs are often unobservable for comparable properties. Moreover, transactions are infrequent. The valuation of a property's fair value is therefore generally categorised as hierarchy level 2 or 3. In some cases, the valuation inputs in the fair value calculation can be on different levels in the hierarchy. In these cases, categorisation is based on the lowest hierarchy level input that is significant to the fair value measurement as a whole. Yield requirement is an important input parameter in the valuation measurement. A property's yield requirement is defined according to property-specific risk and market risk, and is derived from comparable market transactions. Citycon has decided to categorise all property fair valuations as level 3, because transactions of directly comparable properties have not been observed. Transfers between levels in the hierarchy did not occur during the year.

Fair value measurement of investment properties, fair value measurement hierarchy, MEUR	31 Dececember 2015	31 December 2014
Quoted prices (Level 1)	-	-
Observable inputs (Level 2)	-	-
Unobservable inputs (Level 3)	4,081.8	2,763.0
Total	4,081.8	2,763.0

The segments' inputs used by the external appraisers in the cash flow analysis per 31 December 2015 and 31 December 2014 are presented in the tables below. In Finland the weighted average yield requirement decreased due to divested properties and due to strong investor demand for prime properties. In Sweden, the weighted average yield requirement decreased due to strong demand and low supply of prime properties and continued low interest rates. Also secondary shopping centre yields decreased due to easier finance availability and investors' willingness to take on more risk.

In Baltics and Denmark the weighted average yield requirement decreased due to properties being attractive investment class in the low interest rate environment. In Norway, the weighted average yield requirement was 5.2%.

The weighted average market rent for the whole property portfolio was 25.1 EUR/sq.m. (25.2 EUR/sq.m 31 December 2014). The weighted average vacancy assumption for the cash flow period decreased to 3.2% (4.3% 31 December 2014), mostly due to acquisition of the properties in Norway.

Inputs

31 December 2015 MEUR		Finland	Norway	Sweden	Baltics and Denmark	Average
Yield requirement	%	5.9	5.2	5.4	6.9	5.7
Market rents	EUR/sq.m.	29.0	21.2	26.1	20.4	25.1
Operating expenses	EUR/sq.m.	6.7	5.4	7.3	3.4	6.1
Vacancy during the cash flow period	%	4.2	1.5	4.8	1.6	3.2
Market rent growth assumption	%	2.0	2.3	1.9	1.9	-
Operating expense growth assumption	%	2.0	2.3	1.9	2.2	-

31 December 2014 MEUR		Finland	Norway	Sweden	Baltics and Denmark	Average
Yield requirement	%	6.1	-	5.7	7.2	6.1
Market rents	EUR/sq.m.	26.5	-	24.3	20.6	25.2
Operating expenses	EUR/sq.m.	6.5	-	6.7	3.3	6.2
Vacancy during the cash flow period	%	4.5	-	5.4	1.6	4.3
Market rent growth assumption	%	2.0	-	2.0	1.4	-
Operating expense growth assumption	%	2.0	-	1.9	2.3	-

Sensitivity analysis

A number of factors contribute to the value of retail properties, such as general 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, market rents, the 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 4,081.8 million defined by the external appraiser at 31 December 2015 as the starting value. Sensitivity analysis indicates that the market value is most sensitive to changes in market rents and yield requirement. A 10% decrease in the yield requirement results in an approximately 11% increase in market value. Correspondingly, a 10% increase in market rents increases the value by approximately 13%. The market value reacts to change in vacancy and operating expenses, but their relative effect is not as great as changes to market rent and yield requirement. In sensitivity analyses one parameter is changed at a time. In reality, changes in different parameters often occur simultaneously. For example a change in vacancy may connect to a change in market rents and yield requirement when they impact fair value simultaneously.

	Value of properties (MEUR)				
Change %	**-10%**	**-5%**	**±0%**	**+5%**	**+10%**
Yield requirement	4,535.4	4,296.7	4,081.8	3,887.5	3,710.7
Market rents	3,533.9	3,807.9	4,081.8	4,355.8	4,629.7
Operating expenses	4,235.2	4,158.5	4,081.8	4,005.1	3,928.4
Change, percentage points	**-2**	**-1**	**±0**	**1**	**2**
Vacancy	4,232.5	4,157.2	4,081.8	4,006.5	3,931.2

16. GOODWILL

MEUR	2015	2014
Acquisition cost January 1.	-	-
Additions from Business Combination (Note 3)	180.7	-
Reduction in goodwill resulting from corporate income tax rate change in Norway	-9.2	-
Accumulated acquisition cost December 31.	171.5	-

Goodwill was recognized on the acquisition of Sektor (see Note 3). The goodwill tested for impairment is allocated to the Norway business unit as a whole. The goodwill was mainly a result of the deferred taxes on acquired net assets and FX-change of fixed NOK/EUR exchange rate. Rest of the goodwill recognised is attributed to the portfolio premium, expected synergies and other benefits from combining the assets and activities of Sektor with those of Citycon.

Goodwill created from Sektor business combination was mainly a result of the recognition of deferred taxation in excess of its fair values. Therefore in undertaking an impairment test, the amount of such deferred tax is offset against the goodwill and the net amount is tested to determine whether that goodwill is impaired.

To the extent that the deferred tax liabilities' difference between nominal value and fair value reduces later,for example, through a change in the tax circumstances, such as decrease in tax rate of the Group, the goodwill arising from the initial recognition of the deferred tax provision may become reduced. Due to change in income tax percent in Norway, a EUR 9.2 million reduction in goodwill was recognized in the last quarter of financial year 2015.

MEUR	2015	2014
Total goodwill	171.5	-
Residual balance of deferred tax liability, in excess of the fair value, initially provided on acquisition	-106.6	-
Goodwill tested for impairment	64.9	-

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

The value in use cash flows are based on cash flows used in investment property fair value evaluation over 10 year period prepared by external appraiser as presented in notes 15 and other operating income and expenses and administrative expenses according to budget approved by Board of Directors. Total carrying value including goodwill to be tested is approximately EUR 1,408.5 million. The pre-tax discount rate applied to the cash flow projections is 4.54% (2014: not applicable). The recoverable amount of Norway amounted to EUR 1,669.1 million as at 31 December 2015 with a headroom of EUR 260.6 million to balance value, hence there is no need for goodwill impairment.

Key assumptions used in value in use calculations

The calculation of value in use is most sensitive to discount rate and assumptions used in net rental income projections. Net rental income is based on external appraiser's 10 year cash flow analysis to determine fair value of investment properties. The assumption related to aforementioned cash flows are presented in Note 15. Discount rate represents the current market assessment of the risks specific to Norway, taking into consideration the time value of money and individual risks of Norway. The discount rate calculation is based on weighted average cost of capital (WACC).

Terminal value is capitalized with external appraiser's yield assumption (5.17%) which reflects property specific risks and market risks.

Sensitivity to changes in assumptions

The implications of the key assumptions for the recoverable amount are market rent and yield requirement as presented in Note 15 . Sensitivity has been analysed regarding market rents and yield assumptions separately. Asset's total recoverable amount would fall below total carrying value if market rents decreased approximately 10.46% from current level. If both WACC and yield assumption determined by external appraiser would increase by approximately 0.875% points, then total recoverable amount of asset would fall below total carrying value.

17. ACQUISITION OF NON-CONTROLLING INTERESTS

Acquisition of the minority shares in three shopping centres in Norway

Citycon acquired on 11 November 2015 the 31% minority stakes in Storbyen and Sjøsiden shopping centres in the Oslo region and Oasen shopping centre in Bergen for an equity consideration of approx. EUR 31 million (approx. NOK 290 million) from four minority shareholders. Citycon previously owned the 69% majority share in these shopping centres, which were part of the Sektor acquisition in July 2015.

Åkersberga shopping centre

Citycon acquired on 22 December 2015 25% minority stake in Åkersberga shopping centre for an equity consideration of approx. EUR 2.9 million (approx. SEK 27 million) from Armada Fastighets AB. Citycon previously owned 75% majority stake in Åkersberga shopping centre.

Impact of acquisitions

Acquisition of non-controlling interests impact to equity attributable to parent company shareholders was EUR 0.9 million.

Citycon didn't have any material non-controlling interests in its subsidiaries on December 31, 2015 and 2014.

18. INVESTMENTS IN JOINT VENTURES

Kista Galleria shopping centre

In 2013, the Group acquired a 50% interest in Kista Galleria shopping centre in Sweden. The remaining 50% is held by a Canadian partner (CPPIB). Each partner has equal number of members in the board of directors taking decisions related to the Kista Galleria shopping centre and material operating and capital decisions in the board are made unanimously. Consequently the entity is considered to be jointly controlled and consolidated under the equity method.

The Group has granted a shareholder loan to the Kista Galleria joint venture. Pursuant to the agreement between the Kista Galleria joint venture partners, the Kista Galleria joint venture shall not distribute any dividends until shareholder loans have been repaid and the Group shall take no action or make no decision with respect to the shareholder loan without the prior consent of the other partner. All payments made by the Kista Galleria joint venture in respect of the shareholder loan shall be made pro rata to each of the joint venture partners.

Iso Omena shopping centre extension

In 2013, the Group acquired a 50% interest in Holding Metrokeskus Oy, which is the management company of the extension project of the Iso Omena shopping centre in Finland. In addition, the Group acquired a 50% interest in Holding Big Apple Housing Oy, which is the management company of apartment buildings to be built to the extension of Iso Omena shopping centre. Apartment building rights were sold during financial year 2015. Each partner has the same number of members in the board of directors and the steering group of the development project, both of which make unanimous decisions. Consequently the entities are considered to be jointly controlled and consolidated under the equity method. The Group is committed to investing EUR 250 million in the development project as of 31 December, 2015. In addition, the Group has given commitments to purchase the other partner's share in Holding Metrokeskus Oy after the completion of the shopping center extension.

Pursuant to the project co-operation agreement between the Holding Metrokeskus Oy joint venture partners, partners are equally, in a 50/50 ratio, responsible for the financing of the companies during the shopping centre extension project. Both shareholders of Holding Metrokeskus Oy and Holding Big Apple Housing Oy have granted loans to the companies. According to the terms and conditions of such shareholder loans, the company cannot prepay its loans in whole or in part without the prior written consent of both shareholders.

Espagalleria Oy

On 30 June 2014 Citycon sold its 50% interest in Espagalleria Oy to Mutual Pension Insurance Company Ilmarinen and terminated the asset management agreement regarding shopping centre Galleria Esplanad.

Joint ventures in Norway

Citycon acquired on 14 July 2015 all the shares in Norwegian shopping centre company Sektor. The acquired portfolio includes two joint ventures, namely Klosterfoss Utvikling AS and Dr Juells Park AS, of which Citycon owns 50% of the shares. Both companies are residential real estate development companies.

Included in the consolidated financial statements are the following items that represent the Group's interest in the assets and liabilities, revenues and expenses of the joint ventures. The financial information presented in the table is based on the financial statements of the joint venture entities prepared in accordance with IFRS.

		2015				2014		
MEUR		Kista Galleria Group	Norwegian joint ventures	Other joint ventures total	Joint ventures total	Kista Galleria Group	Other joint ventures total	Joint ventures total
Investment property		630.9	39.6	110	780.9	567.9	-	567.9
Other non-current assets		1.6	0.5	10.5	12.6	1.9	70.0	71.9
Cash and cash equivalents		8.3	0.2	2.1	10.6	9.3	-	9.3
Other current assets		2.0	3.0	-	5.0	6.9	0.0	6.9
Long-term loans		475.0	12.9	116.3	604.1	450.5	70.0	520.6
Deferred tax liabilities		27.6	2.7	-	30.3	15.6	-	15.6
Other long-term liabilities		7.2	13.8	9.5	30.6	7.7	-	7.7
Other short-term liabilities		19.4	0.0	-	19.5	30.2	0.1	30.3
Equity		113.6	13.8	-2.7	124.7	82.5	0.0	82.6
Portion of the Group's ownership	%	50	50	50		50	50	
Share of joint venture's equity		56.8	6.9	-1.3	62.4	41.3	0.0	41.3
Share of loans of joint ventures		228.7	0.7	64.4	293.8	105.5	36.1	141.6
Investments in joint ventures		173.1	7.6	64.7	245.5	146.7	36.1	182.9
Turnover		41.8	-	-	41.8	42.5	3.6	46.1
Net rental income		30.1	-	0.0	30.1	30.3	-0.2	30.0
Asset management fee of the property		-1.4	-	-	-1.4	-1.3	0.1	-1.2
Net fair value gains on investment property		38.7	-	-2.9	35.9	37.1	-0.2	37.0
Operating profit		67.2	-	-5.0	62.1	65.1	-0.5	64.6
Financial income		0.1	-	1.3	1.4	0.1	0.0	0.1
Financial expenses		-23.7	-	-1.4	-25.1	-23.7	0.0	-23.7
Change in deferred taxes		-11.4	0.3	-	-11.1	-11.5	0.0	-11.5
Profit/loss for the period		32.1	0.3	-5.1	27.2	30.0	-0.2	29.8
Other comprehensive income for the period, net of tax		-1.0	-	-	-1.0	-6.6	-	-6.6
Total comprehensive profit/loss for the period		31.1	0.3	-5.1	26.2	23.4	-0.2	23.2
Share of profit/loss of joint ventures		16.0	0.2	-2.7	13.5	15.0	-0.1	14.9

19. INVESTMENTS IN ASSOCIATED COMPANIES

Associated companies in Norway

Citycon acquired on 14 July 2015 all the shares in Norwegian shopping centre company Sektor. The acquired portfolio includes associate interests in four shopping centres: Halden Storsenter, Markedet, Stovner Senter and Torvbyen. Citycon owns 20% interest in all of these shopping centres.

Citycon recognises its investment in associate companies using the equity method in the consolidated financial statements. The table below includes summarised financial information of the Group's investments in associate companies:

MEUR	2015	2014
Investment properties	273.1	-
Current assets	2.6	-
Short-term liabilities	2.9	-
Long-term liabilities	154.7	-
Total shareholders' equity	118.1	-
Investments in associated companies	23.6	-
Gross rental income	6.9	-
Service charge income	1.9	-
Property operating expenses	-4.1	-
Net fair value gains on investment property	30.4	-
Net financial income and expenses	-3.0	-
Income taxes	-3.1	-
Profit for the period	29.0	-
Share of profit/loss of associated companies	5.8	-

There are no significant contingent liabilities in investments in associates 31 December 2015.

20. INTANGIBLE ASSETS

MEUR	2015	2014
Acquisition cost January 1.	8.8	5.1
Additions during the period	1.7	3.7
Additions from Business Combination (Note 3)	18.6	-
Divestments	0.0	-
Accumulated acquisition cost December 31.	29.1	8.8
Accumulated depreciation and impairment losses, January 1.	-3.5	-3.0
Amortization during the period	-2.0	-0.5
Accumulated depreciation and impairment losses, December 31.	-5.5	-3.5
Net carrying amount January 1.	5.3	2.1
Net carrying amount December 31.	23.6	5.3

Intangible assets consisted of contract values of managed and rented centers arising from the acquisition of Sektor Gruppen AS and computer software and licenses.

21. PROPERTY, PLANT AND EQUIPMENT

MEUR	2015	2014
Acquisition cost January 1.	4.3	4.4
Additions during the period	1.7	0.0
Additions from Business Combination (Note 3)	0.8	-
Accumulated acquisition cost December 31.	6.8	4.3
Accumulated depreciation and impairment losses, January 1.	-3.7	-3.6
Depreciation during the period	-0.4	-0.1
Accumulated depreciation and impairment losses, December 31.	-4.1	-3.7
Net carrying amount January 1.	0.7	0.8
Net carrying amount December 31.	2.7	0.7

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

Machinery and equipment acquired through financial leases amounted to EUR 0.0 million (EUR 0.1 million).

22. DEFERRED TAX ASSETS AND LIABILITIES

Changes in deferred tax assets and liabilities in 2015:

Deferred tax assets, MEUR	1 January 2015	Recognised in income statement	Recognised in other comprehensive income	Recognised from Business combinations	Exchange rate differences	31 December 2015
Tax losses	4.7	1.2		3.6	-0.3	9.2
Measurement of interest-rate swaps at fair value	1.0	-4.6	0.1	4.3	0.3	1.1
Deferred tax assets, total	5.7	-3.4	0.1	7.8	0.1	10.3
Deferred tax liabilities						
Measurement of investment property at fair value [1]	128.7	1.9		157.8	0.1	288.3
Contract values of managed and rented centers	-	0.5		2.4		2.9
Temporary difference in financial expenses	0.9	-4.2		3.8	0.3	0.7
Deferred tax liabilities, total	129.6	-1.8	0.0	163.9	0.3	292.1

1) Deferred tax liabilities are net of EUR 22,0 million of deferred tax assests arising from confirmed tax losses.

Changes in deferred tax assets and liabilities in 2014:

Deferred tax assets, MEUR	1 January 2014	Recognized in income statement	Recognized in other comprehensive income	31 December 2014
Tax losses	3.3	1.4	-	4.7
Measurement of interest-rate swaps at fair value	5.8	-	-4.8	1.0
Deferred tax assets, total	9.1	1.4	-4.8	5.7
Deferred tax liabilities				
Measurement of investment property at fair value	115.4	13.3	-	128.7
Temporary difference in financial expenses	1.8	-0.9	-	0.9
Deferred tax liabilities, total	117.1	12.4	-	129.6

The change in deferred tax liabilities related to investment properties includes EUR 1.1 million of translation difference.

Citycon's deferred taxes mainly arise from changes in the fair value of investment properties. In 2015, deferred tax expense resulting from the changes in the investment properties' fair value recognised in the income statement totalled EUR 1.9 million (expense of EUR 13.3 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 are calculated from the difference between the properties' fair value and residual tax value of the underlying asset and includes no assessment of likelihood of such tax consequences.

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

On 31 December 2015, Group companies had confirmed losses for which tax assets of EUR 8.3 million (EUR 15.0 million in 2014) were not recognised, since these Group companies are unlikely to record a taxable profit, before the expiration of carry forwards of these losses, against which loss carry forwards can be utilised.

23. CLASSIFICATION OF FINANCIAL INSTRUMENTS

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

MEUR	Note	Carrying amount 2015	Fair value 2015	Carrying amount 2014	Fair value 2014
Financial assets					
I Loans and other receivables					
Trade and other receivables	26	53.0	53.0	29.8	29.8
Cash and cash equivalents	27	27.9	27.9	34.4	34.4
II Financial assets at fair value through profit and loss					
Derivative financial instruments	24	7.7	7.7	1.9	1.9
III Derivative contracts under hedge accounting					
Derivative financial instruments	24	4.4	4.4	-	-
Financial liabilities					
Financial liabilities amortised at cost					
I.I Loans					
Loans from financial institutions	29	472.2	472.7	199.9	199.9
Bond 1/2012	29	138.2	138.4	138.1	138.4
Bond 1/2013	29	496.4	500.0	495.7	500.0
Bond 1/2014	29	344.4	350.0	343.9	350.0
Bond 1/2015	29	129.3	130.2	-	-
Bond 2/2015	29	144.8	145.8	-	-
Bond 3/2015	29	297.8	300.0	-	-
Finance lease liabilities	29	0.0	0.0	0.1	0.1
I.II Other liabilities					
Other liabilities	30	0.8	0.8	0.6	0.6
Trade and other payables	30	88.5	88.5	67.9	67.9
II Financial liabilities at fair value through profit and loss					
Derivative financial instruments	24	7.8	7.8	3.0	3.0
III Derivative contracts under hedge accounting					
Derivative financial instruments	24	5.4	5.4	5.2	5.2

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

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

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

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

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 Citycon's interest rate derivatives is determined by the counterparty banks based on customary valuation techniques used by market participants in the OTC derivative market. An interest rate curve is determined based on observable market rates. The curve is used to determine future interest payments, which are then discounted to present value.

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

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

Loans from financial institutions

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

Bond 1/2012, bond 1/2013, bond 1/2014, bond 1/2015, bond 2/2015 and bond 3/2015

The bonds 1/2012, 1/2013, 1/2014, 1/2015 and 3/2015 are loans which have fair values equal to the nominal amount of the loans. The difference between the fair value and carrying amount is the unamortised capitalised arrangement fees for the bonds and for the 1/2013, 1/2014 and 3/2015 bonds also the unamortised reoffer discount. The fair value of the bonds corresponds to level 1 according to IFRS13.72–90.

The difference between the secondary market price and the fair value of the bonds was EUR 59.8 million (EUR 91.2 million) as of 31 December 2015.

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. The fair value of finance lease liabilities corresponds to level 2 according to IFRS13.72–90.

24. DERIVATIVE FINANCIAL INSTRUMENTS

A) Nominal amounts and fair values of derivative financial instruments

MEUR	Nominal amount 2015	Fair value 2015	Nominal amount 2014	Fair value 2014
Interest rate derivatives				
Interest rate swaps				
Maturity:				
less than 1 year	-	-	-	-
1–2 years	59.9	-4.1	-	-
2–3 years	-	-	58.6	-5.2
3–4 years	-	-	-	-
4–5 years	-	-	-	-
over 5 years	234.3	0.1	-	-
Subtotal	294.2	-3.9	58.6	-5.2
Cross-currency swaps				
Maturity:				
1–5 years	150.0	-2.5	-	-
over 5 years	107.9	2.9	150.0	0.8
Subtotal	257.9	0.4	150.0	0.8
Foreign exchange derivatives				
Forward agreements				
Maturity:				
less than 1 year	291.8	2.4	312.6	-2.0
Total	843.9	-1.1	521.2	-6.3

Interest on floating-rate loans is mainly fixed every three or six months. 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 all of its interest rate swaps valid as at 31 December 2015 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 a derivative financial instrument represents the market value of the instrument at the 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 a foreign exchange gain of EUR 5.0 million (loss of EUR 0.7 million) from foreign exchange rate derivatives and cross-currency swaps, which is recognised in the statement of comprehensive income.

Hedge accounting is applied to interest rate swaps and, cross-currency swaps which have a nominal amount of EUR 402.1 million (EUR 58.6 million).

The average fixed interest rate of the interest rate swaps and and cross-currency swaps as at 31 December 2015 was 2.85 % (3.35%).

B) Derivatives under hedge accounting

Interest rate derivatives MEUR	Assets 2015	Liabilities 2015	Assets 2014	Liabilities 2014
Fair value	3.0	-4.1	-	-5.2

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

Citycon also has cross-currency swaps to effectively convert EUR debt into NOK debt, and for this, hedge accounting is applied.

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 designated as cash flow hedges. Gains and losses are initially recognised under other comprehensive income and are transferred to the statement of comprehensive income when the forecasted cash flows realize and affect the statement of comprehensive income.

At 31 December 2015 and at 31 December 2014, derivatives under hedge accounting were assessed as highly effective. The fair values (net of taxes) of these derivatives were EUR -4.4 million (EUR -4.1 million) and the change of these fair values (net of taxes) EUR -0.2 million (EUR 19.0 million) is recognised under other comprehensive income, taking the tax effect into account.

In addition, EUR -0.4 million (EUR -3.3 million) have been recognised in 'Share of other comprehensive income of joint ventures' from interest rate swaps hedging loans of Kista Galleria loan and Sektor Portefølje II AS.

25. INVESTMENT PROPERTIES HELD FOR SALE

On 31 December 2015, the Investment Properties Held for Sale comprised one residential property in Finland. One property in Finland and two properties in Sweden were disposed in during Q4. Residential property transaction is expected to be finalised during first quarter in 2016. On 31 December 2014, the Investment Properties Held for Sale comprised residential units in Stenungstorg in Sweden and one residential property in Finland. Stenungstorg residential transaction in Sweden was closed in February 2015.

MEUR	2015	2014
Acquisition cost January 1.	7.2	2.3
Disposals	-63.6	-0.3
Exchange differences	0.1	0.0
Transfers from investment properties	57.9	5.2
Accumulated acquisition cost December 31.	1.7	7.2

26. TRADE AND OTHER RECEIVABLES

MEUR	2015	2014
Trade receivables	9.6	6.5
Credit loss provision	-3.2	-2.3
Trade receivables (net)	6.4	4.1
Accrued income and prepaid expenses	20.4	17.0
Unpaid purchase prices related to investment disposals	15.9	-
VAT-receivables	7.1	5.2
Other receivables	3.2	3.4
Total	53.0	29.8

Ageing structure of trade receivables:

MEUR	2015	2014
NOT past due nor impaired	2.7	1.0
Past due, less than 1 month	2.0	1.4
Past due, 1–3 months	1.1	1.0
Past due, 3–6 months	0.7	0.6
Past due, 6–12 months	1.4	1.0
Past due, 1–5 years	1.7	1.4
Total	9.6	6.5

Movement in credit loss provisions		
MEUR	2015	2014
At the beginning of the year	-2.3	-2.0
Exchange difference	-	-
Additions from Business Combination (Note 3)	-0.8	-
Charge for the year	-1.0	-0.5
Utilised	0.6	0.1
Unused amounts reversed	0.1	0.0
Credit loss provision at the end of the year	-3.3	-2.3

Trade receivables are non-interest bearing and their payment terms vary between 2–20 days. Rent collaterals equal 2–6 month of rent and other payments.

27. CASH AND CASH EQUIVALENTS

MEUR	2015	2014
Cash in hand and at bank	23.4	34.4
Other bank deposits	4.5	0.0
Total	27.9	34.4

Cash and cash equivalents in the cash flow statement comprise the items presented above. Other bank deposits consists of pledged cash accounts related to guarantees.

28. SHAREHOLDERS' EQUITY

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

	Outstanding number of shares[1]	Treasury shares	Share capital (MEUR)	Share premium fund (MEUR)	Invested unrestricted equity fund (MEUR)	Total (MEUR)
1 January 2014	441,288,012	-	259.6	131.1	493.0	883.7
Directed share issue and rights issue	152,040,407	-	-	-	401.1	401.1
Return from the invested unrestricted equity fund	-	-	-	-	-53.0	-53.0
31 December 2014	593,328,419	-	259.6	131.1	841.2	1,231.9
Rights issue	296,664,209	-	-	-	602.7	602.7
Return from the invested unrestricted equity fund	-	-	-	-	-89.0	-89.0
31 December 2015	889,992,628	-	259.6	131.1	1,354.9	1,745.6

1) All outstanding shares were fully-paid on 31 December 2015 and 31 December 2014.

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

Share capital

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

Share premium fund

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

Invested unrestricted equity fund

The invested unrestricted equity fund is credited, for instance, with that part of the subscription price of the shares that, according to the Memorandum of Association or the share issue decision, is not to be credited to the share capital. The invested unrestricted equity fund accumulated in 2015 and 2014 due to directed share issue and rights issues.

Fair value reserve

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

Translation reserve

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

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

Citycon's Board of Directors will propose to the company's AGM 2016 that Citycon would move to quarterly distribution of assets policy starting in 2016. Hence the proposal to the AGM for distribution of assets will be made in two parts. The Board of Directors proposes that a dividend of EUR 0.01 per share would be paid for financial year 2015, and that the shareholders would be paid an equity repayment of EUR 0.0275 per share from the invested unrestricted equity fund, totalling approximately EUR 33.4 million. The Board of Directors further proposes, that the Board of Directors would be authorized to decide in its discretion on the distribution of assets from the invested unrestricted equity fund for maximum of EUR 0.1125 per share. The authorization would be valid until the opening of the next AGM.

The proposal for dividends and equity repayment from the invested unrestricted equity fund has not been recognised in the consolidated financial statements on 31 December 2015.

29. LOANS

All Citycon loans were interest-bearing liabilities on 31 December 2015 and 2014. These interest-bearing loans are explained here in detail.

A) Breakdown of interest-bearing liabilities

	Effective interest rate (%)	Carrying amount 2015	Carrying amount 2014
Long-term interest-bearing liabilities			
Bonds			
Bond 1/2012	4.344	138.2	138.1
Bond 1/2013	3.934	496.4	495.7
Bond 1/2014	2.638	344.4	343.9
Bond 1/2015	Reference rate + 1.55	129.3	-
Bond 2/2015	3.900	144.8	-
Bond 3/2015	2.392	297.8	-
Syndicated term loans			
NOK 1,000 million term loan facility	NIBOR + 1.3	103.6	-
Syndicated revolving credit facilities			
MEUR 500 revolving credit facility	Reference rate + 0.90	169.5	103.9
NOK 300 million revolving credit facility	NIBOR + 1.3	31.2	0.0
Bilateral bank loans			
MEUR 30 bank loan	EURIBOR + 0.750	0.0	12.5
Finance lease liabilities	-	0.0	0.0
Other interest-bearing liabilities	-	0.0	0.5
Total long-term interest-bearing liabilities		1,855.3	1,094.5
Short-term interest-bearing liabilities			
Short-term syndicated and bank loans and revolving credit facilities	-	0.0	9.7
Current portion of interest-bearing liabilities	-	0.5	5.0
Commercial papers	-	167.3	68.4
Cash pool overdrafts		0.0	0.0
Finance lease liabilities	-	0.0	0.1
Total short-term interest-bearing liabilities		167.9	83.1

The carrying amounts of syndicated loans and bonds 1/2012, 1/2013, 1/2014, 1/2015, 2/2015 and 3/2015 are stated at amortised cost, using the effective yield method. The fair values of liabilities are shown in Note 23. Classification of Financial Instruments.

Maturity of long-term interest-bearing liabilities

MEUR	2015	2014
1–2 years	138.2	5.5
2–3 years	-	143.1
3–4 years	38.1	2.5
4–5 years	627.8	103.9
over 5 years	1,051.1	839.6
Total	1,855.3	1,094.5

Long-term interest-bearing liabilities by currency

MEUR	2015	2014
EUR	1,020.6	841.4
NOK	591.2	-
SEK	243.5	253.1
Total	1,855.3	1,094.5

Currency split including cross-currency swaps.

Short-term interest-bearing liabilities by currency

MEUR	2015	2014
EUR	142.3	73.4
NOK	0.0	-
SEK	25.6	9.7
Total	167.9	83.1

B) Breakdown of finance lease liabilities

MEUR	2015	2014
Maturity of finance lease liabilities:		
Finance lease liabilities – minimum lease payments		
Not later than 1 year	0.0	0.1
1–5 years	0.0	0.0
Over 5 years	0.0	-
Total	0.0	0.1
Finance lease liabilities – present value of minimum lease payments		
Not later than 1 year	0.0	0.1
1–5 years	0.0	0.0
Over 5 years	0.0	-
Total	0.0	0.1
Future finance charges on finance leases	0.0	0.0
Total finance lease liabilities	0.0	0.1

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

C) Risk Management

Objectives

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

Citycon's risk management process involves identifying, analysing, measuring, mitigating and controlling business-related risks.

Part of the risk management process includes identification of existing, and the planning of new, risk mitigation plans in the event that current actions are not deemed sufficient for each risk identified. Successful risk management decreases the likelihood of risk realisation and mitigates the negative effects of realised risk.

Process

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

The risk reporting process gathers analytical data on risks and the respective mitigation plans, for reporting to the Board of Directors. During the risk reporting period, the main business and support functions independently defines their near term targets, risks threatening these targets and mitigation plans related to the risks. In order to evaluate the importance of each risk, an estimate of the loss associated with the risk is determined together with the probability of risk realisation. An additional feature of risk reporting involves each function reporting the potentially realised risks during the previous year, and mitigation plans put into effect during the period. Risk data is consolidated into one group-wide risk register, based on which the Risk Summary reports are prepared for the Board's Audit and Governance Committee in conjunction with budgeting during the autumn.

Organisation

Each business and support function have a dedicated person responsible for the risk management process, who is in charge of reporting the risks and risk mitigation plans and following up on their implementation. The Group Treasurer prepares the risk report for the Board's Audit and Governance Committee.

Financial risk management

Financial risks have been defined as business critical risks for Citycon. Financial risk arises for Citycon in the form of financial instruments, which are mainly used to raise financing for operations. The Group also uses interest rate and foreign exchange derivatives to manage interest rate and currency risks arising from operations and financing sources. The Board of Directors has approved a Treasury Policy which defines the objectives, responsibilities and risk management indicators applicable to interest rate, foreign exchange, counterparty, liquidity and electricity risk management. The execution of financial risk management is performed by the Group Treasurer and Treasury Manager, under the supervision of the CFO. The Group Treasurer reports 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, whereby changes in money market interest rates lead to fluctuations in future interest cash flows on floating rate borrowings. Interest rate risk management aims to reduce or eliminate the adverse effect of interest rate fluctuations on the company's profit and cash flow. The company aims at a loan portfolio with the right balance of fixed and variable rate debts. Under the company's interest rate risk management policy, the target debt portfolio is one in which a minimum of 70 and a maximum of 90% of interest bearing liabilities are based on fixed interest rates.

The company uses interest rate swaps to manage its interest rate risks and to convert floating rate loans into fixed rate loans. A portion of the hedges can also be performed using inflation derivatives. The interest sensitivity of Citycon's loan portfolio at the end of 2015 is depicted by the fact that a one-percentage point rise in money market interest rates would increase its interest expenses for 2015 by EUR 2.6 million, while a fall of one-percentage point in such rates would decrease them by EUR 1.4 million in the same year.

Interest rate sensitivity

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

Effect on interest expenses of an increase of 100 basis points

MEUR	2015	2014
Euro	1.3	0.7
Norwegian krona	0.8	-
Swedish krona	0.5	0.5
Total	2.6	1.2

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

Effect on shareholders equity of an increase of 100 basis points

MEUR	2015	2014
Euro	0	0.0
Norwegian krona	0.4	-
Swedish krona	0.1	1.3
Total	0.5	1.3

Liquidity risk

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

Citycon's financing policy states that the company's committed credit limits or liquid assets should cover all approved and on-going investments. In addition, available liquidity should provide a sufficient buffer for unexpected payments, based on the management's assessment of the amount required, and the company will arrange committed back-up limits for all funds drawn under commercial paper programmes. On 31 December 2015, unused committed credit limits amounted to EUR 331.1 million, in addition Citycon had unused cash pool limits of EUR 18.0 million and cash and cash equivalents of EUR 27.9 million.

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

MEUR	Less than 1 month	1 to 12 months	1–5 years	Over 5 years	Total
31 December 2015					
Loans from financial institutions	112.5	61.2	193.2	137.0	504.0
Bond 1/2012	0.0	5.9	144.3	0.0	150.2
Bond 1/2013	0.0	18.8	575.0	0.0	593.8
Bond 1/2014	0.0	8.8	35.0	385.0	428.8
Bond 1/2015	0.0	3.6	14.3	131.0	149.0
Bond 2/2015	0.0	5.7	22.7	174.2	202.6
Bond 3/2015	0.0	7.1	28.5	314.3	349.9
Finance lease liabilities	-	0.0	-	-	0.0
Derivative financial instruments	0.9	1.6	15.4	-0.6	17.3
Trade and other payables (excl. interest liabilities)	61.9	26.2	0.4	0.0	88.5
31 December 2014					
Loans from financial institutions	28.5	56.7	124.8	-	210.0
Bond 1/2012	-	5.9	150.2	-	156.0
Bond 1/2013	-	18.8	593.8	-	612.5
Bond 1/2014	-	8.8	43.8	385.0	437.5
Finance lease liabilities	-	0.1	-	-	0.1
Derivative financial instruments	0.3	3.9	7.5	0.9	12.6
Trade and other payables (excl. interest liabilities)	22.8	44.2	0.9	0.0	67.9

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

MEUR	Less than 1 month	1 to 12 months	1–5 years	Over 5 years	Total
31 December 2015					
Undrawn committed credit facilities	-	-	331.1	-	331.1
31 December 2014					
Undrawn committed credit facilities	-	-	397.5	-	397.5

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

Credit risk

Citycon controls its receivables within the framework of the given credit limits and has not so far identified any major credit risk associated with them. Credit-risk management caters for customer-risk management, which is aimed at minimising the adverse effect of unexpected changes in the customers' financial standing on Citycon's business and financial results. Customer-risk management is primarily based on the knowledge of the customers' business and active monitoring of customer data. Citycon's lease agreements include lease deposit provisions used to contribute to managing customers' risks. The maximum exposure from trade receivables is the carrying amount as disclosed in Note 26. Trade and other receivables.

Credit risk arising from cash and cash equivalents and certain derivative agreements relate to a default of a 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 on deposit bank accounts and in short term money market deposits, in which the counterparties are commercial banks participating in Citycon's credit agreements. Citycon's financing policy also sets forth the approved financial instruments in which the company can invest, and includes counterparty limits for those investments.

Exchange rate risk

Citycon's presence in countries outside the euro-zone exposes the company to exchange rate risk. Exchange rate risk stems from transaction risks resulting from the conversion of foreign currency denominated transactions into local currency, on the one hand, and from translation risks in the balance sheet associated with investments in foreign subsidiaries. The company uses foreign exchange derivatives to manage the transaction risk on committed transactions. The company hedges against exchange rate risk in the balance sheet by aiming to finance its foreign investments mainly in the local currency. Currently, the company's exchange rate risk relates to fluctuations in the euro/Swedish crown and the euro Norwegian crown exchange rates.

Foreign exchange sensitivity

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

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

MEUR	2015	2014
Swedish krona	0.0	0.1
Norwegian krona	0.8	
Total	0.8	0.1

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 dividend. Citycon's capital structure is managed in an active manner and capital structure requirements are taken into account when considering various financing alternatives. The company can adjust the capital structure by deciding on the issuance of new shares, raising debt financing or making adjustments to the dividend.

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

The company's current syndicated loan agreements require a minimum equity ratio of 32.5%. As of 31 December 2015, the company's equity ratio stood at 48.3% and the equity ratio as defined in the loan agreement was around 48.3%.

The formulas for calculating the equity ratio and LTV can be found on page 65 in the consolidated financial statements.

Equity ratio:

MEUR		2015	2014
Total shareholders' equity (A)		2,245.5	1,652.5
Total assets		4,664.4	3,037.2
Less advances received		13.4	12.4
./. (Total assets - advances received) (B)		4,651.0	3,024.8
Equity ratio (A/B)	%	48.3	54.6

LTV (Loan-to-value) -%:

MEUR		2015	2014
Interest-bearing debt total (Note 29)		2,023.2	1,177.7
Less cash and cash equivalents (Note 27)		27.9	34.4
Interest-bearing net debt (A)		1,995.2	1,143.3
Fair value of investment properties including properties held for sale (Note 15) and investments in joint ventures (Note 18) (B)		4,362.3	2,959.1
LTV (A/B)	%	45.7	38.6

Equity ratio decreased in 2015 despite the EUR 600 million equity raise as the total assets in proportion increased more as a result of the acquisition of Sektor. The LTV increased in 2015 despite the higher fair value of investment properties due to the acquisition of Sektor Gruppen, which resulted in a clearly higher net interest-bearing debt.

30. TRADE AND OTHER PAYABLES

Trade and other payables

MEUR	2015	2014
Trade payables	27.2	12.4
Short-term advances received	12.9	11.8
Interest liabilities	21.6	16.7
Other liabilities	22.4	21.6
Accrued expenses total	44.0	38.3
VAT-liabilities	4.1	5.4
Other short-term payables	0.3	0.0
Other short-term payables total	4.4	5.4
Total	88.5	67.9

Due dates of future payments of trade and other payables:

MEUR	2015	2014
Due in less than 1 month	61.9	22.8
Due in 1–3 months	24.9	29.3
Due in 3–6 months	0.3	1.1
Due in 6–12 months	1.0	13.8
Due in 1–2 years	0.2	0.6
Due in 2–5 years	0.2	0.3
Due in over 5 years	0.0	0.0
Total	88.5	67.9

31. EMPLOYEE BENEFITS

A) Stock option schemes

Stock option plan 2011

The Board of Directors of Citycon decided on 3 May 2011, by virtue of an authorisation granted by the Annual General Meeting held on 13 March 2007, to issue stock options to the key personnel of the company and its subsidiaries. The company had a weighty financial reason for the issue of stock options, since the stock options are intended to form part of the incentive and commitment program for the key personnel. The purpose of the stock options is to encourage the key personnel to work on a long-term basis to increase shareholder value and to commit the key personnel to the company.

The maximum total number of stock options that could be issued during 2011–2015 was 7,250,000. The maximum total number of shares to be subscribed for based on the distributed 2011 stock options is 12,474,526, or alternatively, provided that the stock options had been fully distributed, the stock options would have entitled their owners to subscribe to a maximum total of 14,622,525 new shares or treasury shares. The stock options were issued gratuitously. Stock options entitle their holders to subscribe for company shares within the period specified in the terms and conditions of the stock options.

At the end of 2015, stock options 2011A–D(I), 2011A–D(II) and 2011A–D(III) were held by 12 key employees within the Group. The amount of outstanding stock options was 6,185,000 on 31 December 2015. These option rights entitle their holders to subscribe for 12,474,526 shares in 2012–2018.

Citycon has used 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 2015, the expense recognised in the statement of comprehensive income totalled EUR 0.1 million (EUR 0.3 million in 2014). The expected volatility is determined by calculating the company share price's historical volatility.

In order to ensure the equal treatment of shareholders and the stock option holders, the Board of Directors of Citycon decided on 15 June 2015 and 13 July 2015, due to rights issue arranged in June–July 2015, to adjust the subscription ratio and the subscription price of the stock options 2011. In addition, in 2013 the Board of Directors had decided, due to rights issue arranged in June–July 2014, to adjust the subscription ratio and the subscription price of the stock options 2011. The above mentioned adjustments were made in accordance with the terms and conditions of the Stock Option Plan 2011.

Option category	Subscription price, EUR	Subscription ratio
2011A–D(I)	2,5380 (2,7820)	2.0169 (1.3446)
2011A–D(II)	2,6075 (2,8862)	2.0169 (1.3446)
2011A–D(III)	2,2703 (2,3804)	2.0169 (1.3446)

The share subscription price will be recognised in the company's invested unrestricted equity fund. Each year, the per-share dividends and equity returns, differing from the company's normal practice, may be deducted from the share subscription price.

Share subscription period	2011A(I–III)	2011B(I–III)	2011C(I–III)	2011D(I–III)
Share subscription period begins	1 April 2012	1 April 2013	1 April 2014	1 April 2015
Share subscription period ends	31 March 2018	31 March 2018	31 March 2018	31 March 2018

Stock option plan 2011		Optiot 2011A–D(I)/ Stock options 2011A–D(I)	Optiot 2011A–D(II)/ Stock options 2011A–D(II)	Optiot 2011A–D(III)/ Stock options 2011A–D(III)
Type of scheme		Share-based options, granted to the Group's key personnel	Share-based options, granted to the Group's key personnel	Share-based options, granted to the Group's key personnel
Grant date		3 May 2011	3 May 2011	11 October 2011
No. of instruments granted		2,250,000	1,910,000	2,025,000
Exercise price at grant date	EUR	3.17	3.31	2.63
Adjusted share subscription price (as from 14 July 2015)	EUR	2,5380 (2,7820)	2,6075 (2,8862)	2,2703 (2,3804)
Adjusted subscription ratio (as from 14 July 2015)		2.0169 (1.3446)	2.0169 (1.3446)	2.0169 (1.3446)
Vesting period as per option terms [1]	No. of days	332–1,427	332–1,427	172–1,267
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.	Employment during vesting period. In case of prior employment termination, stock options forfeited.
Exercise		In terms of shares	In terms of shares	In terms of shares
Expected volatility	%	35.00	35.00	35.00
Expected exercise period at grant date [1]	No. of days	1,095–2,190	1,095–2,190	1,095–2,190
Risk-free interest rate	%	3.18	2.85	1.73
Expected dividend/share	EUR	0.14	0.14	0.14
Instrument fair value determined at grant date	EUR	0.78	0.73	0.46
Option-pricing model		Black&Scholes	Black&Scholes	Black&Scholes

1) The number of days varies among the sub-categories of the options

Changes in the stock options and their weighted average exercise prices during the period were as follows:

	2015		2014	
	Exercise price, weighted average, EUR/share	No. of stock options	Exercise price, weighted average, EUR/share	No. of stock options
At period-start	2.68	6,185,000	2.69	6,305,000
New stock options granted	-	-	-	-
Forfeited stock options	-	-	2.72	120,000
Redistributed stock options	-	-	-	-
Exercised stock options	-	-	-	-
Lapsed stock options	-	-	-	-
At period-end	2.47	6,185,000	2.68	6,185,000

Exercisable stock options at period-end

The company had 6,185,000 outstanding 2011A-D(I-III) stock options at period-end. No stock options were exercised during 2015.

The lapse year is the year 2018 of the outstanding stock options.

B) Long-term share-based incentive plan

On 10 February 2015, the Board of Directors of Citycon Oyj decided on two new long-term share-based incentive plans for the Group key employees, a performance share plan 2015 and a restricted share plan 2015. The aim of the new plans is to combine the objectives of the shareholders and the key employees in order to increase the value of the company in the long-term, to bind the key employees to the company, and to offer them competitive reward plans based on earning and accumulating the company's shares.

In 2015, expenses from long-term share-based incentive plans recognised in the statement of comprehensive income amounted to EUR 0.3 million.

Performance share plan 2015

The performance share plan 2015 is directed to Citycon group's key personnel as determined by the Board for each performance period. At period-end the performance share plan was directed to approximately 30 people, including the members of the Corporate Management Committee, for the performance period 2015-2017.

The performance share plan 2015 includes three three-year performance periods, calendar years 2015–2017, 2016–2018, 2017–2019. The Board will decide on the plan's performance criteria and required performance levels for each criterion at the beginning of each performance period. After the end of each performance period, the Board of Directors confirms the results of the performance criteria and the number of shares granted based on them.

As a consequence of the rights issue carried out in June–July 2015, the Board of Directors of the company adjusted the amount of the maximum reward and the performance criterion under the performance share plan 2015 in accordance with the terms and conditions of the plan. Based on these adjustments that are effective as of 14 July 2015, the maximum total number of shares that can be paid under the performance share plan 2015 is 3,814,498 shares. An approximate maximum total of 1,271,499 shares can be paid on the basis of the performance period 2015–2017. The potential reward of the plan from the performance period 2015–2017 will be based on the total shareholder return of Citycon's share (TSR) (weight 100%).

The potential reward from the performance period 2015–2017 will be paid partly in the company's shares and partly in cash by the end of March 2018. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. As a rule, no reward will be paid from the plan, if a participant's employment or service ends before the end of 2017.

Restricted share plan 2015

The restricted share plan 2015 is directed only to selected key employees, including the members of the Corporate Management Committee.

The rewards from the restricted share plan 2015 may be allocated in 2015–2017. The reward will be based on a valid employment or service contract of a key employee upon the reward payment, and it will be paid partly in the company's shares and partly in cash after the end of a two-year or a three-year vesting period.

The rewards to be paid on the basis of the restricted share plan correspond to the value of an approximate maximum total of 500,000 shares (including also the cash proportion to be used for taxes and tax-related costs).

The rewards on the basis of the restricted share plan corresponding to the value of a total of 90,000 shares were allocated in 2015 and they were granted to 3 key employees on 1 October 2015.

32. CASH GENERATED FROM OPERATIONS

	2015	2014
Profit before taxes	116.0	102.4
Adjustments for:		
Depreciation and amortisation (Note 10)	2.5	0.8
Net fair value gains(-)/losses(+) on investment property (Note 15)	-7.3	-15.7
Losses(+)/profit(-) on disposal of investment property (Notes 15 and 25)	17.1	0.3
Share-based payments (Note 31)	0.3	0.3
Share of profit of associated companies and joint ventures	-19.4	-15.0
Non-cash reduction in goodwill	9.3	-
Foreign exchange gains(-)/losses(+) in financing expenses (Note 12)	0.3	0.1
Interest and other financing income (Note 12)	-8.4	-7.2
Interest and other financing expenses (Note 12)	60.4	84.8
Changes in working capital		
Trade and other receivables (Note 26)	-11.5	2.9
Trade and other payables (Note 30)	1.1	-8.1
Cash generated from operations	160.3	145.4

33. COMMITMENTS AND CONTINGENT LIABILITIES

A) Other leases – Group as lessee

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

MEUR	2015	2014
Not later than 1 year	0.7	2.4
1–5 years	6.7	6.5
Over 5 years	1.1	3.2
Total[1]	8.5	12.2

1) Citycon reports land lease fees as a part of commitments and contingent liabilities as of 31 Dec 2014.

Leases mainly concern premises, cars and land lease fees. Leases of premises are mostly in effect until further notice and have a notice period of six months. For most leases, rent increases are tied to the cost-of-living index. Car lease agreements are in effect for four years. While the lease agreements have no renewal clause, in practice the contract period can be extended for one to two years.

Lease payments recognised as expenses during the period were EUR 1.7 million (EUR 0.8 million) and they do not include contingent rents or sublease payments. Lease expenses recognised in the statement of comprehensive income are included in Administrative expenses on row office and other administrative expenses (Note 7. Administrative expenses).

B) Pledges and other contingent liabilities

MEUR	2015	2014
Loans, for which mortgages are given in security and shares pledged		
Loans from financial institutions	135.4	-
Contingent liabilities for loans		
Mortgages on land and buildings	135.4	-
Bank guarantees	124.1	66.2
Capital commitments	219.2	244.7
VAT refund liabilities	110.4	94.9

Mortgages on land and buildings

Mortgages related to certain bank loans of the subsidiaries where the subsidiary had given security on the loan via mortgages.

Bank guarantees

Bank guarantees relate to parent company guarantees on behalf of subsidiaries for third parties, or alternatively third party bank guarantees.

Capital commitments

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

VAT refund liability

There are value-added tax refund liabilities arising from capitalised renovations and new investments in Citycon's investment properties. The VAT refund liabilities will realise if the investment property is transferred for non-VAT-liability use within 10 years. Exception to 10-year review rule apply to investments in Finland that have been completed prior to 2008, and the review period is 5 years.

C) Legal claims and lawsuits

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

D) Financial covenant commitments

Under a commitment given in the terms of the bank loan facilities, the 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 equity ratio, shareholders' equity includes capital loans and excludes non-cash valuation gain/loss from derivative contracts recognised 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 2015 stood at around 48.3% and interest coverage ratio at around 3.8 (2014: equity ratio was around 54.8% and interest coverage ratio around 3.1).

Under a commitment given in the terms of the Trust Deeds regarding the eurobonds issued in 2013, 2014 and 2015, Citycon undertakes to maintain the group's solvency ratio at under 0.65 and its secured solvency ratio at under of 0.25. The solvency ratio is calculated by dividing the Group's consolidated net debt with total assets. The secured solvency ratio is calculated by dividing the Group's consolidated secured debt with total assets.

Accordingly, the solvency ratio on 31 December 2015 stood at around 0.45 (2014: 0.38) and the secured solvency ratio at around 0.03 (2014: 0.00).

34. RELATED PARTY TRANSACTIONS

A) Related parties

Citycon Group's related parties comprise the parent company Citycon Oyj and its subsidiaries, associated companies, joint ventures, Board members; CEO and other Corporate Management Committee members; and the company's largest shareholder Gazit-Globe Ltd., whose shareholding in Citycon Oyj accounted for 43.4% on 31 December 2015 (31 December 2014: 42.8%).

Group companies on 31 December 2015	Country	Group holding, %	Parent company holding, %
Albertslund Centrum ApS	Denmark	100	
Asematie 3 Koy	Finland	100	
Big Apple Top Oy	Finland	100	
Citycon AB	Sweden	100	100
Citycon Bodø Drift AS	Norway	100	
Citycon Bodø Eiendom AS	Norway	100	
Citycon Buskerud Drift AS	Norway	100	
Citycon Buskerud Eiendom AS	Norway	100	
Citycon Buskerud Invest AS	Norway	100	
Citycon Buskerud Invest KS	Norway	100	
Citycon Denmark ApS	Denmark	100	100
Citycon Development AB	Sweden	100	
Citycon Down Town Drift AS	Norway	100	
Citycon Down Town Eiendom AS	Norway	100	
Citycon Eiendomsmegling AS	Norway	100	
Citycon Estonian Investments B.V.	The Netherlands	100	
Citycon Finland Oy	Finland	100	100
Citycon Heiane Drift AS	Norway	100	
Citycon Heiane Eiendom AS	Norway	100	
Citycon Herkules Drift AS	Norway	100	
Citycon Herkules Eiendom AS	Norway	100	
Citycon Holding AS	Norway	100	100
Citycon Högdalen Centrum AB	Sweden	100	
Citycon Jakobsbergs Centrum AB	Sweden	100	
Citycon Kilden Drift AS	Norway	100	
Citycon Kilden Eiendom AS	Norway	100	
Citycon Kongssenteret Drift AS	Norway	100	
Citycon Kongssenteret Eiendom AS	Norway	100	
Citycon Kolbotn Torg AS	Norway	100	
Citycon Kolbotn Torg Eiendom AS	Norway	100	
Citycon Kolbotn Torg Drift AS	Norway	100	
Citycon Kolbotn Torg Næring AS	Norway	100	
Citycon Kolbotn Torg Parkering AS	Norway	100	
Citycon Kremmertorget Drift AS	Norway	100	
Citycon Kremmertorget Eiendom AS	Norway	100	
Citycon Krokstad Eiendom AS	Norway	100	
Citycon Lade Eiendom AS	Norway	100	
Citycon Liertoppen Drift AS	Norway	100	
Citycon Liertoppen Eiendom AS	Norway	100	
Citycon Lietorvet Drift AS	Norway	100	
Citycon Lietorvet Eiendom AS	Norway	100	
Citycon Liljeholmstorget Galleria AB	Sweden	100	
Citycon Linderud Drift AS	Norway	100	
Citycon Linderud Eiendom AS	Norway	100	
Citycon Magasinet Drammen Eiendom AS	Norway	100	
Citycon Magasinet Drammen Invest AS	Norway	100	
Citycon Magasinet Drammen Invest I ANS	Norway	100	
Citycon Magasinet Drammen Invest II ANS	Norway	100	
Citycon NAF-Huset Drift AS	Norway	100	
Citycon NAF-Huset Eiendom AS	Norway	100	
Citycon Norway AS	Norway	100	
Citycon Oasen Drift AS	Norway	100	
Citycon Oasen Eiendom AS	Norway	100	
Citycon Portefølje I AS	Norway	100	
Citycon Portefølje I Vest AS	Norway	100	
Citycon Portefølje I Øst AS	Norway	100	
Citycon Portefølje III AS	Norway	100	
Citycon Portefølje Syd AS	Norway	100	
Citycon Senterdrift AS	Norway	100	
Citycon Services AB	Sweden	100	
Citycon Shopping Centers AB	Sweden	100	
Citycon Shopping Centers Shelf 6 AB	Sweden	100	
Citycon Sjøsiden Drift AS	Norway	100	
Citycon Sjøsiden Eiendom AS	Norway	100	
Citycon Skomværkvartalet Eiendom AS	Norway	100	
Citycon Solsiden Drift AS	Norway	100	
Citycon Solsiden Eiendom AS	Norway	100	
Citycon Stopp Drift AS	Norway	100	
Citycon Stopp Eiendom AS	Norway	100	
Citycon Storbyen Drift AS	Norway	100	
Citycon Storbyen Eiendom AS	Norway	100	

Group companies on 31 December 2015	Country	Group holding, %	Parent company holding, %
Citycon Storgata 53 Eiendom AS	Norway	100	
Citycon Treasury B.V.	The Netherlands	100	100
Citycon Trekanten Drift AS	Norway	100	
Citycon Trekanten Eiendom AS	Norway	100	
Citycon Tumba Centrumfastigheter AB	Sweden	100	
Espoon Asemakuja 2 Koy	Finland	100	
Etelä-Suomen Kauppakiinteistöt Oy	Finland	100	
Euro Montalbas B.V.	The Netherlands	100	
Helsingin Hämeentie 109-111 Koy	Finland	100	
Jyväskylän Forum Koy	Finland	100	
Jyväskylän Kauppakatu 31 Koy	Finland	100	
Kaarinan Liiketalo Koy	Finland	100	
Kauppakeskus Columbus Koy	Finland	100	
Kauppakeskus Isokarhu Oy	Finland	100	
Kivensilmänkuja 1 Koy	Finland	100	
Kristiina Management Oy	Finland	100	
Kristiine Keskus Oü	Estonia	100	
Kuopion Kauppakatu 41 Koy	Finland	100	
Lahden Hansa Koy	Finland	100	
Lentolan Perusyhtiö Oy	Finland	100	
Liljeholmstorget Development Services AB	Sweden	100	
Lillinkulma Koy	Finland	100	
Lintulankulma Koy	Finland	100	
Lippulaiva Koy	Finland	100	
Magistral Kaubanduskeskuse Oü	Estonia	100	
Manhattan Acquisition Oy	Finland	100	
Martinlaakson Kivivuorentie 4 Koy	Finland	100	
Montalbas B.V.	The Netherlands	100	100
Myyrmanni Koy	Finland	100	
New Manhattan Acquisition Oy	Finland	100	
Porin Asema-aukio Koy	Finland	100	
Riddarplatsen Fastigheter HB	Sweden	100	
Rocca al Mare Kaubanduskeskuse AS	Estonia	100	
Sinikalliontie 1 Koy	Finland	100	
Stenungs Torg Fastighets AB	Sweden	100	
Tampereen Hermanni Koy	Finland	100	
Tampereen Koskikeskus Koy	Finland	100	
Åkersberga Centrum AB	Sweden	100	
Tikkurilan Kauppakeskus Koy	Finland	98.8	
Lahden Trio Koy	Finland	89.5	
Linjurin Kauppakeskus Koy	Finland	88.5	
Hervannan Liikekeskus Oy	Finland	83.2	
Myyrmäen Kauppakeskus Koy	Finland	78.6	
Ersboda Länken 1 AB	Sweden	75.0	
RED City AB	Sweden	75.0	

Group companies on 31 December 2015	Country	Group holding, %	Parent company holding, %
Råd & Bokføring AS	Norway	70.6	
Heikintori Oy	Finland	68.7	
Espoontorin Pysäköintitalo Oy	Finland	68.6	
Espoontori Koy	Finland	66.6	
Myyrmäen Autopaikoitus Oy	Finland	62.7	
Espoon Asematori Koy	Finland	54.1	
Centerteam AS	Norway	50.0	
Centro Henrique Oy	Finland	50.0	
Dr Juells Park AS	Norway	50.0	
Lappeenrannan Villimiehen Vitonen Oy	Finland	50.0	
Holding Big Apple Housing Oy	Finland	50.0	
Holding Metrokeskus Oy	Finland	50.0	
Kista Galleria JV AB	Sweden	50.0	
Kista Galleria Kommanditbolag	Sweden	50.0	
Kista Galleria Holding AB	Sweden	50.0	
Kista Galleria LP AB	Sweden	50.0	
Klosterfoss Utvikling AS	Norway	50.0	
Magasinet Drammen AS	Norway	50.0	
Mölndals Galleria AB	Sweden	50.0	
Mölndals Galleria Fastighets AB	Sweden	50.0	
New Big Apple Top Koy	Finland	50.0	
Retail Park Oy	Finland	50.0	
Sandstranda Bolig AS	Norway	50.0	
Tikkurilan Kassatalo As Oy	Finland	41.7	
Länsi-Keskus Koy	Finland	41.4	
Hansaparkki Koy	Finland	36.0	
Kontulan Asemakeskus Koy	Finland	34.8	
Jyväskylän Ydin Oy	Finland	29.0	
Sektor Halden Drift AS	Norway	20.0	
Sektor Halden Eiendom AS	Norway	20.0	
Sektor Markedet Drift AS	Norway	20.0	
Sektor Markedet Eiendom AS	Norway	20.0	
Sektor Portefølje II AS	Norway	20.0	
Sektor Stovner Drift AS	Norway	20.0	
Sektor Stovner Eiendom AS	Norway	20.0	
Sektor Torvbyen Eiendom AS	Norway	20.0	
Torvbyen Utvikling AS	Norway	20.0	
Tupakkikiven Parkki Koy	Finland	13.7	
Torvbyen Drift AS	Norway	7.6	
Liesikujan Autopaikat Oy	Finland	6.3	
Martinlaakson Huolto Oy	Finland	3.8	
Partnerships for taxation purposes:			
Parkeringshuset Väpnaren	Sweden	64.0	

B) Related party transactions

Group companies

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

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

Management remuneration

Citycon Group's management comprises Board members, CEO and other Corporate Management Committee members. The remuneration of the persons in the management are presented in the following chapters.

CEO wages and salaries		2015*)	2014*)
Marcel Kokkeel (CEO as of 24 March 2011)			
in cash	EUR	858,507	828,626
in Citycon Oyj shares		62,630	68,948

**) The CEO's was paid in 2014 a bonus of EUR 185,065.00 and 68,948 company shares for the year 2013 and in 2015 a bonus of EUR 200,000.00 and 62,630 company shares for the year 2014.*

The Chief Executive Officer (CEO) of Citycon Oyj is appointed by the Board of Directors. The service terms of the CEO are stipulated in a written executive contract approved by the Board of Directors.

In 2011, the Board of Directors appointed Mr Marcel Kokkeel (LL.M, born in 1958), a Dutch citizen, Citycon Oyj's CEO.

According to his service agreement, the CEO's gross base salary in 2015 amounted to EUR 621,150. The amount of the CEO's base salary shall be adjusted based on changes in the consumer price index. At the discretion of the Board of Directors, the CEO may be awarded an additional bonus up to a maximal amount corresponding to 80% of his annual gross base salary. Pursuant to the CEO's service agreement amended as of 19 March 2014, the amount of CEO's annual bonus is determined by the extent to which the bonus performance and achievement of earnings goals set by the Board of Directors have been reached. The achievement of CEO's performance and earnings goals shall be evaluated annually. The goals support the strategy of the company. Performance measures include, among others, EPRA EPS, net rental income and fair value development of the like-for-like properties, and by investments, divestments and development portfolio. 50% of the amount of the CEO's additional bonus shall be paid as cash while the other 50% shall be paid as company's shares. The CEO is entitled to the following fringe benefits: company car, housing, telephone and luncheon benefits. The CEO's pension benefit is in line with mandatory provisions of the Finnish Pension Act.

CEO's service agreement is valid for an indefinite period. The period of notice of the service agreement is six months, both for the CEO and the company. In case of notice by the company, the CEO will be paid, in addition to the salary payable for the notice period, a severance pay consisting of 1.5 times his annual base salary at the moment of termination. After the agreement amendment as of 19 March 2014, the severance pay no longer consists of additional 1.5 times the most recent annual bonus payment of the CEO.

Related to the company's Stock Option Plan 2011, the CEO has been granted 1,000,000 stock options 2011A–D(I), 250,000 stock options in each sub-category.

Personnel expenses for the entire Corporate Management Committee, MEUR	2015	2014
Wages and salaries	2.6	2.2
Pensions: defined contribution plans	0.4	0.4
Social charges	0.3	0.2
Total	3.3	2.8

Citycon recognized EUR 0.2 million (0.2 million) non-recurring personnel expenses arising from employment terminations of Corporate Management Committee members.

The Corporate Management Committee members including the CEO held a total of 2,350,000 stock options 2011A–D(I), 2011A–D(II) and 2011A–D(III) at the end of 2015.

Remuneration of the members of the Board of Directors, EUR	2015	2014
Ashkenazi Ronen	87,800	85,800
Katzman Chaim	165,000	165,000
Knobloch Bernd	85,600	85,600
de Haan Arnold (Board member since 10 June 2014)	63,200	45,879
Komi Kirsi	65,000	66,200
Rachel Lavine (Board member since 19 March 2015)	61,400	-
Ohana Karine (Board member until 19 March 2015)	2,400	63,800
Orlandi Andrea (Board member since 10 June 2014)[1)]	-	-
Ottosson Claes	64,400	65,600
Ovin Per-Anders	65,000	66,200
Sonninen Jorma (Board member until 10 June 2014)	-	13,789
Yanai Yuval (Board member until 10 June 2014)	-	17,989
Zochovitzky Ariella	71,800	73,600
Total	731,600	749,457

1) Andrea Orlandi has notified the company that he will not accept any annual fees or meeting fees payable by the company.

During 2015, the travel expenses of the Board members amounted to EUR 0.1 million (EUR 0.1 million 2014). Board members do not participate in the company's share-based incentive schemes.

Transactions with Gazit-Globe Ltd.

Purchases of services and expenses charged forward

Citycon has paid expenses of EUR 0.0 million (EUR 0.0 million) to Gazit-Globe Ltd. and its subsidiaries and invoiced expenses of EUR 0.1 million (EUR 0.0 million) forward to Gazit-Globe Ltd. and its subsidiaries.

Rights issues 2015 and 2014

During 2015 Citycon issued approximately 296.7 million new shares in a rights issue in June–July 2015. The gross proceeds raised by Citycon in the rights issue were approximately EUR 608.2 million. Gazit-Globe Ltd. subscribed for approximately 127,1 million shares in the rights issue.

During the comparison period Citycon issued approximately 74 million new shares in a rights issue in June–July 2014. The gross proceeds raised by Citycon in the rights issue were approximately EUR 196.5 million. Gazit-Globe Ltd. subscribed for approximately 33.0 million shares in the rights issue.

Reporting to Gazit-Globe Ltd.

The company's main shareholder, Gazit-Globe Ltd., holding 43.4% of the shares in the company, has announced that it has been applying IFRS in its financial reporting starting from 2007. According to IFRS, one company may exercise a controlling interest in another company even if its shareholding in that company does not exceed 50%. Gazit-Globe Ltd. holds the view that it exercises a controlling interest, as defined in IFRS, in Citycon Oyj based on the fact that it has been able to exercise controlling interest in Citycon's shareholders' meetings pursuant to its shareholding. In accordance with an agreement concluded between the companies, Citycon will provide 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.

35. CHANGES IN GROUP STRUCTURE IN 2015

Companies established
Citycon Holding AS (former Citycon Norway AS)
Companies acquired
Citycon Bodø Drift AS (former Sektor Bodø Drift AS)
Citycon Bodø Eiendom AS (former Sektor Bodø Eiendom AS)
Citycon Buskerud Drift AS (former Sektor Buskerud Drift AS)
Citycon Buskerud Eiendom AS (former Sektor Buskerud Eiendom AS)
Citycon Buskerud Invest AS (former Sektor Buskerud Invest AS)
Citycon Buskerud Invest KS (former Sektor Buskerud Invest KS)
Citycon Down Town Drift AS (former Sektor Down Town Drift AS)
Citycon Down Town Eiendom AS (former Sektor Down Town Eiendom AS)
Citycon Eiendomsmegling AS (former Sektor Eiendomsmegling AS)
Citycon Heiane Drift AS (former Sektor Heiane Drift AS)
Citycon Heiane Eiendom AS (former Sektor Heiane Eiendom AS)
Citycon Herkules Drift AS (former Sektor Herkules Drift AS)

Companies acquired
Citycon Herkules Eiendom AS (former Sektor Herkules Eiendom AS)
Citycon Kilden Drift AS (former Sektor Kilden Drift AS)
Citycon Kilden Eiendom AS (former Sektor Kilden Eiendom AS)
Citycon Kolbotn Torg Drift AS (former Sektor Kolbotn Torg Drift AS)
Citycon Kolbotn Torg AS (former Kolbotn Torg AS)
Citycon Kolbotn Torg Eiendom AS (former Kolbotn Torg Eiendom AS)
Citycon Kolbotn Torg Næring AS (former Kolbotn Torg Næring AS)
Citycon Kolbotn Torg Parkering AS (former Kolbotn Torg Parkering AS)
Citycon Kongssenteret Drift AS (former Sektor Kongssenteret Drift AS)
Citycon Kongssenteret Eiendom AS (former Sektor Kongssenteret Eiendom AS)
Citycon Kremmertorget Drift AS (former Sektor Kremmertorget Drift AS)
Citycon Kremmertorget Eiendom AS (former Sektor Kremmertorget Eiendom AS)
Citycon Krokstad Eiendom AS (former Sektor Krokstad Eiendom AS)
Citycon Lade Eiendom AS (former Sektor Lade Eiendom AS)
Citycon Liertoppen Drift AS (former Sektor Liertoppen Drift AS)
Citycon Liertoppen Eiendom AS (former Sektor Liertoppen Eiendom AS)
Citycon Lietorvet Drift AS (former Sektor Lietorvet Drift AS)
Citycon Lietorvet Eiendom AS (former Lietorvet Eiendom AS)
Citycon Linderud Eiendom AS (former Sektor Linderud Eiendom AS)
Citycon Magasinet Drammen Eiendom AS (former Sektor Magasinet Drammen Eiendom AS)
Citycon Magasinet Drammen Invest AS (former Sektor Magasinet Drammen Invest AS)
Citycon Magasinet Drammen Invest I ANS (former Sektor Magasinet Drammen Invest I ANS)
Citycon Magasinet Drammen Invest II ANS (former Sektor Magasinet Drammen Invest II ANS)
Citycon NAF-Huset Drift AS (former NAF-Huset Drift AS)
Citycon NAF-Huset Eiendom AS (former Sektor NAF-Huset Eiendom AS)
Citycon Norway AS (former Sektor Gruppen AS)
Citycon Oasen Drift AS (former Sektor Oasen Drift AS) (increase of ownership from 0% to 69.2% and further to 100%)
Citycon Oasen Eiendom AS (former Sektor Oasen Eiendom AS) (increase of ownership from 0% to 69.2% and further to 100%)
Citycon Portefølje I AS (former Sektor Portefølje I AS) (increase of ownership from 0% to 69.2% and further to 100%)
Citycon Portefølje I Vest AS (former Sektor Portefølje I Vest AS) (increase of ownership from 0% to 69.2% and further to 100%)
Citycon Portefølje I Øst AS (former Sektor Portefølje I Øst AS) (increase of ownership from 0% to 69.2% and further to 100%)
Citycon Portefølje III AS (former Sektor Portefølje III AS)
Citycon Portefølje Syd AS (former Sektor Portefølje Syd AS)
Citycon Senterdrift AS (former Sektor Senterdrift AS)
Citycon Sjøsiden Drift AS (former Sjøsiden Drift AS) (increase of ownership from 0% to 69.2% and further to 100%)
Citycon Sjøsiden Eiendom AS (former Sektor Sjøsiden Eiendom AS) (increase of ownership from 0% to 69.2% and further to 100%)
Citycon Skomværkvartalet Eiendom AS (former Sektor Skomværkvartalet Eiendom AS)
Citycon Solsiden Drift AS (former Sektor Solsiden Drift AS)
Citycon Solsiden Eiendom AS (former Sektor Solsiden Eiendom AS)

Companies acquired
Citycon Stopp Drift AS (former Sektor Stopp Drift AS)
Citycon Stopp Eiendom AS (former Sektor Stopp Eiendom AS)
Citycon Storbyen Drift AS (former Sektor Storbyen Drift AS) (increase of ownership from 0% to 69.2% and further to 100%)
Citycon Storbyen Eiendom AS (former Sektor Storbyen Eiendom AS) (increase of ownership from 0% to 69.2% and further to 100%)
Citycon Storgata 53 Eiendom AS (former Sektor Storgata 53 Eiendom AS)
Citycon Trekanten Drift AS (former Sektor Trekanten Drift AS)
Citycon Trekanten Eiendom AS (former Sektor Trekanten Eiendom AS)
Myyrmäen Kauppakeskus Koy (increase of ownership from 74.0% to 78.6%)
Tikkurilan Kauppakeskus Oy (increase of ownership from 83.8% to 98.84%)
Åkersberga Centrum AB (increase of ownership from 75.0% to 100%)
Råd & Bokføring AS (increase of ownership from 0% to 60.8 and further to 70.6%)
Centerteam AS (50%)
Dr Juells Park AS (50%)
Klosterfoss Utvikling AS (50%)
Magasinet Drammen AS (50%)
Sandstranda Bolig AS (50%)
Sektor Halden Drift AS (20%)
Sektor Halden Eiendom AS (20%)
Sektor Markedet Drift AS (20%)
Sektor Markedet Eiendom AS (20%)
Sektor Portefølje II AS (20%)
Sektor Stovner Drift AS (20%)
Sektor Stovner Eiendom AS (20%)
Sektor Torvbyen Eiendom AS (20%)
Torvbyen Utvikling AS (20%)
Torvbyen Drift AS (20%)
Companies sold
Citycon Shopping Centers Vinden AB
Espoon Big Apple Housing As Oy
Hakucenter Koy
Hakunilan Keskus Oy
Karjaan Ratakatu 59 Koy
Kirkkonummen Liikekeskus Oy
Kotkan Keskuskatu 11 Koy
Lahden Kauppakatu 13 Koy
Minkkikuja 4 Koy
Orimattilan Markkinatalo Oy
Oulu Big Street Top Oy
Oulun Galleria Koy
Oulun Isokatu 20 Koy
Oulun Isokatu 22 Koy
Porin Isolinnankatu 18 Koy

Companies sold
Puijonlaakson Palvelukeskus Koy
Runeberginkatu 33 Koy
Strömpilen AB
Talvikkitie 7-9 Koy
Vaakalintu Koy
Vantaan Säästötalo Koy
Varkauden Relanderinkatu 30 Koy
Tikkurilan Kassatalo As Oy (decrease of shareownership from 41.7% to 38.96%)
Properties sold
Kalhäll
Companies with changed business names
Citycon Holding AS (former Citycon Norway AS)
Citycon Norway AS (former Sektor Gruppen AS)
Citycon Bodø Drift AS (former Sektor Bodø Drift AS)
Citycon Bodø Eiendom AS (former Sektor Bodø Eiendom AS)
Citycon Buskerud Drift AS (former Sektor Buskerud Drift AS)
Citycon Buskerud Eiendom AS (former Sektor Buskerud Eiendom AS)
Citycon Buskerud Invest AS (former Sektor Buskerud Invest AS)
Citycon Buskerud Invest KS (former Sektor Buskerud Invest KS)
Citycon Down Town Drift AS (former Sektor Down Town Drift AS)
Citycon Down Town Eiendom AS (former Sektor Down Town Eiendom AS)
Citycon Eiendomsmegling AS (former Sektor Eiendomsmegling AS)
Citycon Heiane Drift AS (former Sektor Heiane Drift AS)
Citycon Heiane Eiendom AS (former Sektor Heiane Eiendom AS)
Citycon Herkules Drift AS (former Sektor Herkules Drift AS)
Citycon Herkules Eiendom AS (former Sektor Herkules Eiendom AS)
Citycon Kilden Drift AS (former Sektor Kilden Drift AS)
Citycon Kilden Eiendom AS (former Sektor Kilden Eiendom AS)
Citycon Kolbotn Torg Drift AS (former Sektor Kolbotn Torg Drift AS)
Citycon Kolbotn Torg AS (former Kolbotn Torg AS)
Citycon Kolbotn Torg Eiendom AS (former Kolbotn Torg Eiendom AS)
Citycon Kolbotn Torg Næring AS (former Kolbotn Torg Næring AS)
Citycon Kolbotn Torg Parkering AS (former Kolbotn Torg Parkering AS)
Citycon Kongssenteret Drift AS (former Sektor Kongssenteret Drift AS)
Citycon Kongssenteret Eiendom AS (former Sektor Kongssenteret Eiendom AS)
Citycon Kremmertorget Drift AS (former Sektor Kremmertorget Drift AS)
Citycon Kremmertorget Eiendom AS (former Sektor Kremmertorget Eiendom AS)
Citycon Krokstad Eiendom AS (former Sektor Krokstad Eiendom AS)
Citycon Lade Eiendom AS (former Sektor Lade Eiendom AS)
Citycon Liertoppen Drift AS (former Sektor Liertoppen Drift AS)
Citycon Liertoppen Eiendom AS (former Sektor Liertoppen Eiendom AS)
Citycon Lietorvet Drift AS (former Sektor Lietorvet Drift AS)
Citycon Lietorvet Eiendom AS (former Lietorvet Eiendom AS)
Citycon Linderud Eiendom AS (former Sektor Linderud Eiendom AS)

Companies with changed business names
Citycon Magasinet Drammen Eiendom AS (former Sektor Magasinet Drammen Eiendom AS)
Citycon Magasinet Drammen Invest AS (former Sektor Magasinet Drammen Invest AS)
Citycon Magasinet Drammen Invest I ANS (former Sektor Magasinet Drammen Invest I ANS)
Citycon Magasinet Drammen Invest II ANS (former Sektor Magasinet Drammen Invest II ANS)
Citycon NAF-Huset Drift AS (former Sektor NAF-Huset Drift AS)
Citycon NAF-Huset Eiendom AS (former Sektor NAF-Huset Eiendom AS)
Citycon Norway AS (former Sektor Gruppen AS)
Citycon Oasen Drift AS (former Sektor Oasen Drift AS)
Citycon Oasen Eiendom AS (former Sektor Oasen Eiendom AS)
Citycon Portefølje I AS (former Sektor Portefølje I AS)
Citycon Portefølje I Vest AS (former Sektor Portefølje I Vest AS)
Citycon Portefølje I Øst AS (former Sektor Portefølje I Øst AS)
Citycon Portefølje III AS (former Sektor Portefølje III AS)
Citycon Portefølje Syd AS (former Sektor Portefølje Syd AS)
Citycon Senterdrift AS (former Sektor Senterdrift AS)
Citycon Sjøsiden Drift AS (former Sektor Sjøsiden Drift AS)
Citycon Sjøsiden Eiendom AS (former Sektor Sjøsiden Eiendom AS)
Citycon Skomværkvartalet Eiendom AS (former Sektor Skomværkvartalet Eiendom AS)
Citycon Solsiden Drift AS (former Sektor Solsiden Drift AS)
Citycon Solsiden Eiendom AS (former Sektor Solsiden Eiendom AS)
Citycon Stopp Drift AS (former Sektor Stopp Drift AS)
Citycon Stopp Eiendom AS (former Sektor Stopp Eiendom AS)
Citycon Storbyen Drift AS (former Sektor Storbyen Drift AS)
Citycon Storbyen Eiendom AS (former Sektor Storbyen Eiendom AS)
Citycon Storgata 53 Eiendom AS (former Sektor Storgata 53 Eiendom AS)
Citycon Trekanten Drift AS (former Sektor Trekanten Drift AS)
Citycon Trekanten Eiendom AS (former Sektor Trekanten Eiendom AS)

36. POST BALANCE SHEET DATE EVENTS

Moody's upgraded Citycon's long-term corporate credit rating to Baa1 (stable outlook) on 15 January. The rating was upgraded mainly due to Citycon's improved business profile following the acquisition of Sektor

KEY FIGURES AND RATIOS

CONSOLIDATED KEY FIGURES AND RATIOS FOR FIVE YEARS

MEUR		Formula	2015	2014	2013	2012	2011
Statement of comprehensive income data							
Gross rental income			223.9	189.4	192.6	185.5	169.1
Other operating income and expense			-4.2	1.0	0.9	0.2	0.2
Operating profit/loss			148.9	165.0	176.0	163.4	81.8
Profit/loss before taxes			116.0	102.4	87.6	95.5	19.7
Profit/loss attributable to parent company shareholders			108.8	84.5	94.9	63.4	11.5
Statement of financial position data							
Investment properties			4,091.6	2,769.1	2,733.5	2,714.2	2,522.1
Current assets			89.1	64.8	74.5	75.5	125.0
Equity attributable to parent company shareholders			2,245.5	1,650.7	1,236.2	959.9	861.7
Non-controlling interest			0.0	1.8	42.6	35.6	52.7
Interest-bearing liabilities			2,023.2	1,177.7	1,462.4	1,533.0	1,547.9
Total liabilities			2,418.8	1,384.8	1,694.2	1,823.1	1,763.4
Total liabilities and shareholders' equity			4,664.4	3,037.6	2,973.0	2,818.5	2,677.7
Key performance ratios							
Equity ratio	%	1	48.3	54.6	43.2	35.5	34.3
Equity ratio for the banks	%		48.3	54.8	45.2	40.5	39.0
Loan-to-value (LTV)	%	2	45.7	38.6	49.3	54.5	57.5
Return on equity (ROE)	%	3	5.9	6.1	8.2	7.3	1.9
Return on investment (ROI)	%	4	8.2	8.4	7.8	7.8	3.9
Quick ratio		5	0.4	0.5	0.4	0.4	0.5
Gross capital expenditure	MEUR		1,718.6	125.5	226.1	161.7	216.4
% of gross rental income			767.7	66.3	117.4	87.2	128.0
Per-share figures and ratios							
Earnings per share [1]	EUR	6	0.14	0.15	0.21	0.18	0.04
Earnings per share,diluted [1]	EUR	7	0.14	0.15	0.21	0.18	0.04
Net cash from operating activities per share [1,3]	EUR	8	0.13	0.14	0.13	0.25	0.22
Equity per share	EUR	9	2.52	2.78	2.80	2.94	3.10
P/E (price/earnings) ratio		10	17	16	12	13	59
Return from invested unrestricted equity fund per share [2]	EUR		0.14	0.15	0.12	0.11	0.11
Dividend per share [2]	EUR		0.01	-	0.03	0.04	0.04
Dividend and return from invested unrestricted equity fund per share total [2]	EUR		0.15	0.15	0.15	0.15	0.15
Dividend and return of equity per earnings	%	11	104.2	99.3	72.4	81.9	408.7
Effective dividend and return of equity yield	%	12	6.3	5.8	5.9	5.8	6.5
Operative key ratios							
Net rental yield	%	13	5.9	6.3	6.4	6.4	6.0
Occupancy rate (economic)	%	14	96.8	96.3	95.7	95.7	95.5
Citycon's GLA	sq.m.		1,240,440	933,040	961,790	1,000,270	994,730
Personnel (at the end of the period)			318	151	127	129	136

1) Result and cash flow per share key figures have been calculated with the issue-adjusted number of shares resulting from the rights issue executed in July 2015.

2) Citycon's Board of Directors will propose to the company's Annual General Meeting 2016 that Citycon would move to quarterly distribution of assets policy starting in 2016. Hence the proposal to the AGM for distribution of assets will be made in two parts. The Board of Directors proposes that a dividend of EUR 0.01 per share would be paid for financial year 2015, and that the shareholders would be paid an equity repayment of EUR 0.0275 per share from the invested unrestricted equity fund, totalling approximately EUR 33.4 million. The Board of Directors further proposes, that the Board of Directors would be authorized to decide in its discretion on the distribution of assets from the invested unrestricted equity fund for maximum of EUR 0.1125 per share. The authorization would be valid until the opening of the next Annual General Meeting.

3) Citycon has reclassified the capitalised interest paid from operating activities to investing activities.

Formulas are available on page 65.

FIVE YEAR SEGMENT INFORMATION

MEUR	2015	2014	2013	2012	2011
Gross rental income [1]					
Finland	105.3	112.4	115.6	110.2	102.5
Norway	43	-	-	-	-
Sweden	47.8	48.2	50.5	50.5	48.3
Baltics and Denmark	27.8	28.8	26.6	24.9	18.3
Total	223.9	189.4	192.7	185.5	169.1
Net rental income					
Finland	96.8	103.0	103.5	98.2	90.5
Norway	36.8	-	-	-	-
Sweden	39.7	38.9	39.7	39.2	35.4
Baltics and Denmark	26.2	27.5	25.6	24.6	18.4
Total	199.6	169.4	168.9	162.0	144.3
Direct operating profit					
Finland	95.2	100.0	100.3	89.3	83.2
Norway	32.4	-	-	-	-
Sweden	36.7	36.4	36.0	34.0	30.4
Baltics and Denmark	25.0	26.1	24.8	23.7	17.1
Other	-14.0	-12.8	-12.0	-11.4	-13.4
Total	175.4	149.8	149.1	135.7	117.4
Operating profit/loss					
Finland	48.6	83.5	102.4	87.5	42.3
Norway	16.6	-	-	-	-
Sweden	68.0	49.6	45.1	48.2	32.4
Baltics and Denmark	29.7	44.6	40.6	39.1	20.5
Other	-14.0	-12.6	-12.0	-11.4	-13.4
Total	148.9	165.0	176.0	163.4	81.8

1) Citycon has changed its income statement format to exclude turnover row and to reclassify maintenance rents (EUR 53.4 million 2015 and EUR 42.6 million in 2014) from the gross rental income to service charges.

FORMULAS FOR KEY FIGURES AND RATIOS

1) **Equity ratio, %**

$$\frac{\text{Shareholders' equity}}{\text{Balance sheet total - advances received}} \times 100$$

2) **Loan-to-value (LTV), %**

$$\frac{\text{Interest-bearing liabilities - cash and cash equivalents}}{\text{Fair value of investment properties + properties held for sale + investments in joint ventures}} \times 100$$

3) **Return on equity (ROE), %**

$$\frac{\text{Profit/loss for the period}}{\text{Shareholders' equity (weighted average)}} \times 100$$

4) **Return on investment (ROI), %**

$$\frac{\text{Profit/loss before taxes + interest and other financial expenses}}{\text{Balance sheet total (weighted average) - (non-interest-bearing liabilities on the balance sheet date + opening balance of non-interest-bearing liabilities)/2}} \times 100$$

5) **Quick ratio**

$$\frac{\text{Current assets}}{\text{Short-term liabilities}}$$

6) **Earnings per share (EPS), EUR**

$$\frac{\text{Profit/loss for the period attributable to parent company shareholders}}{\text{Average number of shares for the period}} \times 100$$

7) **Earnings per share, diluted, EUR**

$$\frac{\text{Profit/loss for the period attributable to parent company shareholders}}{\text{Diluted average number of shares for the period}} \times 100$$

8) **Net cash from operating activities per share, EUR**

$$\frac{\text{Net cash from operating activities}}{\text{Average number of shares for the period}} \times 100$$

9) **Equity per share, EUR**

$$\frac{\text{Equity attributable to parent company shareholders}}{\text{Number of shares on the balance sheet date}}$$

10) **P/E ratio (price/earnings)**

$$\frac{\text{Closing price at year-end}}{\text{EPS}}$$

11) **Dividend and return of equity per earnings, %**

$$\frac{\text{Dividend per share}}{\text{EPS}} \times 100$$

12) **Effective dividend and return of equity yield, %**

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

13) **Net rental yield, %**

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

14) **Occupancy rate (economic), %**

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

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENT, FAS

MEUR	Note	1 January–31 December 2015	1 January–31 December 2014
Gross rental income		0.0	0.1
Service charge income		2.4	1.9
Turnover	2	2.4	2.0
Property operating expenses		-	-0.1
Other expenses from leasing operations	3	-	0.0
Net rental income		2.4	1.9
Administrative expenses	4, 5	-13.5	-12.8
Other operating income and expenses	6	2.6	1.4
Operating loss/profit		-8.6	-9.4
Financial income		165.3	116.6
Financial expenses		-165.6	-150.9
Net financial income and expenses	7	-0.3	-34.3
Loss/profit before appropriations and taxes		-8.9	-43.7
Group contributions		24.7	38.7
Income tax expense/benefit	8	0.0	0.0
Profit/loss for the period		15.8	-5.0

PARENT COMPANY BALANCE SHEET, FAS

MEUR	Note	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Intangible assets	9	4.3	3.9
Tangible assets	10	0.7	0.5
Investments			
Shares in subsidiaries	11	1,334.0	512.6
Other investments	12	1,678.5	1,764.3
Long-term receivables	12	4.4	1.7
Total investments		3,016.8	2,278.5
Total non-current assets		3,021.8	2,282.9
Current assets			
Short-term receivables	14	325.1	226.0
Cash and cash equivalents		0.1	1.6
Total current assets		325.2	227.7
Total assets		3,346.9	2,510.6

MEUR	Note	31 December 2015	31 December 2014
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity	15		
Share capital		259.6	259.6
Share premium fund		133.1	133.1
Invested unrestricted equity fund		1,370.7	851.5
Retained earnings		-0.9	4.1
Profit/loss for the period		15.8	-5.0
Total shareholders' equity		1,778.2	1,243.3
Liabilities	16		
Long-term liabilities			
Bond 1/2012		138.2	138.1
Bond 1/2013		496.4	495.7
Other long-term liabilities		6.7	12.5
Total long-term liabilities		641.4	646.4
Short-term liabilities			
Other short-term liabilities		927.3	621.0
Total short-term liabilities		927.3	621.0
Total liabilities		1,568.7	1,267.4
Total liabilities and shareholders' equity		3,346.9	2,510.6

PARENT COMPANY CASH FLOW STATEMENT, FAS

MEUR	1 January–31 December 2015	1 January–31 December 2014
Cash flow from operating activities		
Loss/profit before taxes	-8.9	-43.7
Adjustments:		
Depreciation and impairment loss	0.8	0.2
Net financial income and expenses	0.3	34.3
Cash flow before change in working capital	-7.8	-9.2
Change in working capital	30.2	43.5
Cash generated from operations	22.4	34.3
Interest expense and other financial expenses paid	-47.6	-80.8
Interest income and other financial income received	41.5	35.1
Realized exchange rate losses and gains	-31.6	22.6
Income taxes paid	-	-
Net cash flow from operating activities	-15.2	11.2
Cash flow used in investing activities		
Investment in tangible and intangible assets	-1.3	-1.6
Loans granted	-3,207.3	-181.5
Repayments of loans receivable	3,367.2	401.2
Increase in subsidiary shares	-821.4	0.0
Net cash used in investing activities	-662.8	218.1
Cash flow from financing activities		
Proceeds from rights and share issue	608.2	402.9
Proceeds from short-term loans	1,089.3	272.4
Repayments of short-term loans	-990.6	-204.8
Proceeds from long-term loans	0.0	0.0
Repayments of long-term loans	-17.5	-665.7
Dividends paid and return from the invested unrestricted equity fund	-89.0	-66.3
Net cash from financing activities	600.2	-261.6
Net change in cash and cash equivalents	-77.9	-32.2
Cash and cash equivalents at period-start	-48.7	-16.5
Cash and cash equivalents at period-end[1]	-126.6	-48.7

1) *Cash and cash equivalents of Citycon Oyj included the Group cash pool as at 31 December 2015 and at 31 December 2014, in which the parent company's bank account can have a negative balance. Cash pool balance of EUR -126,6 million as at 31 December 2014 and EUR -50,4 million as at 31 December 2014 has been recognised in the parent company's balance sheet under short-term liabilities.*

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS, FAS

1. ACCOUNTING POLICIES

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

Income statement format

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

Intangible assets

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

Tangible assets

Tangible assets include machinery and equipment and construction in progress. Machinery and equipment is depreciated at 25 percent annually, using the reducing balance method of depreciation.

Pension schemes

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

Foreign currency receivables and payables

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

Income taxes

Current taxes are recognised on an accrual basis.

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

Important note

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

2. TURNOVER

MEUR	2015	2014
Turnover by country:		
Finland	1.0	1.6
Other countries	1.4	0.4
Total	2.4	2.0

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

MEUR	2015	2014
Administrative fees from Group companies	2.4	1.9

3. OTHER EXPENSES FROM LEASING OPERATIONS

MEUR	2015	2014
Credit losses	-	0.0
Total	-	0.0

4. PERSONNEL EXPENSES

MEUR	2015	2014
Average number of employees during period	39	49
Personnel expenses		
Wages and salaries	-6.0	-6.9
Pension charges	-1.0	-1.0
Other social charges	-0.4	-0.5
Total	-7.4	-8.3

The items presented above include CEO's statutory pension payments, EUR 0,1 million in 2015 (EUR 0.1 million in 2014).

MEUR	2015	2014
Personnel expenses include the following management salaries and emoluments		
CEO's salary and emoluments	-0.8	-0.8
Board remuneration	-0.8	-0.8
Total	-1.5	-1.6

5. DEPRECIATION AND AMORTISATION AND IMPAIRMENTS

MEUR	2015	2014
The following depreciation and amortisation as well as impairments are included in the administrative expenses:		
Amortisation on intangible assets	-0.7	-0.1
Depreciation on machinery and equipment	-0.1	-0.1
Total	-0.8	-0.2

6. OTHER OPERATING INCOME AND EXPENSES

MEUR	2015	2014
Other operating income	2.6	1.4
Total	2.6	1.4

7. NET FINANCIAL INCOME AND EXPENSES

MEUR	2015	2014
Dividend income		
From Group companies	-	14.0
From others	-	0.0
Total	-	14.0
Interest and other financial income		
From Group companies	2.0	39.3
Foreign exchange gains	118.6	62.8
Other interest and financial income	44.6	0.5
Total	165.3	102.6
Total financial income	165.3	116.6
Interest and other financial expenses		
To Group companies	12.4	44.4
Foreign exchange losses	116.5	24.2
Realised fair value losses from interest rate swaps	-	26.5
Interest and other financial expenses	36.7	55.9
Total financial expenses	165.6	150.9
Net financial income and expenses	-0.3	-34.3

8. INCOME TAX EXPENSE

MEUR	2015	2014
Current taxes	-	-
Income taxes	-	-

9. INTANGIBLE ASSETS

MEUR	2015	2014
Intangible rights		
Acquisition cost 1 January	5.0	2.2
Additions during the period	1.2	2.8
Accumulated acquisition costs 31 December	6.2	5.0
Accumulated depreciation 1 January	-1.4	-1.3
Depreciation for the period	-0.6	0.0
Accumulated depreciation 31 December	-2.0	-1.4
Net carrying amount 31 December	4.2	3.6
Tenant improvements and other non-current assets		
Acquisition cost 1 January	1.7	1.6
Additions during the period	-0.2	0.1
Accumulated acquisition costs 31 December	1.6	1.7
Accumulated depreciation 1 January	-1.5	-1.4
Depreciation for the period	-0.1	-0.1
Accumulated depreciation 31 December	-1.5	-1.5
Net carrying amount 31 December	0.0	0.3
Total intangible assets 31 December	4.3	3.9

10. TANGIBLE ASSETS

MEUR	2015	2014
Machinery and equipment		
Acquisition cost 1 January	0.9	0.8
Additions during the period	0.1	0.1
Accumulated acquisition costs 31 December	1.0	0.9
Accumulated depreciation 1 January	-0.6	-0.5
Depreciation for the period	-0.1	-0.1
Accumulated depreciation 31 December	-0.7	-0.6
Net carrying amount 31 December	0.4	0.4
Construction in progress		
Acquisition cost 1 January	0.1	5.5
Additions during the period	0.2	-5.4
Net carrying amount 31 December	0.4	0.1
Total tangible assets 31 December	0.7	0.5

11. SHARES IN SUBSIDIARIES

MEUR	2015	2014
Acquisition cost 1 January	512.6	1,423.3
Additions during the period	821.4	-
Reductions during the period	-	-910.8
Net carrying amount 31 December	1,334.0	512.6

12. OTHER INVESTMENTS

MEUR	2015	2014
Loan receivables from Group companies	1,678.5	1,764.3
Derivative financial instruments, from Group companies	4.4	-
Other receivables from outside the Group	-	1.7
Total other investments 31 December	1,682.8	1,766.0
Total investments 31 December	3,016.8	2,278.5

13. SUBSIDIARIES AND ASSOCIATED COMPANIES

Parent company's subsidiaries and associated companies are presented in the Note 34 Related Party Transactions in the Notes to the Consolidated Financial Statements.

14. LONG-TERM AND SHORT-TERM RECEIVABLES

MEUR	2015	2014
Receivables from outside the Group		
Trade receivables	0.1	0.4
Derivative financial instruments	7.7	0.2
Other receivables	0.8	0.6
Accrued income and prepaid expenses	0.4	0.9
Total	9.0	2.2
Receivables from Group companies		
Trade receivables	8.1	8.3
Loan receivables	258.3	167.7
Other receivables	13.8	0.6
Total other receivables	272.1	168.3
Interest receivables	10.3	7.6
Other accrued income and prepaid expenses	0.9	1.0
Total accrued income and prepaid expenses	11.2	8.5
Group contributions receivables	24.7	38.7
Total	316.1	223.9
Total short-term receivables	325.1	226.0

15. SHAREHOLDERS' EQUITY

MEUR	2015	2014
Share capital at 1 January	259.6	259.6
Share capital at 31 December	259.6	259.6
Share premium fund at 1 January	133.1	133.1
Share premium fund at 31 December	133.1	133.1
Invested unrestricted equity fund at 1 January	851.5	501.6
Proceeds from directed share issue and rights issue	608.2	402.9
Equity return from the invested unrestricted equity fund	-89.0	-53.0
Invested unrestricted equity fund at 31 December	1,370.7	851.5
Retained earnings at 1 January	-0.8	17.4
Dividends	0.0	-13.2
Profit/ Loss for the period	15.8	-5.0
Retained earnings at 31 December	15.0	-0.8
Total shareholders' equity at 31 December	1,778.2	1,243.3

16. LIABILITIES

A) Long-term liabilities

MEUR	2015	2014
Long-term interest-bearing liabilities		
Bond 1/2012	138.2	138.1
Bond 1/2013	496.4	495.7
Loans from financial institutions, which are		
tied to market interest rates	-	17.5
Total	-	17.5
Current portion of interest-bearing liabilities	-	-5.0
Total	-	12.5
Derivative financial instruments	6.7	-
Total long-term liabilities	641.4	646.4
Loans maturing later than 5 years	-	495.7

B) Short-term liabilities

MEUR	2015	2014
Short-term interest-bearing liabilities		
Commercial paper	167.3	68.4
Current portion of interest-bearing liabilities	-	5.0
Loans from Group companies	727.8	509.8
Total	895.2	583.2
Short-term non-interest-bearing liabilities		
Payables to outside the Group		
Accounts payable	1.2	1.1
Derivative financial instruments	5.4	2.2
Other payables	-0.6	1.2
Total other payables	4.8	3.4
Interest liability	14.5	14.4
Other accruals	2.4	3.1
Total accruals	16.8	17.4
Total	22.9	21.9
Payables to Group companies		
Accounts payable	0.7	0.0
Other payables	7.7	13.6
Accruals	0.9	2.3
Total	9.2	16.0
Total short-term liabilities	927.3	621.0
Total liabilities	1,568.7	1,267.4

All Group external derivative financial instruments in Citycon are executed by the parent company Citycon Oyj. Derivative financial instruments held with external counterparties are presented in Note 24. Derivative Financial Instruments in the Notes to the Consolidated Financial Statements. In addition Citycon Oyj had group internal derivatives as of 31 December 2015 with a fair value of EUR -4.2 million (EUR 11.9 million) and a nominal amount of EUR 495.1 million (EUR 699.2 million).

17. CONTINGENT LIABILITIES

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

A) Lease liabilities

MEUR	2015	2014
Payables on lease commitments		
Maturing next financial year	0.3	0.5
Maturing later	0.2	0.2
Total	0.5	0.7

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

B) Guarantees given

MEUR	2015	2014
Bank guarantees	1,542.1	916.2
Of which on behalf of Group companies	1,534.4	908.6

Bank guarantees relate to bank loans of subsidiaries which Citycon Oyj has guaranteed via parent guarantee or alternatively third party bank guarantees.

SHAREHOLDERS AND SHARES

Citycon Oyj's shares are listed on the Nasdaq Helsinki Stock Exchange Large Cap list (until 1 January 2015 on the Mid Cap list) under the trading code CTY1S. The market capitalisation of Citycon at the end of 2015 was EUR 2.1 billion (EUR 1.5 billion).

SHARES AND SHARE CAPITAL

Citycon has one share series and each share entitles its holder to one vote at the General Meeting and to an equal dividend. At year-end 2015, Citycon's total number of shares was 889,992,628 (593,328,419).

In June–July 2015, Citycon executed a share issue. All 296,664,209 offered shares were subsribed and the new shares were registered in the Finnish Trade Register and the company's shareholder register, on 14 July 2015.

Citycon share's latest price was EUR 2.40 (EUR 2.58) at the end of 2015. The daily prices for the Citycon share during 2015 ranged from EUR 2.13 to EUR 3.24.

In 2015, approximately 158.3 million (88.8 million) Citycon shares were traded on the Helsinki stock exchange for a total value of approximately EUR 400.2 million (EUR 234.9 million). The daily average trading volume was 630,847 shares, representing a daily average turnover of approximately EUR 1.6 million.

Citycon is included in international retail indices such as the FTSE EPRA/NAREIT Global Real Estate Index, the Global Real Estate Sustainability Benchmark Survey Index and the iBoxx BBB Financial index (EUR 500 million bond).

SHARE PRICE AND TRADING VOLUME

		2015	2014	2013	2012	2011
Share price, transactions	EUR					
Low		2.13	2.29	2.12	2.12	2.02
High		3.24	2.92	2.67	2.71	3.41
Average		2.53	2.65	2.44	2.43	2.77
Market capitalisation	MEUR	2,136.0	1,530.8	1,129.7	840.1	641.7
Share trading volume						
No. of shares traded as of year-start	1,000	158,343	88,784	104,548	81,975	97,483
Percentage of total		17.8	15.0	23.7	25.1	35.1
Average number of shares[1]	1,000	755,496	559,863	458,161	345,861	312,893
Average number of shares, diluted[1]	1,000	758,783	561,011	464,655	363,395	333,481
Number of shares at the year-end	1,000	889,993	593,328	441,288	326,880	277,811

1) Calculation of the number of shares is presented in Note 14. Earnings per share. Number of shares has been issue-adjusted resulting from the rights issue executed in 2015.

SHAREHOLDING

At year-end, Citycon had 9,537 (7,657) shareholders. Holders of nominee-registered shares held 69.9% (68.9%) of shares. Citycon is one of the companies on the Helsinki stock exchange with the most international ownership base.

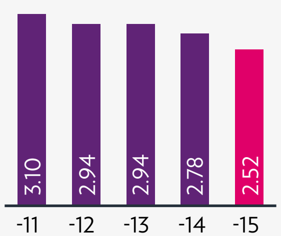
Citycon's biggest shareholders are Gazit-Globe Ltd., CPP Investment Board European Holdings S.àr.l (CPPIBEH) and Ilmarinen Mutual Pension Insurance Company. Gazit-Globe Ltd. has informed the company that the number of shares held by it amounted to 385,992,549 shares accounting for 43.4% of the shares and voting rights in the company at the year-end of 2015. Gazit-Globe Ltd's shareholding is nominee-registered. CPPIBEH owned 15.0% and Ilmarinen 7.13% of the issued shares and voting rights at year-end.

DIVIDEND PAYOUT

Cityon's financial target is to pay out a minimum of 50% of the profit for the period after taxes, excluding fair value changes in investment properties.

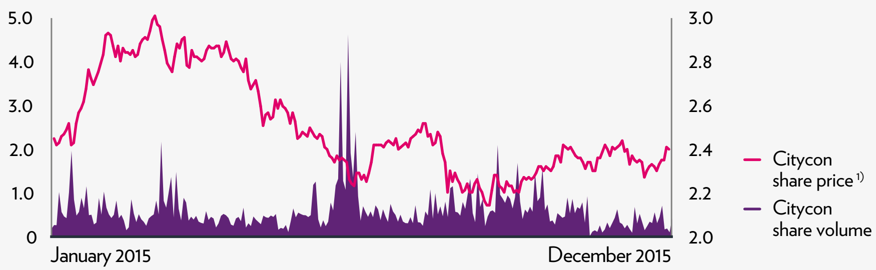
EQUITY PER SHARE

EUR



SHARE PRICE AND VOLUME

number of shares, million



1) The share price has been adjusted for the rights issue completed in July 2015.

SHAREHOLDERS BY OWNERGROUP ON 31 DECEMBER 2015

	Number of owners	Percentage of owners	Percentage of shares and votes
Financial and insurance corporations	29	0.30	70.98
Corporations	496	5.20	1.05
Households	8,832	92.61	3.21
General government	13	0.14	8.21
Foreign	46	0.48	16.14
Non-profit institutions	121	1.27	0.41
Total	9,537	100.00	100.00
of which nominee-registered	9		69.89

BREAKDOWN OF SHAREHOLDERS ON 31 DECEMBER 2015 BY NUMBER OF SHARES

Number of shares	Number of owners	Percentage of owners	Number of shares	Percentage of shares and votes
1–100	788	8.26	38,933	0.00
101–1,000	3,972	41.65	2,028,867	0.23
1,001–5,000	3,300	34.60	7,969,715	0.90
5,001–10,000	770	8.07	5,431,107	0.61
10,001–50,000	573	6.01	11,351,083	1.28
50,001–100,000	63	0.66	4,389,718	0.49
100,001–500,000	39	0.41	9,409,065	1.06
500,001–1,000,000	16	0.17	11,185,073	1.26
1,000,001–	16	0.17	838,189,067	94.18
Total	9,537	100.00	889,992,628	100.00
of which nominee-registered	9		622,033,663	69.89

BIGGEST REGISTERED SHAREHOLDERS ON 31 DECEMBER 2015

Name	Number of shares	Percentage of shares and votes
CPP Investment Board European Holdings S.àr.l.	133,498,893	15.00
Ilmarinen Mutual Pension Insurance Company	63,470,695	7.13
The State Pension Fund of Finland	6,200,000	0.70
ODIN Finland	3,491,392	0.39
Sijoitusrahasto Aktia Capital	3,118,011	0.35
Mandatum Life Unit-Linked	2,583,206	0.29
OP-Suomi Arvo	1,664,476	0.19
Sijoitusrahasto Nordea Suomi Indeksirahasto	1,086,982	0.12
OP-Eläkekassa	1,080,000	0.12
Livränteanstalten Hereditas AB	1,035,000	0.12
10 biggest, total	217,228,655	24.41
Nominee-registered shares		
Danske Bank Plc	296,088,548	33.27
Nordea Bank Finland Plc	202,962,804	22.80
Skandinaviska Enskilda Banken AB (publ) Helsinki Branch	91,220,163	10.25
Evli Bank Plc	23,161,316	2.60
Svenska Handelsbanken AB (publ) filial verksamheten i Finland	4,804,005	0.54
Other nominee-registered shares	3,796,827	0.43
Nominee-registered shares, total	622,033,663	69.89
Others	50,730,310	5.70
Shares, total	889,992,628	100.00

Citycon's Board of Directors will propose to the company's AGM 2016 that Citycon would move to quarterly distribution of assets policy starting in 2016. Hence the proposal to the AGM for distribution of assets will be made in two parts. The Board of Directors proposes that a dividend of EUR 0.01 per share would be paid for financial year 2015, and that the shareholders would be paid an equity repayment of EUR 0.0275 per share from the invested unrestricted equity fund, totalling approximately EUR 33.4 million. The Board of Directors further proposes, that the Board of Directors would be authorized to decide in its discretion on the distribution of assets from the invested unrestricted equity fund for maximum of EUR 0.1125 per share. The authorization would be valid until the opening of the next AGM.

CHANGES IN THE REGISTER OF SHAREHOLDERS

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

NOTIFICATIONS OF CHANGES IN SHAREHOLDING

The company did not receive any notifications of changes in shareholding during the year 2015.

INVESTOR RELATIONS

The primary objective of Citycon's communication with capital market participants is to increase the company's appeal as an investment. The company aims to enhance investor-information transparency and improve the recognition of its business and thus generate added value to its shareholders.

Citycon actively meets with investors both in and outside Finland. In addition, the company's representatives meet investors at conferences arranged by associations and banks, in broader public events and during asset tours to the company's shopping centres.

The company's key communication channel is the corporate website, which includes all financial reports, releases, presentations and other investor information.

SIGNATURES TO THE FINANCIAL STATEMENTS

Signatures to the Financial Statements 1 January – 31 December 2015

In Helsinki, on 10 February 2016

Chaim Katzman	Ronen Ashkenazi
Bernd Knobloch	Arnold de Haan
Kirsi Komi	Rachel Lavine
Andrea Orlandi	Claes Ottosson
Per-Anders Ovin	Ariella Zochovitzky

Marcel Kokkeel
CEO

We have today submitted the report on the conducted audit.

In Helsinki, on 10 February 2016

Ernst & Young Oy
Authorized Public Accountants

Mikko Rytilahti
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 31 December, 2015. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, 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.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view 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 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 express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about 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 of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

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, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. 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.

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 and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position 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.

Helsinki, 10 February 2016

Ernst & Young Oy
Authorized Public Accountant Firm

Mikko Rytilahti
Authorized Public Accountant

PROPERTY LIST

Property		Address			Year Built/Renovated	Holding, %	GLA, sq.m.
FINLAND							
SHOPPING CENTRES, HELSINKI AREA							
1	**Arabia**						**14,200**
	Helsingin Hämeentie 109-111 Koy	Hämeentie 109-111	00550	HELSINKI	1960/2002, 2013	100	
2	**Columbus**						**20,900**
	Kauppakeskus Columbus Koy	Vuotie 45	00980	HELSINKI	1997/2007	100	
3	**Espoontori**						**16,500**
	Espoon Asemakuja 2 Koy	Asemakuja 2	02770	ESPOO	1991	100	6,100
	Espoon Asematori Koy	Kamreerintie 5	02770	ESPOO	1989/2010	54	1,900
	Espoontori Koy	Kamreerintie 3	02770	ESPOO	1987/2010	67	8,500
	Espoontorin Pysäköintitalo Oy	Kamreerintie 1	02770	ESPOO	1987/2010	60	
4	**Heikintori**						**6,200**
	Heikintori Oy	Kauppamiehentie 1	02100	ESPOO	1968	69	
5	**Iso Omena**						**62,700**
	Big Apple Top Oy	Piispansilta 9	02230	ESPOO	2001/2012	100	
	Holding Metrokeskus Oy	Piispansilta 9	02230	ESPOO	under construction	50	
	New Big Apple Top Koy	Piispansilta 9	02230	ESPOO	under construction	50	
	Holding Big Apple Housing Oy	Piispansilta 9	02230	ESPOO	under construction	50	
	Espoon Big Apple Housing As Oy	Piispansilta 9	02230	ESPOO	under construction	50	
6	**Isomyyri**						**11,600**
	Myyrmäen Kauppakeskus Koy	Liesitori 1	01600	VANTAA	1987	79	
	Liesikujan Autopaikat Oy	Liesikuja 2	01600	VANTAA	1987	8	
7	**Lippulaiva**						**19,200**
	Lippulaiva Koy	Espoonlahdenkatu 4	02320	ESPOO	1993/2007	100	
8	**Martinlaakson Ostari**						**7,500**
	Martinlaakson Kivivuorentie 4 Koy	Kivivuorentie 4	01620	VANTAA	2011	100	
9	**Myllypuron Ostari**						**7,300**
	Kivensilmänkuja 1 Koy	Kivensilmänkuja 1	00920	HELSINKI	2011/2012	100	
10	**Myyrmanni**						**39,900**
	Myyrmanni Koy	Iskoskuja 3	01600	VANTAA	1994/2007,2011	100	
	Myyrmäen Autopaikoitus Oy	Iskoskuja 3	01600	VANTAA	1994	63	
11	**Tikkuri**						**16,090**
	Tikkurilan Kauppakeskus Koy	Asematie 4-10	01300	VANTAA	1984/1991	99	13,900
	Asematie 3 Koy	Asematie 3	01300	VANTAA	1972	100	1,400
	Tikkurilan Kassatalo As Oy	Asematie 1	01300	VANTAA	1956	39	790

Property	Address			Year Built/Renovated	Holding, %	GLA, sq.m.
SHOPPING CENTRES, OTHER AREAS IN FINLAND						
12 Duo						**13,100**
Hervannan Liikekeskus Oy	Insinöörinkatu 23	33720	TAMPERE	1979	80	5,300
Tampereen Hermanni Koy	Pietilänkatu 2	33720	TAMPERE	2007	100	7,800
13 Forum						**16,200**
Jyväskylän Forum Koy	Asemakatu 5	40100	JYVÄSKYLÄ	1953/1972,1980,1991,2010	100	
14 IsoKarhu						**14,500**
Kauppakeskus IsoKarhu Oy	Yrjönkatu 14	28100	PORI	1972/2001,2004,2014	100	
15 IsoKristiina						**17,100**
Lappeenrannan Villimiehen Vitonen Oy	Kaivokatu 5	53100	LAPPEENRANTA	1987, 1993/2015	50	
16 Jyväskeskus						**5,900**
Jyväskylän Kauppakatu 31 Koy	Kauppakatu 31	40100	JYVÄSKYLÄ	1955/1993	100	
17 Koskikeskus						**33,000**
Tampereen Koskikeskus Koy	Hatanpään valtatie 1	33100	TAMPERE	1988/1995,2012	100	
18 Linjuri						**9,200**
Linjurin Kauppakeskus Koy	Vilhonkatu 14	24100	SALO	1993/2007	89	
19 Sampokeskus						**14,500**
Rovaniemen Sampotalo	Maakuntakatu 29–31	96200	ROVANIEMI	1990	100	12,400
Lintulankulma Koy	Rovakatu 28	96200	ROVANIEMI	1989/1990	100	2,100
20 Trio						**45,800**
Lahden Hansa Koy	Kauppakatu 10	15140	LAHTI	1992/2010	100	11,400
Lahden Trio Koy	Aleksanterinkatu 20	15140	LAHTI	1977/1985–1987,1992,2007	89	34,400
Hansaparkki Koy	Kauppakatu 10	15140	LAHTI	1992	36	
OTHER RETAIL PROPERTIES, HELSINKI AREA						
1 Kontulan Asemakeskus Koy	Keinulaudankuja 4	00940	HELSINKI	1988/2007	35	4,500
2 Länsi-Keskus Koy	Pihatörmä 1	02210	ESPOO	1989	41	8,100
3 Sampotori	Heikintori, Kauppamiehentie 1	02100	ESPOO	plot	100	50
4 Sinikalliontie 1 Koy	Sinikalliontie 1	02630	ESPOO	1964/1992, 2014	100	15,000
OTHER RETAIL PROPERTIES, OTHER AREAS IN FINLAND						
5 Kaarinan Liiketalo Koy	Oskarinaukio 5	20780	KAARINA	1979/1982	100	9,400
6 Kuopion Kauppakatu 41 Koy	Kauppakatu 41	70100	KUOPIO	1977	100	10,300
7 Lentolan Perusyhtiö Oy	Mäkirinteentie 4	36220	KANGASALA	2007	100	12,000
8 Lillinkulma Koy	Jännekatu 2-4	20760	PIISPANRISTI	2007	100	7,500
9 Porin Asema-aukio Koy	Satakunnankatu 23	28130	PORI	1957/1993	100	7,400
29 FINLAND TOTAL						**465,640**

Property	Address			Year Built/Renovated	Holding, %	GLA, sq.m.
NORWAY						
SHOPPING CENTRES, OSLO AREA						
1 Buskerud Storsenter						**29,100**
Citycon Buskerud Eiendom AS	Sandstranda 24	3055	KROKSTADELVA	1984/1986, 1994	100	
2 Kolbotn Torg						**17,600**
Kolbotn Torg Eiendom AS	Strandliveien 4	1410	KOLBOTN	2008	100	
3 Krokstad Senter						**10,300**
Citycon Krokstad Eiendom AS	Kjerraten 3	3055	BUSKERUD	1977/2012	100	
4 Liertoppen						**25,700**
Citycon Liertoppen Eiendom AS	Drammensveien 201	3420	LIERSKOGEN	1987/1990	100	
5 Linderud Senter						**21,000**
Citycon Linderud Eiendom AS	Erich Mogensøns vei 38	0594	OSLO	1967/2009	100	
6 Magasinet Drammen						**15,400**
Citycon Magasinet Drammen Eiendom AS	Nedre Storgate 6	3015	DRAMMEN	1992/2008	100	
7 Trekanten Senter						**23,800**
Citycon Trekanten Eiendom AS	Knud Asker vei 26	1383	ASKER	1997/2008	100	
SHOPPING CENTRES, OTHER AREAS IN NORWAY						
8 Down Town						**34,000**
Citycon Down Town Eiendom AS	Kulltangveien 70	3902	PORSGRUNN	1988/2006	100	33,000
Citycon Skomværkvartalet Eiendom AS					100	1,000
9 Glasshuspassasjen						**2,400**
Citycon Bodø Eiendom AS	Storgata 12	8600	BODØ	1947/1992	100	
10 Heiane Storsenter						**24,000**
Citycon Heiane Eiendom A	Ringveien 44	5412	STORD	2008	100	
11 Herkules						**49,700**
Citycon Herkules Eiendom AS	Ulefossveien 32	3730	SKIEN	1969/1989, 2007, 2008, 2010, 2013	100	
12 Kilden Kjøpesenter						**19,400**
Citycon Kilden Eiendom AS	Gartnerveien 15	4016	STAVANGER	1989/2001, 2007	100	
13 Kongssenteret						**14,600**
Citycon Kongssenteret Eiendom AS	Brugata 15	2212	KONGSVINGER	2001/2012	100	
14 Kremmertorget						**19,400**
Citycon Kremmertorget Eiendom AS	Kirkeveien 4	2406	ELVERUM	1979/1994, 2005, 2012	100	
15 Lade						**8,700**
Citycon Lade Eiendom AS	Haakon VII gate 8-12	7041	TRONDHEIM	2008	100	
16 Lietorvet						**7,300**
Citycon Lietorvet Eiendom AS	Liegata 10	3717	SKIEN	1971/1999	100	
17 Oasen Kjøpesenter						**31,500**
Citycon Oasen Eiendom AS	Folke Bernadottes vei 52	5147	FYLLINGSDALEN	1971/1979, 1993	100	
18 Sjøsiden						**11,200**
Citycon Sjøsiden Eiendom AS	Teatergate 6	3187	HORTEN	2001	100	
19 Stopp Tune						**12,100**
Citycon Stopp Eiendom AS	Lilletuneveien 2	1711	SARPSBORG	1993	100	
20 Storbyen						**25,500**
Citycon Storbyen Eiendom AS	Roald Amundsensgate 36	1723	SARPSBORG	1999	100	

Property		Address			Year Built/Renovated	Holding, %	GLA, sq.m.
RENTED SHOPPING CENTRES, NORWAY							
1	**NAF-Huset**						**4,200**
	Citycon Naf-Huset Eiendom As	Storgata 2-6	0155	OSLO	1973	Rented	
2	**Solsiden**						**14,000**
	Citycon Solsiden Eiendom As	Beddingen 10	7014	TRONDHEIM	2000	Rented	
22	**NORWAY TOTAL**						**420,900**
SWEDEN							
SHOPPING CENTRES, STOCKHOLM AREA							
1	**Fruängen Centrum**	Fruängsgången	12952	HÄGERSTERN	1965/2013	100	**14,600**
2	**Högdalen Centrum**						**19,500**
	Citycon Högdalen Centrum AB	Högdalsgången 1-38	12454	BANDHAGEN	1959/1995,2015	100	
3	**Jakobsbergs Centrum**						**41,400**
	Citycon Jakobsbergs Centrum AB	Tornérplatsen 30	17730	JÄRFALLA	1959/1993	100	
4	**Liljeholmstorget Galleria**						**41,000**
	Citycon Liljeholmstorget Galleria AB	Liljeholmstorget 7	11763	STOCKHOLM	1973/1986,2007,2008,2009	100	
5	**Tumba Centrum**						**25,500**
	Citycon Tumba Centrumfastigheter AB	Tumba Torg 115	14730	BOTKYRKA	1954/2000	100	
6	**Åkermyntan Centrum**	Drivbänksvägen 1	16574	HÄSSELBY	1977/2012	100	**10,300**
7	**Åkersberga Centrum**						**28,500**
	Åkersberga Centrum AB	Storängstorget	18430	ÅKERSBERGA	1985/1995,1996,2010,2011	100	
SHOPPING CENTRES, GOTHENBURG AREA							
8	**Stenungstorg**						**34,200**
	Stenungs Torg Fastighets AB	Östra Köpmansgatan 2-16, 18A-C	44430	STENUNGSUND	1967/1993,2014	100	
OTHER RETAIL PROPERTIES, UMEÅ							
1	Länken	Gräddvägen 1-2	90620	UMEÅ	1978/2004, 2006, 2015–	75	7,300
9	**SWEDEN TOTAL**						**222,300**
BALTICS AND DENMARK							
ESTONIA, SHOPPING CENTRES							
1	**Kristiine Keskus**						**43,900**
	Kristiine Keskus Oü	Endla 45	10615	TALLINN	1999/2003,2010,2013	100	
2	**Magistral**						**11,800**
	Magistral Kaubanduskeskuse Oü	Sõpruse pst 201/203	13419	TALLINN	2000/2012	100	
3	**Rocca al Mare**						**57,500**
	Rocca al Mare Kaubanduskeskuse AS	Paldiski mnt 102	13522	TALLINN	1998/2000,2009,2013	100	
DENMARK, SHOPPING CENTRES							
4	**Albertslund Centrum**						**18,400**
	Albertslund Centrum ApS	Stationstorvet 23	2620	ALBERTSLUND	1965/2015	100	
4	**BALTICS AND DENMARK, TOTAL**						**131,600**
64	**TOTAL ALL**						**1,240,440**
SHOPPING CENTRES OWNED THROUGH JOINT VENTURES							
1	**Kista Galleria**						
	Kista Galleria Kommanditbolag	Kista Galleria	16453	STOCKHOLM	1977, 2002/2009,2014	50	**95,300**

VALUATION STATEMENT

SCOPE OF INSTRUCTIONS

In accordance with our instructions as the External Valuer of Citycon Oyj ("Company"), we have carried out a fair valuation of the properties held within the Company's investment property portfolio as at 31 December 2015, to arrive at our opinion of Fair Value.

Fair value is defined by the International Accounting Standards Board (IASB) and IFRS 13 as:

"The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants on the measurement date."

The International Valuation Standards Board (IVSB) considers that definitions of Fair Value are generally consistent with Market Value and we confirm that the Fair Value reported is effectively the same as our opinion of Market Value. The Fair Value does not include possible transaction costs.

We understand that this valuation is required for financial reporting and performance measurement purposes.

We confirm that our valuations are fully compliant with IFRS accounting standards and IVSC valuation standards and guidance. We also confirm that we have prepared our valuation as external valuers and that we have no involvement with the subscriber or the properties valued which is likely to cause a conflict of interest in our provision of this advice.

We carried out inspections of each of the properties during September–December 2011 when the property portfolio was evaluated by us for the first time. Properties added to the portfolio after the initial valuation have been inspected when added to the portfolio. Properties in Norway were included in the valuation in Q4/2015. In addition, we have re-inspected the other properties after the initial valuation. During Q4 2015 we have re-inspected Forum, Jyväskeskus, Kaarinan Liiketalo, Lillinkulma and Tikkuri located in Finland, Albertslund shopping centre located in Denmark and all three properties located in Estonia.

We have not measured the properties leasable areas but have relied on the information supplied to us by the Company. We have not read copies of the leases or of other related documents, but have relied on the tenancy information provided by the Company, which reflects the latest available tenancy position.

The valuations were carried out by local JLL offices in Finland and Sweden. In Norway, Estonia and Denmark we were supported in the delivery of our advice by local affiliates.

This report is addressed to and may be relied upon by the Company. It has no other purpose and should not be relied on by any other person or entity. No responsibility whatsoever is accepted on the part of any third party, other than those specified above and neither the whole of the Report, nor any part, nor references thereto, may be published in any document, statement or circular, nor in any communication with such third parties, without our prior written approval of the form and context in which it will appear.

MARKET OVERVIEW

Finland

According to Statistics Finland's data in third quarter of 2015 GDP decreased 0.5% compared to the previous quarter and 0.2% compared to Q3 2014. Forecasts for GDP growth in 2015 range from -0.3% to +0.4%, while in 2016 economists predict growth varying between +0.5% and +1.2%. Domestic demand continues to be weak as consumers' purchasing power is constrained by increasing unemployment rate and companies delay investments due to ongoing uncertainty. Moreover, the external sector continues to struggle e.g. due to the recession of Finland's key trading partner Russia.

According to Statistics Finland's flash, in November 2015 retail sales increased by 1.2% year-on-year. Over the same period, the volume of retail sales, from which the impact of prices has been eliminated, increased by 2.6%. For the full year 2015 forecasts expect a 0.7% increase, and the growth is forecasted to remain moderate also in 2015-2017 being 1.5% p.a. (Oxford Economics, October 2015). Both figures are clearly below the Eurozone averages.

Prime shopping centre rents stayed unchanged compared to the previous quarter and decreased ca. 2% year-on-year. The weak outlook for retail sales limits rental growth potential and has kept occupiers cautious, resulting in long lease negotiations and slow decision making. Also downsizing the coverage of store network has been seen among some retailers, which has narrowed down the pool of possible occupiers in the leasing market. Particularly in secondary properties, in challenging locations inside the centre and in challenging local markets, the negative development has been realised as lower rental levels and increasing vacancy rates. Also prime rental forecast in 2016 assumes a slight decrease in rents.

Despite the sluggish development of real economy, the increasing activity in investment market set in 2014 continued through the whole year of 2015. The investment volume for 2015 almost doubled compared to 2014 resulting a bold figure of EUR 4.2 billion of which almost third were retail transactions. In retail sector the most notable deal, in addition to the transaction of shopping centre Kaari announced already in previous quarter, during Q4 2015 was the transaction of 22 retail properties which Varma sold to new Serena Properties AB of which Varma's share is 43%. The properties are located across Finland and cover as a total ca 152,000 sq m of lettable area. Overall the demand for core assets remains strong, as equity rich investors keep looking for safe havens. However, an increase in investment demand outside prime properties has also been evident and this has been driven mainly by new funds and the return of international investors. Due to strong investment demand, the prime shopping centre yield has been revised down by 25bps standing now at 5.0%.

Norway

A fall in demand from the petroleum industry and low international growth have led to a downturn in the Norwegian economy since the summer of 2014. However, Statistics Norway (SSB) expect the growth to slowly increase going forward. Norway's mainland GDP growth for 2015 is expected to end at 1.5% while the forecast for 2016 is 2%. For 2017 and 2018, SSB expects the growth to surpass 2.5%. A sharp increase in public demand and a turnaround in investment growth in mainland industries are key factors behind the expected moderate increase in activity growth going forward.

According to SSB the seasonally-adjusted volume index of retail sales continued to grow in November 2015. The increase in November was 0.6% compared to the previous month. Retail sales of electrical household appliances, sport equipment, furniture and decoration articles in particular contributed to the increase. Sales via the Internet also contributed to the growth. Sales volumes in grocery stores and stores selling ICT equipment and telecommunications equipment, however, saw a decline comparing to previous month. All-in-all the retail sales volume index has again a positive trend after a smaller decrease during the first six to seven months in 2015.

Despite the growth of turnover in shopping centres in Norway has been significant (figure for first three quarters of 2015 being 5.7%) the shopping centre rents have been quite stable for the last years especially compared to high-street retail, which has seen a substantial growth in rental levels. The prime rent for shopping centres currently stands at NOK 13,500 per sq m, and is expected to remain stable. This is due to the increase of unemployment rate and the strengthening uncertainty of employment constraining the effects of strong growth of retail sales and private consumption.

The investment market has kept its pace throughout 2015, breaking last years all time high transaction volume with NOK 115 billion. Transaction volume in 2016 might see a slight decrease due to stricter requirement for equity by Norwegian banks resulting financing to be harder to obtain especially outside the prime properties. International investors' increasing presence on Norwegian investment market in addition to favourable exchange rate of NOK and low interest rates are the drivers behind high investment volume in 2015. The biggest transaction of the year is Citycon's acquisition of Sektor with its over 20 shopping centres. The prime yield is estimated to remain at 4.25% as interest rates increased slightly during the first half of the year and the 10 year SWAP fell to record low of ca. 1.7% in December.

Sweden

The Swedish economy continues to grow and the rate of growth has increased. GDP growth was 2.1% in 2014 and is forecast to be in excess of 3% p.a. in both 2015 and 2016. Key reasons for this growth include an increase in household consumption and investments.

Retail sales for Sweden grew by 3.4% in 2014. HUI's current forecast is for retail sales growth of 5.5% in 2015, of which non-daily goods are forecast to increase by 7% and daily goods by 4%. The last time there was such high growth was in 2007. For 2015 as a whole, it is forecast that retail sales in the DIY, furniture and clothes sub sectors will perform the best with growth rates of 11%, 10% and 7% respectively, according to HUI statistics. In 2016, the retail sales growth rate forecast is slightly lower than in 2015 at +4%.

Prime shopping centre rents are increasing and in general terms are estimated to have increased nominally by around 2% to 3% over the last year with a similar growth rate forecast for the forthcoming year. Prime retail and well performing retail centres have and will continue to see the best rental growth performance. The good total retail turnover growth has encouraged strong interest from international retailers to establish a presence in Sweden, with new retailers including Camper, Superdry, Hackett, Boggi Milano, Starbucks, Disney and Chanel.

In 2015, there has been a relatively high volume of property transactions on the Swedish market. More specifically, the retail property transaction volume for Sweden was around SEK 23.5 billion. This is significantly higher than the approximately SEK 12 billion recorded for the whole of 2014 and SEK 12.7 billion in 2013. The market remains attractive and supply is still limited which changes investors' risk-taking to more opportunistic investment strategies. The yield for prime shopping centres in Sweden is currently in the region of 4.25%–4.50% and is around 6.0% for retail warehouse parks. Both prime shopping centre and prime retail warehouse yields have moved in during the last year, given strong demand and low supply assisted by continued low interest rates. The good retail turnover growth has also assisted investor market sentiment in the retail asset class in Sweden. Yields for secondary shopping centres have not decreased to the same extent as prime since the financial crisis, however, over the last year or so, due to easier finance availability, lack of prime property investments and investors' willingness to take on more risk, there has been increasing interest for this property class too. The amount of yield compression for secondary retail assets is very much dependent upon an asset's particular characteristics, with well performing assets showing the most yield compression. We are noticing that investors are willing to pay a premium for portfolios of assets, compared to if individual assets in the portfolio were sold separately and Niam's recent sale of 7 shopping centre assets in regional town centres to Agora is an example of this.

Estonia

According to Statistics Estonia, the Q3 2015 GDP decreased 0.4% compared to previous quarter but increased 0.7% compared to previous year. The Bank of Estonia expects that the GDP growth will pick up steadily from 1.2% in 2015, to 2.2% in 2016 and 3.1% in 2017.

Retail sales increased 6% in November at constant prices compared to previous year sales increasing in most segments. Only the sales in stores in DIY segment were 2% smaller than in the previous year and the retail sales in stores selling textiles, clothing and footwear stayed at the same level. The average retail sales growth during the 11 months of 2015 was 8.0% compared to previous year. The Bank of Estonia forecasts that growth in private consumption will slow down during 2016–2017.

The vacancy rate at prime shopping centres has remained stable over the past quarters while downward pressure on rents has intensified due to increasing new supply and rising level of market competition. The forecast in the near future is that the vacancy rate in retail market will generally rise and some landlords are likely to decrease rents to attract tenants. Rental growth at prime shopping centres is expected to remain below consumer price inflation during 2016–2017.

The investment market continued to be active in Q4 whilst investment volumes were modest in the retail segment. The investment market is expected to remain active also for the next quarters. Though prime yields around 6.5–7.0% are perceived edging close to their lows in the cycle, compression is expected to continue as the real estate investment market remains attractive in the low interest rate environment.

Denmark

According to Statistics Denmark, the GDP growth in Q3 dropped by -0.4% compared to the previous quarter. The negative growth in Q3 puts a hold to a period of eight consecutive quarters with positive real growth in GDP. A revision of the GDP growth for 2014 showed a somewhat larger growth than first calculated. GDP growth was revised from 1.1% to 1.3% in 2014. Due to the unexpected drop in Q3 2015 expectations have now been lowered for both 2015 and 2016. The biggest commercial bank in Denmark, Danske Bank, now expects GDP growth to be 1.4% and 1.5%, respectively.

Retail sales gradually improved during 2014 showing a growth of 1.1% compared to 2013. The first eight months of 2015 showed quite large fluctuations but outlook remained generally good. In November overall retail sales grew by 0.2% compared to October. November was the sixth consecutive month with non-negative growth in overall retail sales.

Prime shopping centre rents have increased slightly throughout 2014 and 2015 as consumers – and thereby retailers – continue to prefer attractive and well-assorted prime shopping centres. Outdated and non-optimised centres are in less demand. However, such centres, if well situated and with a strong catchment area, often have a substantial potential if subject to professional and active asset management. Generally, prime and secondary shopping centre rents are expected to remain stable as private consumption growth – although positive due to real wage growth – is expected to remain at a moderate level.

Activity in the retail investment market fell in Q4 2015 both in terms of numbers of transactions and the overall volume. Only two relevant retail transactions took place totalling a volume of a mere DKK 308 million.

VALUATION RATIONALE

We have adopted a 10-year cash flow as the main valuation method. The model was provided by the Company. Cash flows are calculated based on information from existing lease agreements. For the period after the expiry of these agreements, our market evaluation of the estimated rental value (ERV) replaces the contract rent.

Potential Gross Rental Income equals leased space with respect to contract rents and vacant space with respect to ERV. Deducting both the ERV for the void period between the expired contract and assumed new contract, and the assumed general vacancy level after the start of the assumed new lease, results in the Effective Gross Rental Income. Effective Gross Rental Income less operating expenses (including repairs) equals the Net Operating Income (NOI). NOI less any capital expenditure and tenant improvements equals the bottom-level cash flow that has been discounted to reach the income stream's present value.

The residual value at the end of the 10-year cash flow period is calculated by using the exit yield to capitalise the 11th year bottom-level cash flow. The value of the property is calculated as the sum of the annually discounted net income stream, the discounted residual value at the end of the calculation period and any other assets increasing the value (e.g. unused usable building right) less the investments.

Development projects are included in the valuation of the portfolio in line with information received from the Company. Adopting the applied valuation model, future rental income is based on finalised rental agreements and rental projections for the valued development project. Correspondingly, the development period is considered as a period when premises generate no income or limited income and when uncommitted investments are included in the cost side as a value reducing factor. Thus, the value of a development project increases automatically when investments are committed and the opening day of the centre approaches.

VALUATION

Property Portfolio

At the end of December 2015, Citycon owned 62 investment properties, 5 properties owned through joint ventures and associated companies (including Kista Galleria and 4 properties located in Norway) and two rented properties (located in Norway). This valuation statement includes 62 investment properties.

The property portfolio under valuation consists mainly of retail properties, of which 29 are located in Finland, 20 in Norway, nine in Sweden, three in Estonia and one in Denmark. The core of the portfolio consists of 52 shopping centre properties, which comprise 94% of the portfolio's leasable area and represent most of its value. The rest of the property portfolio consists of other retail properties such as supermarkets.

The total fair value of the portfolio in Q4 2015 was approximately EUR 4,082 million. Compared to Q3 2015 the fair value increased by EUR 1,387 million i.e. 51,5%. This increase is mainly driven by including the properties in Norway to the valuation. When excluding the properties located in Norway the fair value increased by EUR 57 million i.e. 2.1%. This increase is mainly driven by yield compression in Sweden and committed investments.

Citycon's portfolio includes a few relatively valuable properties compared to the rest of the portfolio. This means that weighted averages are highly influenced by the changes in these properties. Iso Omena (located in Finland) is the most valuable property in the portfolio under valuation.

Properties in Finland

The fair value of the Finnish portfolio is EUR 1,652 million and it increased by 1.2% from Q3

2015. Compared to the previous quarter, the weighted average yield requirement has stayed unchanged being 5.9%, the weighted initial yield has decreased by 10bps being now 5.5%, while the weighted average reversionary yield has decreased by 20bps (6.4%). The change in the value of the Finnish portfolio is solely driven by committed investments. In one property yield has been moved in due to new significant lease agreement. In several properties market rents have been adjusted down to reflect the changes in the local market.

Properties in Norway

The fair value of the Norwegian portfolio is EUR 1,330 million. The properties located in Norway have been included to the valuation during this quarter. The weighted average yield requirement is 5.2%, the weighted average initial yield is 5.2% and weighted average reversionary yield is 5.7%.

Properties in Sweden

The fair value of the Swedish portfolio is EUR 737 million, meaning that the portfolio's value has increased by 5.5% since Q3 2015. The strengthening of the Swedish Crown also affects the value, and excluding this the value of the properties has increased by 3.0%. The weighted average yield requirement (5.4%), the weighted average initial yield (5.3%) and the weighted average reversionary yield (5.8%) have decreased by 10bps from the previous quarter. In all of the properties the yields have been moved in due to enhancement in the market situation. In addition, in most of the properties the market rents have been adjusted up to reflect the changes in the local market.

Properties in Estonia and Denmark

The fair value of the Estonia and Denmark property portfolio is EUR 362 million, meaning that the portfolio's value has decreased by 0.1% from Q3 2015 value. The weighted average yield requirement of the portfolio (6.9%) and the weighted average initial yield (7.2%) have both decreased by 10bps and the weighted average reversionary yield standing at 7.2% has remained unchanged when comparing to previous quarter. In Estonia yields have been moved in due to improvement in the investment market. Market rents have been revised down due to increased competition. In Denmark both yield and market rents have remained unchanged.

SENSITIVITY ANALYSIS

A sensitivity analysis of the portfolio's fair value was carried out by creating a summary cash flow based on individual cash flow calculations. Changes in fair value were tested by modifying the key input parameters of the calculations. The parameters tested were yield requirement, estimated rental value and operating expenses. The current fair value of the properties was used as a starting point for the analysis, which was performed by changing one parameter at a time and then calculating the corresponding fair value of the total portfolio. The sensitivity analysis is a simplified model intended to support the understanding of the value effect of different parameters on the valuation.

The value of the portfolio is most sensitive to the changes in estimated rental value and yield requirement. A 10% increase in estimated rental value leads to change of around 13% in value, while a 10% fall in the yield requirement causes an increase of around 11% in value. Changes in expenses have a more modest effect on the value than the other parameters.

FAIR VALUE AS AT 31 DECEMBER 2015

We are of the opinion that the aggregate of the Fair Values, free of liabilities and debt, of the properties in the subject portfolio as at 31 December 2015, is ca. EUR 4,082,000,000 (Four Thousand and Eightytwo Million Euros)

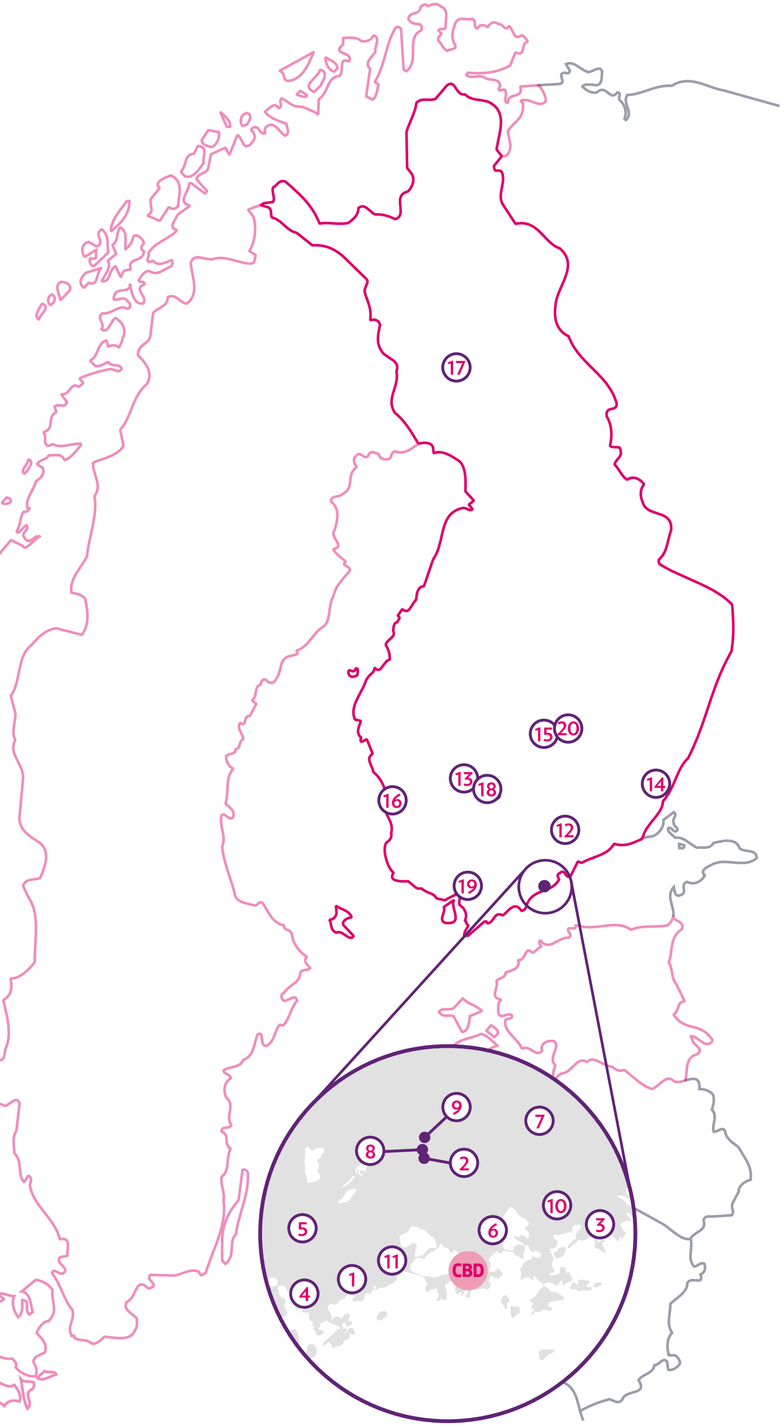
In Helsinki and Stockholm 26th of January 2016
Yours faithfully

Tero Lehtonen
Director
For and on behalf of
Jones Lang LaSalle Finland Oy

Benjamin Rush
Associate Director
For and on behalf of
Jones Lang LaSalle AB

Maria Sirén
Analyst
For and on behalf of
Jones Lang LaSalle Finland Oy

CITYCON'S SHOPPING CENTRES



FINLAND Helsinki Metropolitan area

1. ISO OMENA, Espoo
GLA 62,700 sq.m.
Anchor tenants Prisma, Citymarket, H&M, Intersport, Finnkino, Stadium, Fressi, Aleksi13, public library
Sales EUR 181.6 million
Visitors 8.0 million

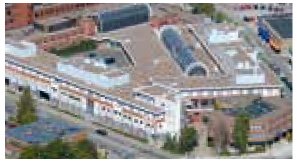
2. MYYRMANNI, Vantaa
GLA 39,900 sq.m.
Anchor tenants Citymarket, H&M, Clas Ohlson, Alko, pharmacy, Stadium, Burger King, KappAhl
Sales EUR 119.4 million
Visitors 6.5 million

3. COLUMBUS, Helsinki
GLA 20,900 sq.m.
Anchor tenants S-Market, Citymarket, Lindex, Seppälä, Alko, pharmacy
Sales EUR 85.0 million
Visitors 6.1 million

4. LIPPULAIVA, Espoo
GLA 19,200 sq.m.
Anchor tenants Lidl, K-Supermarket, Alko, Clas Ohlson, Burger King, Lindex, Tokmanni
Sales EUR 75.1 million
Visitors 3.7 million

5. ESPOONTORI, Espoo
GLA 16,500 sq.m.
Anchor tenants K-Supermarket, Tokmanni, Fitness24Seven, pharmacy, post office
Sales EUR 30.9 million
Visitors 3.7 million

6. ARABIA, Helsinki
GLA 14,200 sq.m.
Anchor tenants S-Market, K-Supermarket, Alko, pharmacy, Tokmanni, H&M
Sales EUR 48.1 million
Visitors 2.5 million



7. TIKKURI, Vantaa
GLA 16,090 sq.m.
Anchor tenants K-market, pharmacy, Aleksi 13, Dressmann, Seppälä
Sales EUR 16.9 million
Visitors 2.0 million

8. ISOMYYRI, Vantaa
GLA 11,600 sq.m.
Anchor tenants S-Market, Tokmanni
Sales EUR 13.0 million
Visitors 1.7 million

9. MARTINLAAKSON OSTARI, Vantaa
GLA 7,500 sq.m.
Anchor tenants Lidl, S-Market, Fitness24Seven, pharmacy
Sales EUR 32.9 million
Visitors 2.0 million

10. MYLLYPURON OSTARI, Helsinki
GLA 7,300 sq.m.
Anchor tenants S-Market, K-Supermarket, Hesburger, pharmacy
Sales EUR 20.0 million
Visitors n/a

11. HEIKINTORI, Espoo
GLA 6,200 sq.m.
Anchor tenants Eurokangas, post office
Sales EUR 5.5 million
Visitors n/a

FINLAND Other areas

12. TRIO, Lahti
GLA 45,800 sq.m.
Anchor tenants K-Supermarket, Hotel Cumulus, H&M, Gina Tricot, Fitness24Seven, Cubus, Nordea, pharmacy
Sales EUR 49.5 million
Visitors 6.1 million

13. KOSKIKESKUS, Tampere
GLA 33,000 sq.m.
Anchor tenants Intersport, Stadium, Lindex, Koskiklinikka, M-Market, Finnkino
Sales EUR 109.0 million
Visitors 5.9 million

14. ISOKRISTIINA, Lappeenranta
GLA 17,100 sq.m.
Anchor tenants K-Supermarket, S-Market, Alko, Tokmanni, Clas Ohlson, Anttila, Hotel Lappee, Fitness24seven, Finnkino
Sales EUR 45.9 million
Visitors 2.4 million

15. FORUM, Jyväskylä
GLA 16,200 sq.m.
Anchor tenants Tokmanni, K-Market, Intersport, Gina Tricot, Classic American Diner
Sales EUR 31.8 million
Visitors 5.6 million

16. ISOKARHU, Pori
GLA 14,500 sq.m.
Anchor tenants H&M, Intersport, Muksumassi, Burger King
Sales EUR 20.6 million
Visitors 2.1 million

17. SAMPOKESKUS, Rovaniemi
GLA 14,500 sq.m.
Anchor tenants Moda, Sportia, Pentik, Dressmann, Cubus, Gina Tricot, Bio Rex, pharmacy
Sales EUR 17.5 million
Visitors 1.7 million

18. DUO, Tampere
GLA 13,100 sq.m.
Anchor tenants Lidl, S-Market, K-Supermarket, Alko, post office, Tokmanni
Sales EUR 53.5 million
Visitors 4.2 million

19. LINJURI, Salo
GLA 9,200 sq.m.
Anchor tenants K-Market, Alko, post office, Intersport
Sales EUR 17.8 million
Visitors 2.4 million

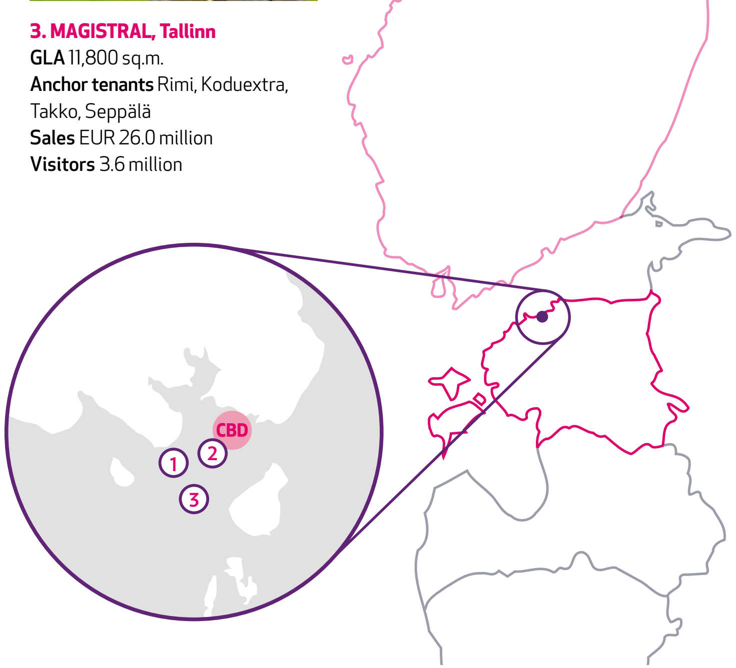
20. JYVÄSKESKUS, Jyväskylä
GLA 5,900 sq.m.
Anchor tenants H&M, Finnkino, KappAhl
Sales EUR 8.7 million
Visitors 3.5 million

ESTONIA

1. ROCCA AL MARE, Tallinn
GLA 57,500 sq.m.
Anchor tenants Prisma, H&M, Debenhams, Marks&Spencer, NewYorker, Lindex
Sales EUR 120.6 million
Visitors 6.2 million

2. KRISTIINE KESKUS, Tallinn
GLA 43,900 sq.m.
Anchor tenants Prisma, H&M, NewYorker, Marks&Spencer, Jysk
Sales EUR 102.9 million
Visitors 7.6 million

3. MAGISTRAL, Tallinn
GLA 11,800 sq.m.
Anchor tenants Rimi, Koduextra, Takko, Seppälä
Sales EUR 26.0 million
Visitors 3.6 million



NORWAY Greater Oslo area

1. STOVNER SENTER, Oslo [1)]
GLA 37,000 sq.m.
Anchor tenants Meny, H&M, KappAhl, Vinmonopolet
Sales EUR 80.6 million
Visitors 4.0 million

2. BUSKERUD STORSENTER, Krokstadelva
GLA 29,100 sq.m.
Anchor tenants Coop, Vinmonopolet, H&M, Elkjøp, Clas Ohlson
Sales EUR 88.7 million
Visitors 1.4 million

3. LIERTOPPEN, Lierskogen
GLA 25,700 sq.m.
Anchor tenants Meny, Kiwi, Vinmonopolet, H&M, Europris, Siba
Sales EUR 93.8 million
Visitors 2.0 million

4. HOLMEN SENTER, Nesbru [1)]
GLA 24,100 sq.m.
Anchor tenants Meny, Coop Mega, Vinmonopolet, pharmacy
Sales EUR 65.0 million
Visitors 1.8 million

5. TREKANTEN, Asker
GLA 23,800 sq.m.
Anchor tenants Meny, H&M, Clas Ohlson
Sales EUR 71.5 million
Visitors 3.2 million

6. LINDERUD SENTER, Oslo
GLA 21,000 sq.m.
Anchor tenants ICA, Vinmonopolet, Elixia, H&M
Sales EUR 65.4 million
Visitors 2.3 million

7. KOLBOTN TORG, Kolbotn
GLA 17,600 sq.m.
Anchor tenants Mega, Vinmonopolet, H&M
Sales EUR 61.7 million
Visitors 1.9 million

8. CC DRAMMEN, Drammen [1)]
GLA 15,500 sq.m.
Anchor tenants Eurospar, KappAhl, Intersport, pharmacy
Sales EUR 22.4 million
Visitors 0.8 million

9. MAGASINET DRAMMEN, Drammen
GLA 15,400 sq.m.
Anchor tenants Kiwi, H&M, Starbucks
Sales EUR 35.4 million
Visitors 2.9 million

10. TORGET VEST, Drammen [1)]
GLA 7,900 sq.m.
Anchor tenants Eurospar, Ødegaard, Intersport, pharmacy
Sales EUR 24.3 million
Visitors 1.2 million

11. NAF-HUSET, Oslo [1)]
GLA 4,200 sq.m.
Anchor tenants XXL, Dolly Dimples, Kaffebrenneriet
Sales EUR 23.2 million
Visitors n/a

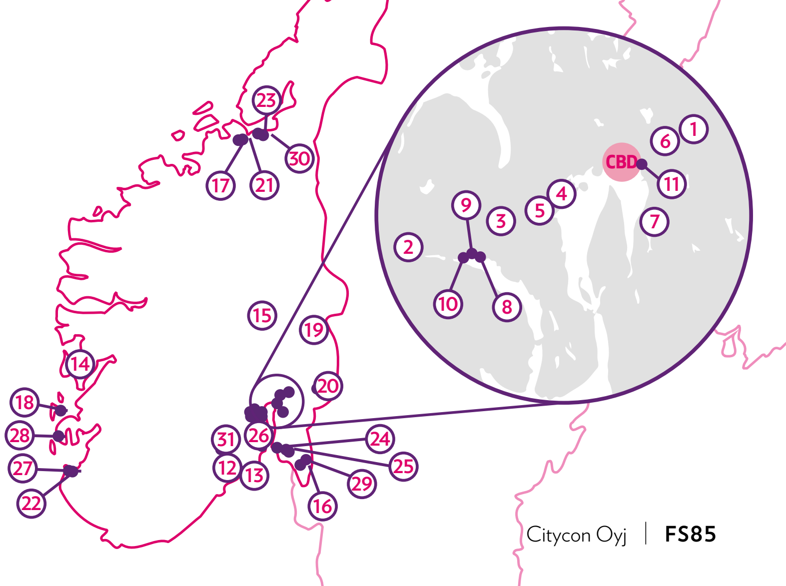
NORWAY Other areas

12. HERKULES, Skien
GLA 49,700 sq.m.
Anchor tenants Meny, Elkjøp Megastore, GMAX, Møbelringen, H&M, Clas Ohlson, Biltema
Sales EUR 130.7 million
Visitors 2.8 million

13. DOWN TOWN, Porsgrunn
GLA 34,000 sq.m.
Anchor tenants ICA, Interiør Møbelforretning, H&M, Clas Ohlson
Sales EUR 75.5 million
Visitors 2.6 million

14. OASEN KJØPESENTER, Fyllingsdalen
GLA 31,500 sq.m.
Anchor tenants Meny, Kiwi, Vinmonopolet, H&M, Jula, Elkjøp
Sales EUR 100.1 million
Visitors 4.2 million

1) *Managed/rented shopping centres*



NORWAY Other areas

15. STRANDTORGET, Lillehammer[1]
GLA 29,500 sq.m.
Anchor tenants CC Mat, Clas Ohlson, H&M, Sport1, pharmacy
Sales EUR 72.6 million
Visitors 1.9 million

16. STORBYEN SENTER, Sarpsborg
GLA 25,500 sq.m.
Anchor tenants Meny, Vinmonopolet, H&M, SATS, Clas Ohlson
Sales EUR 64.4 million
Visitors 2.6 million

17. HEIANE STORSENTER, Stord
GLA 24,000 sq.m.
Anchor tenants Coop, Skeidar, Elkjøp, Clas Ohlson
Sales EUR 42.5 million
Visitors 1.1 million

18. TILLER TORGET, Trondheim[1]
GLA 23,800 sq.m.
Anchor tenants Rusta, Elkjøp, G-Max, XXL, Expert
Sales EUR 49.9 million
Visitors 1.3 million

19. KILDEN KJØPESENTER, Stavanger
GLA 19,400 sq.m.
Anchor tenants Coop Mega, Vinmonopolet, H&M, Clas Ohlson
Sales EUR 60.8 million
Visitors 1.6 million

20. KREMMERTORGET, Elverum
GLA 19,400 sq.m.
Anchor tenants Meny, ICA, H&M, Clas Ohlson
Sales EUR 43.0 million
Visitors 1.3 million

21. CITY SYD, Tiller[1]
GLA 15,500 sq.m.
Anchor tenants H&M, Vinmonopolet, Clas Ohlson, Cubus
Sales EUR 89.0 million
Visitors 3.9 million

22. KONGSSENTERET, Kongsvinger
GLA 14,600 sq.m.
Anchor tenants Meny, H&M, Clas Ohlson
Sales EUR 34.6 million
Visitors 1.2 million

23. SOLSIDEN, Trondheim[1]
GLA 14,000 sq.m.
Anchor tenants Vinmonopolet, H&M, Clas Ohlson
Sales EUR 55.9 million
Visitors 2.7 million

24. TORVBYEN, Fredrikstad[1]
GLA 13,500 sq.m.
Anchor tenants Coop Mega, H&M, Vinmonopolet, Clas Ohlson
Sales EUR 48.2 million
Visitors 3.9 million

25. STOPP TUNE, Sarpsborg
GLA 12,100 sq.m.
Anchor tenants Meny, XXL, Felleskjøpet
Sales EUR 30.6 million
Visitors 1.1 million

26. SJØSIDEN, Horten
GLA 11,200 sq.m.
Anchor tenants Vinmonopolet, H&M, Clas Ohlson
Sales EUR 34.1 million
Visitors 1.0 million

27. STADIONPARKEN, Stavanger[1]
GLA 11,100 sq.m.
Anchor tenants Meny, Vinmonopolet, Rema1000, pharmacy
Sales EUR 31.1 million
Visitors 1.0 million

28. MARKEDET, Haugesund[1]
GLA 10,200 sq.m.
Anchor tenants Vinmonopolet, H&M, Cubus, Bunnpris
Sales EUR 29.8 million
Visitors 1.2 million

29. HALDEN STORSENTER, Halden[1]
GLA 9,400 sq.m.
Anchor tenants Lindex, Cubus, Dressmann, Gina Tricot
Sales EUR 9.6 million
Visitors 0.7 million

30. LADE, Trondheim
GLA 8,700 sq.m.
Anchor tenants Meny, Jula, Europris
Sales EUR 18.2 million
Visitors n/a

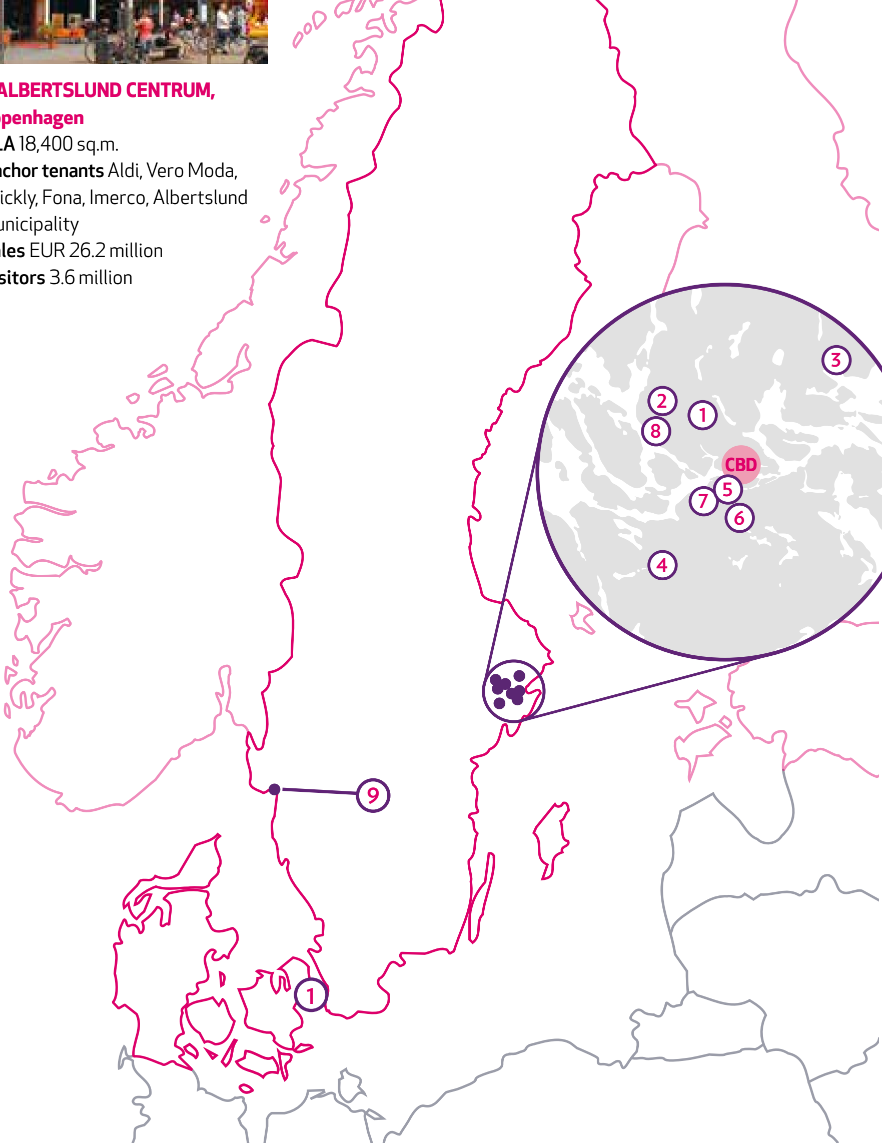
31. LIETORVET, Skien
GLA 7,300 sq.m.
Anchor tenants Meny, Vinmonopolet, post office
Sales EUR 38.8 million
Visitors 1.4 million

32. GLASSHUSPASSASJEN, Bodø
GLA 2,400 sq.m.
Anchor tenants Burger King
Sales EUR 7.1 million
Visitors n/a

1) Managed/rented shopping centres

DENMARK

1. ALBERTSLUND CENTRUM, Copenhagen
GLA 18,400 sq.m.
Anchor tenants Aldi, Vero Moda, Kvickly, Fona, Imerco, Albertslund municipality
Sales EUR 26.2 million
Visitors 3.6 million



SWEDEN Greater Stockholm area

1. KISTA GALLERIA, Stockholm
GLA 95,300 sq.m.
Anchor tenants ICA, Coop, Åhlens, New Yorker, H&M, KappAhl, O'Learys, SF Bio
Sales EUR 215.7 million
Visitors 19.0 million

2. JAKOBSBERGS CENTRUM, Stockholm
GLA 41,400 sq.m.
Anchor tenants Coop, Axfood, Systembolaget, H&M, Lindex, KappAhl
Sales EUR 68.7 million
Visitors 6.0 million

3. LILJEHOLMSTORGET GALLERIA, Stockholm
GLA 41,000 sq.m.
Anchor tenants ICA, H&M, KappAhl, SATS, Willy's, Lindex, Gina Tricot, Clas Ohlson, O'Learys
Sales EUR 147.4 million
Visitors 9.9 million

4. ÅKERSBERGA CENTRUM, Stockholm
GLA 28,500 sq.m.
Anchor tenants ICA, Systembolaget, H&M, Lindex, KappAhl
Sales EUR 81.0 million
Visitors 5.9 million

5. TUMBA CENTRUM, Stockholm
GLA 25,500 sq.m.
Anchor tenants ICA, Systembolaget, H&M, Lindex, KappAhl, Lidl
Sales EUR 50.4 million
Visitors 3.7 million

6. HÖGDALEN CENTRUM, Stockholm
GLA 19,500 sq.m.
Anchor tenants Coop, Systembolaget, ICA, Lindex, Matdax, Kicks, Jysk, pharmacy
Sales EUR 56.4 million
Visitors n/a

7. FRUÄNGEN CENTRUM, Stockholm
GLA 14,600 sq.m.
Anchor tenants Coop, Systembolaget, Hemköp, Fitness24 Seven, library, health centre
Sales EUR 30.3 million
Visitors n/a

8. ÅKERMYNTAN CENTRUM, Stockholm
GLA 10,300 sq.m.
Anchor tenants ICA, Lidl, health centre, library
Sales EUR 28.8 million
Visitors 1.8 million

SWEDEN Other areas

9. STENUNGSTORG, Stenungsund
GLA 34,200 sq.m.
Anchor tenants H&M, Coop, Systembolaget, Team Sportia, KappAhl, pharmacy
Sales EUR 60.9 million
Visitors 3.4 million

INVESTOR INFORMATION

EVENTS CALENDAR 2016

Financial Statements Release, Financial Statements, Report by the Board of Directors and Corporate Governance Statement for the financial year January–December 2015
11 February at 9.00 a.m.

Annual General Meeting (AGM)
16 March at 2.00 p.m., Helsinki

Dividend and equity repayment date
29 March 1)

FEBRUARY

MARCH

APRIL

Notice of AGM
11 February

Annual and Sustainability Report 2015
week 8

AGM record date
4 March

Last day for pre-registration for the AGM
11 March

Ex-date for dividend and equity repayment
17 March 1)

Record date for dividend and equity repayment
18 March 1)

Interim Report for January–March 2016
28 April at approx. 9.00 a.m.

Interim Report for January–June 2016
14 July at approx. 9.00 a.m.

Interim Report for January–September 2016
20 October at approx. 9.00 a.m.

The key channel for Citycon's investor communications is the corporate website, where all stock exchange and press releases, financial statements, interim reports, annual reports and notices of general meetings are published. Also available on the website are the executive presentations on the financial results and audiocast 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 possible Capital Markets Days is enabled. Investor information material published by Citycon can be ordered from the corporate website or by e-mail from ir@citycon.com.

COMPANY RESEARCH

According to company information, the analysts listed below monitor Citycon Oyj and its performance. The list may not be fully complete and it may vary over time. Citycon takes no responsibility for analysts' views and statements.

ABG Sundal Collier
ABN Amro
Carnegie Investment Bank
Danske Bank Markets
DnB Bank
Evli Bank
Goldman Sachs International
Green Street Advisors
Handelsbanken
Inderes Oy
J.P. Morgan
Kempen & Co
Natixis
Nordea Bank
Oddo Securities – Oddo & Cie
Pohjola Bank
SEB Enskilda Equities
UBS

The Annual General Meeting of Citycon Oyj will be held in Helsinki, in the Finlandia Hall (Veranda 4 Hall) on 16 March, 2016 at 2 p.m. The notice, issues discussed in the meeting, proposals made for the General Meeting, as well as the instructions on how to register for the meeting can be found on Citycon's webpages.

www.citycon.com/agm2016

1) Citycon is planning on moving to quarterly distribution of assets starting in 2016. This is the first dividend payment for the financial year 2015.

CONTACT INFORMATION

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