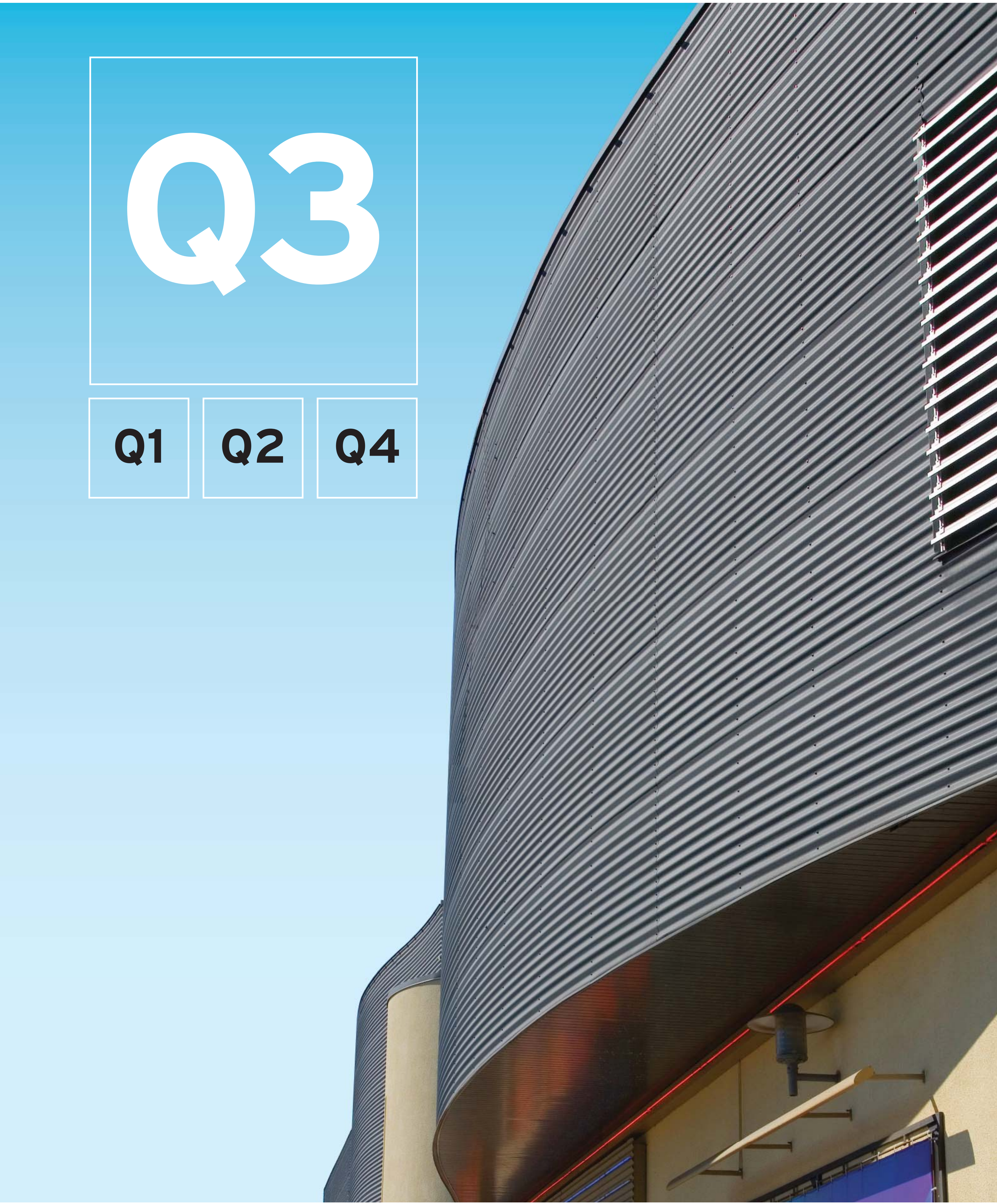
CITYCON

Interim Report 1 January – 30 September 2008

Q3

Q1 Q2 Q4



Citycon Oyj's Interim Report for 1 January – 30 September 2008

Summary of the Third Quarter of 2008 Compared with the Previous Quarter

- Turnover grew by 0.8 per cent to EUR 44.6 million (Q2/2008: EUR 44.2 million).
- Net rental income grew by 3.2 per cent to EUR 31.5 million (EUR 30.5 million), resulting from lower maintenance and repair expenses and from turnover growth.
- Net cash from operating activities per share was lower than in the previous quarter at EUR 0.02 (EUR 0.06) due mainly to timing differences relating to working capital and interest payments.
- Earnings per share were EUR -0.21 (EUR -0.26).
- Direct result per share (diluted) improved and was EUR 0.05 (EUR 0.04).
- The fair value change of investment properties was EUR -70.8 million (EUR -84.7 million). The fair market value of investment properties decreased to EUR 2,094.4 million (EUR 2,156.9 million).
- The average net yield requirement for investment properties was 6.2 per cent (6.0%) at the end of the period, according to an external appraiser. The increase in the net yield requirement was due to changes in the market conditions.
- The company's net financial expenses increased due to higher interest rates and debt level and totalled EUR 16.1 million (EUR 14.7 million). The period's net financial expenses include EUR 0.6 million (EUR 0.2 million gain) one-off, non-cash expense resulting from the quarterly valuation of the company's interest rate hedging contracts, mainly due to the decline of long-term interest rates.

Summary of the Reporting Period 1 January – 30 September 2008 Compared with the Corresponding Period of 2007

- The company's total liquidity at the end of the reporting period was EUR 310.7 million including unutilised committed long-term debt facilities amounting to EUR 292.0 million and cash of EUR 18.7 million. The available liquidity will cover the authorised investments and scheduled debt service payments at least until the end of 2010 without the need for additional financial sources.
- Turnover grew by 23.1 per cent to EUR 133.1 million (Q1-3/2007: EUR 108.1 million), due mainly to both property acquisitions made during 2007 and active retail property management.
- Profit/loss before taxes was EUR -121.4 million (EUR 243.5 million), including a EUR -154.1 million change (EUR 212.7 million) in the fair value of investment properties.
- The company's direct result rose to EUR 29.3 million (EUR 22.5 million), up mainly because of increased net rental income, decreased administrative expenses and lower taxes compared to the reference period. Changes in the fair value of the company's property portfolio have no effect on the company's net rental income or direct result, but they will affect the company's total profit.
- Direct result per share (diluted) was EUR 0.14 (EUR 0.12).
- Earnings per share amounted to EUR -0.42 (EUR 0.99). The decrease resulted mainly from the fair value changes.
- Net rental income increased by 20.1 per cent, to EUR 91.6 million (EUR 76.3 million).
- Net rental income from like-for-like properties rose by 1.8 per cent.
- Net cash flow from operating activities per share was steady at EUR 0.14 (EUR 0.14).
- The equity ratio was 40.3 per cent (41.2 %).
- Citycon signed three long-term loan agreements on competitive terms.

Key figures

	Q3/2008	Q3/2007	Q2/2008	Q1-Q3/2008	Q1-Q3/2007	Change-% 1)	2007
Turnover, EUR million	44.6	38.0	44.2	133.1	108.1	23.1%	151.4
Net rental income, EUR million	31.5	27.3	30.5	91.6	76.3	20.1%	103.4
Operating profit/loss, EUR million	-43.2	44.3	-58.7	-74.5	276.2	–	300.7
% of turnover	–	116.7%	–	–	255.5%	–	198.6%
Profit/loss before taxes, EUR million	-59.3	31.0	-73.4	-121.4	243.5	–	253.5
Profit/loss attributable to parent company shareholders, EUR million	-46.0	23.4	-56.6	-93.5	191.0	–	200.3
Direct result, EUR million 2)	10.4	8.2	9.5	29.3	22.5	30.6%	36.3
Indirect result, EUR million	-56.4	15.2	-66.0	-122.8	168.6	–	164.0
Earnings per share (basic), EUR	-0.21	0.12	-0.26	-0.42	0.99	–	1.00
Earnings per share (diluted), EUR	-0.21	0.11	-0.26	-0.42	0.89	–	0.91
Direct result per share (diluted), (diluted EPRA EPS), EUR 2)	0.05	0.04	0.04	0.14	0.12	12.0%	0.18
Net cash from operating activities per share, EUR	0.02	0.03	0.06	0.14	0.14	3.9%	0.20
Fair market value of investment properties, EUR million			2,156.9	2,094.4	2,191.2	-4.4%	2,215.7
Equity per share, EUR			4.13	3.87	4.42	-12.3%	4.44
Net asset value (EPRA NAV) per share, EUR			4.46	4.16	4.82	-13.7%	4.83
EPRA NNNAV per share, EUR			4.20	4.05	4.30	-5.7%	4.42
Equity ratio, %			42.1	40.3	41.2	-	43.9
Gearing, %			123.3	133.8	122.3	-	111.8
Net interest-bearing debt (fair value), EUR million			1,205.3	1,221.1	1,184.3	3.1%	1,147.3
Net rental yield, % 3)			5.4	5.6	6.1	–	5.8
Net rental yield, like-for-like properties, %			6.0	6.1	6.6	–	6.3
Occupancy rate, %			95.7	95.6	96.3	–	95.7
Personnel (at the end of the period)			110	112	95	17.9%	102

1) Change-% is calculated from exact figures and refers to the change between 2008 and 2007.

2) In comparison to previous practice direct result excludes the changes in fair value of financial instruments that are recognized in the income statement. Please see the Note 4 "Reconciliation between direct and indirect result" for direct result calculations and Note 5 "Earnings per share" for calculation of direct result per share.

3) Includes the lots for development projects.

CEO Petri Olkinuora comments on the reporting period:

"Citycon's turnover and net rental income continued to grow during the reporting period, and the company's direct result improved. Meanwhile, the value of properties decreased due to changes in market conditions. During the reporting period, Citycon focused on maintaining a strong cash flow and on active retail property management.

Taking into account the current volatility in the international financial markets, the company's current financial standing provides an adequate basis for business development and for the completion of the ongoing development and redevelopment projects.

The first stage of the Rocca al Mare shopping centre extension and redevelopment project was opened on 1 October ahead of schedule, and the new premises are fully let. Citycon acquired Rocca al Mare in 2005 with the objective of making it the largest shopping centre in Tallinn. Once the project is fully finalised, we will have achieved this goal. At the same time, Rocca al Mare will become Citycon's largest shopping centre measured by retail space.

The Rocca al Mare project is one of the company's three pilot projects in sustainable construction. We will continue to employ sustainable construction practices in our other projects in accordance with the company strategy."

Business Environment

During the reporting period, the retail trade continued to grow in Finland and Sweden. According to Statistics Finland's preliminary data, retail sales grew by 4.4 per cent in August compared to August the year before. The corresponding figures for Sweden and Estonia were 3.0 per cent and -6.0 per cent, respectively (sources: Statistics Sweden, Statistics Estonia). Consumer confidence in personal financial development has clearly weakened. However, in Finland the consumer confidence in September was positive (Finland 8.5, Euro area average -18.9). During the period, the rise in inflation was sharper than anticipated in all operating countries (sources: Statistics Finland, Statistics Sweden, Statistics Estonia). Economic growth is expected to decelerate in all of Citycon's operating countries (source: Nordea).

Volatility in the international financial markets has resulted in higher short term interest rates, reduced availability of debt and higher loan margins. At the same time, long-term co-operation with banks, relationship banking, has become a key factor when making financing decisions.

The property market has slowed down in all of Citycon's operating countries. The unit size of transactions is also significantly smaller than before. Meanwhile, rents on retail premises continued to rise during the period, and vacancy rates continue to be very low. (JLL, Nordic City Report, Autumn 2008)

Construction cost increases came to a halt during the period, and costs are expected to start falling in the future. (Source: Statistics Finland, Statistics Sweden, Statistics Estonia)

Business and Property Portfolio Summary

Citycon's core business includes the redevelopment and management of shopping centres and other large retail units. The company aims to increase its net yield from shopping centres over the long term through active redevelopment efforts and retail property management.

Citycon is an active real estate company, assuming responsibility for the business operations and administration of its investment properties. This differentiates Citycon from most real estate companies, whose principal focus is on ownership.

Citycon is involved in the day-to-day operations of its shopping centres and, in co-operation with its tenants, aims continuously to increase the attractiveness, footfall, sales and profits of its shopping centres. Citycon is a pioneer in the Nordic shopping centre market, aiming to factor environmental considerations into its shopping centre management as well as its redevelopment and development projects. Three sustainable construction pilot projects are currently underway, with the first phase of the Rocca al Mare shopping centre expansion and refurbishment at the end of the period being the first one to be completed.

Citycon operates in Finland, Sweden and the Baltic countries. In Finland, Citycon is the market leader in the shopping centre business, while in Sweden it is one of the leading operators in the shopping centre sector. The company has established a firm foothold in the Baltic countries. Thanks to careful market research and good local knowledge, Citycon has been able to acquire shopping centres in major growth centres in the countries in which it operates. Citycon's investments are focused on areas with expected population and purchasing power growth.

At the end of the reporting period, Citycon owned 33 (32) shopping centres and 51 (53) other properties. Of the shopping centres, 22 (21) were located in Finland, eight (8) in Sweden and three (3) in the Baltic countries.

At the end of the reporting period, the market value of the company's property portfolio totalled EUR 2,094.4 million (EUR 2,191.2 million) with Finnish properties accounting for 72.5 per cent (71.0%), Swedish properties for 22.2 per cent (24.0%) and Baltic properties for 5.3 per cent (5.0%). The gross leasable area at the end of the reporting period totalled 928,450 square metres.

Changes in the Fair Value of Investment Properties

Citycon measures its investment properties at fair value, under the IAS 40 standard, according to which changes in the fair value of investment properties are recognised through profit or loss. In accordance with the International Accounting Standards (IAS) and the International Valuation Standards (IVS), an external professional appraiser conducts a valuation of Citycon's property portfolio on a property-by-property basis at least once a year. However, in 2008, Citycon will have its properties valued by an external appraiser on a quarterly basis, due to increased market volatility.

Citycon's property portfolio is valued by Realia Management Oy, a part of the Realia Group. Realia Management Oy works in association with the world's leading provider of real estate services, the international company CB Richard Ellis. A summary of Realia Management Oy's Property Valuation Statement at the end of September status can be found at www.citycon.com. The valuation statement includes a description of the valuation process and the factors contributing to the valuation, as well as the results of the valuation, and a sensitivity analysis.

The first phase of Rocca al Mare's development project was completed on 1 October and therefore the whole centre was valued as a development project using the so-called project model. The project model is presented in more detail in the Valuation Statement.

During the reporting period, the fair value of Citycon's property portfolio decreased. This decrease was due to changes in general market conditions in the property and financial market and to higher interest rates. The period saw a total value increase of EUR 4.3 million and a total value decrease of EUR 158.4 million. The net effect of these changes on the company's profit was EUR -154.1 million (EUR 212.7 million).

The average net yield requirement defined by Realia Management Oy for Citycon's property portfolio came to 6.2 per cent (Q3/2007: 5.7%). The average net yield requirement increased compared to the previous quarter (Q2/2008: 6.0%) due to changes in property market conditions.

Lease Portfolio and Occupancy Rate

At the end of the reporting period, Citycon had a total of 3,647 (3,730) leases. The average remaining length of the lease agreements was 3.0 (2.8) years. At the end of the reporting period, Citycon's property portfolio's net rental yield was 5.6 per cent (6.1%) and the occupancy rate was 95.6 per cent (96.3%). The occupancy rate reduced as the result of an increase in the number of premises temporarily vacated due to redevelopment projects.

The company's net rental income grew during the reporting period by 20.1 per cent to EUR 91.6 million. Leasable area rose by 2.4 per cent to 928,450 square metres. Net rental income from like-for-like properties grew by 1.8 per cent. Net rental income from like-for-like properties, excluding the accrual generated by the timing difference of repair costs, grew by 2.6 per cent. Net rental income from like-for-like shopping centres grew by 2.7 per cent, and excluding the timing difference of repair costs the increase was 3.0 per cent. Like-for-like properties are properties held by Citycon throughout the 24-month reference period, excluding properties under refurbishment and redevelopment as well as undeveloped lots. 79 per cent of like-for-like properties are located in Finland. The calculation method for net yield and standing (like-for-like) investments is based on guidelines issued by the KTI Institute for Real Estate Economics and the Investment Property Databank (IPD).

Lease portfolio summary

	Q3/2008	Q3/2007	Q2/2008	Q1-Q3/2008	Q1-Q3/2007	Change-%	2007
Number of leases started during the period	81	112	112	317	348	-8.9	512
Total area of leases started, sq.m.	12,810	28,884	18,170	55,230	75,589	-26.9	103,408
Occupancy rate at end of the period, %			95.7	95.6	96.3	-0.7	95.7
Average remaining length of lease portfolio at the end of the period, year			2.8	3.0	2.8	7.1	3.0

Acquisitions and Divestments

Citycon continues to focus on the development and redevelopment of the company's shopping centres, and follows developments in the shopping centre market across its operating regions. In the reporting period, no new shopping centres were acquired, but the company acquired more minority shares in several partially-owned properties.

During the reporting period, Citycon sold 40 per cent of the Iso Omena shopping centre to an affiliate of GIC Real Estate, the property investment arm of the Government of Singapore Investment Corporation. The purchase price totalled EUR 131.6 million, equivalent to 40 per cent of the purchase price at which Citycon bought Iso Omena in September 2007. The parties have agreed that Citycon will continue to be responsible for the management of Iso Omena and continue its development according to Citycon's operating concept.

Related to the Lippulaiva shopping centre's redevelopment project, Citycon acquired all the shares in Kiinteistö Oy Majakka and, at the same time, divested its entire holding in Kiinteistö Oy Ulappatori. Kiinteistö Oy Majakka owns undeveloped land in the surroundings of Lippulaiva, in the area planned for the extension of the shopping centre in Espoo, Finland. Citycon continues to have a right of possession for the leasable areas of Kiinteistö Oy Ulappatori. This right of possession will terminate when the redevelopment project is completed or during 2011 at the latest. Kiinteistö Oy Majakka merged with Kiinteistö Oy Lippulaiva in the beginning of July 2008.

In addition, in early July Citycon acquired an approximately 54% holding in Kiinteistö Oy Espoon Asematori. This acquisition is related to the Espoontori shopping centre's refurbishment and redevelopment project currently in the pipeline. In January, Citycon sold its 44 per cent holding in Pukinmäki retail centre in Helsinki, Finland.

Development Projects

Keeping its shopping centres competitive both for customers and lessees constitutes the core of Citycon's strategy. The company is pursuing a long-term increase in the footfall and cash flow, as well as in efficiency and return of its retail properties. In the short term, redevelopment projects may weaken returns from some properties, as some retail premises may have to be temporarily vacated for refurbishment, which affects rental income. Citycon aims to carry out any redevelopment projects phase by phase so that the whole shopping centre does not have to be closed during the works, thus ensuring continuous cash flow.

Sustainable Construction and Management

In its redevelopment projects, Citycon is paying increasing attention to environmental management methods and solutions. Three pilot projects are currently under way, aimed at identifying best practices to be implemented in the sustainable construction and management of shopping centres. The pilot projects include building a new shopping centre at Liljeholmen, Stockholm, Sweden, and the redevelopment and extension of the Rocca al Mare shopping centre in Tallinn, Estonia, and the Trio shopping centre in Lahti, Finland.

The assessment applied in the pilot projects comprises a total of over 60 points, reviewing various factors such as the energy efficiency of the property, indoor air quality, the choice of materials, the utilisation of public transport and minimising the environmental impacts of construction work. On the basis of the assessment, practical development measures will be introduced in order to establish systematic, sustainable construction practices.

Citycon seeks to obtain the international LEED (Leadership in Energy and Environmental Design) environmental certification for its projects. Citycon remains confident that in the long term a responsible approach in business operations will enhance Citycon's reputation as a responsible player in the shopping centre markets and its attraction as an international investment.

The table below lists the most significant development and redevelopment projects in progress, as approved by the Board of Directors. More information on planned projects can be found on Citycon's website at www.citycon.com, in management presentations and the Annual Report 2007.

Capital expenditure during the reporting period on all development projects amounted to EUR 52.9 million in Finland, EUR 36.9 million in Sweden and EUR 16.1 million in the Baltic countries.

Redevelopment Projects in Progress

Property	Location	Estimated total cost (EUR million)	Actual gross expenditure up to 30 Sept. 2008 (EUR million)	Estimated final year of completion
Projects approved by the Board of Directors				
Liljeholmstorget	Stockholm, Sweden	120	49.6	2009
Rocca al Mare	Tallinn, Estonia	68	29.3	2009
Trio	Lahti, Finland	60	53.0	2008
Torikeskus	Seinäjoki, Finland	4	2.3	2009

Citycon's redevelopment projects progressed according to plan during the reporting period.

The company's largest development project and the main sustainable construction project is the construction of a new shopping centre in Liljeholmen, Stockholm. During the reporting period, the project proceeded to the frame-building stage and is moving ahead within the planned budget and schedule. The new shopping centre is expected to open in October 2009, and the leasing of retail premises is also proceeding as planned.

The first stage of the redevelopment of the Rocca al Mare shopping centre acquired in Tallinn started in February 2007, and new premises were opened ahead of schedule on 1 October 2008. The refurbished premises are fully leased, and the shopping centre has stayed open during the project. The next stage of the redevelopment project has already been launched. The completely renovated Rocca al Mare is expected to open in the autumn of 2009.

The second stage of the redevelopment of the Trio shopping centre in downtown Lahti is proceeding as planned, and completion is scheduled for November 2008 in time for the Christmas season. Trio, too, has remained open during the whole redevelopment project, which was launched in 2007.

Citycon's Board of Directors has also approved a redevelopment project involving the Torikeskus in Seinäjoki. During the reporting period, preparations for the second phase of the project proceeded as planned.

Other projects that continue to be under planning, but have not yet been approved by the Board of Directors, include shopping centre Lippulaiva's extension as well as Åkersberga Centrum's and Tumba Centrum's redevelopment projects. However, these or other possible development projects will be started only once financing and leasing are adequately secured.

During the reporting period, Citycon and the City of Helsinki signed a preliminary agreement on the purchase of land in Myllypuro, Helsinki. The agreement covers four lots zoned for commercial and residential development. The aim is to develop an attractive modern retail centre at Myllypuro.

Business Units

Citycon's business operations are divided into three business units: Finland, Sweden and the Baltic Countries. These are sub-divided into two business areas: Retail Properties and Property Development. The Finnish business unit also includes a Commercial Development function, responsible for the commercial development of Citycon's Finnish shopping centres and the development of new commercial concepts.

Finland

Citycon is the market leader in the Finnish shopping centre business. During the reporting period, the company's net rental income from Finnish operations grew by 24.9 per cent, to EUR 68.2 million, in spite of the ongoing redevelopment projects. The business unit accounted for 74.5 per cent of the company's total net rental income. During the last 12 months, the rolling twelve-month occupancy cost ratio for like-for-like properties was 8.8 per cent (Q2/2008: 8.8%). The occupancy cost ratio is calculated as a share of net rent and potential service charges paid by a tenant to Citycon out of the tenant's sales excluding VAT (estimate).

The key figures of the Finnish property portfolio are presented below. The ongoing redevelopment projects in Finland are presented on pages 5-6.

Lease Portfolio Summary, Finland

	Q3/2008	Q3/2007	Q2/2008	Q1-Q3/2008	Q1-Q3/2007	Change-%	2007
Number of leases started during the period	66	84	93	259	291	-11.0	442
Total area of leases started, sq.m.	11,090	14,510	14,310	47,200	55,760	-15.4	74,400
Occupancy rate at end of the period, %			95.6	95.7	95.9	-0.2	95.6
Average remaining length of lease portfolio at the end of the period, year			3.1	3.1	3.1	0.0	3.1

Financial Performance, Finland

	Q3/2008	Q3/2007	Q2/2008	Q1-Q3/2008	Q1-Q3/2007	Change-%	2007
Gross rental income, EUR million	30.8	24.6	30.5	91.7	71.6	28.0	100.7
Turnover, EUR million	31.9	25.5	31.6	94.8	74.1	28.0	104.3
Net rental income, EUR million	23.4	18.9	22.5	68.2	54.7	24.9	75.7
Net fair value gains/losses on investment property, EUR million	-44.8	16.2	-58.4	-105.0	150.5	–	148.5
Operating profit/loss, EUR million	-22.7	33.9	-37.2	-40.6	201.2	–	218.7
Capital expenditure, EUR million	18.0	353.2	17.8	58.6	396.5	-85.2	429.1
Fair market value of investment properties, EUR million			1,546.2	1,519.3	1,555.5	-2.3	1,587.0
Net rental yield, % [1			5.6	5.8	6.6	–	6.2
Net rental yield, like-for-like properties, %			6.2	6.3	6.9	–	6.7

1) Includes the lots for development projects.

Sweden

Citycon has achieved a substantial position in the Swedish shopping centre market and has eight (8) shopping centres and seven (7) other retail properties in Sweden, located in the Greater Stockholm and Greater Gothenburg areas and in Umeå. During the reporting period, the net rental income from Swedish operations increased by 10.6 per cent to EUR 18.8 million, and the business unit's net rental income accounted for 20.5 per cent of Citycon's total net rental income.

The key figures of the Swedish property portfolio are presented below. The ongoing redevelopment projects in Sweden are presented on pages 5-6.

Lease Portfolio Summary, Sweden

	Q3/2008	Q3/2007	Q2/2008	Q1-Q3/2008	Q1-Q3/2007	Change-%	2007
Number of leases started during the period	13	18	18	39	36	8.3	49
Total area of leases started, sq.m.	1,670	12,213	3,760	6,280	16,621	-62.2	25,800
Occupancy rate at end of the period, %			95.2	94.8	96.9	-2.2	95.1
Average remaining length of lease portfolio at the end of the period, year			2.1	2.4	2.0	20.0	2.4

Financial Performance, Sweden

	Q3/2008	Q3/2007	Q2/2008	Q1-Q3/2008	Q1-Q3/2007	Change-%	2007
Gross rental income, EUR million	11.3	9.7	10.8	31.3	26.0	20.3	35.4
Turnover, EUR million	10.5	10.1	10.6	31.8	28.0	13.6	39.0
Net rental income, EUR million	6.5	6.5	6.4	18.8	17.0	10.6	21.6
Net fair value gains/losses on investment property, EUR million	-28.8	2.3	-20.6	-47.3	52.9	–	55.6
Operating profit/loss, EUR million	-22.8	7.6	-15.2	-30.9	67.0	–	74.3
Capital expenditure, EUR million	18.5	3.0	15.9	42.6	136.9	-68.9	142.4
Fair market value of investment properties, EUR million			503.0	464.1	526.4	-11.8	517.5
Net rental yield, % [1]			4.6	4.7	4.8	–	4.6
Net rental yield, like-for-like properties, %			5.1	5.3	5.4	–	5.1

1) Includes the lots for development projects.

Baltic Countries

At the end of the reporting period, Citycon owned three (3) shopping centres in the Baltic countries: Rocca al Mare and Magistral in Tallinn, Estonia and Mandarinas in Vilnius, Lithuania. Due to the limited size of the Baltic market, the turbulence in property and financial markets and the limited availability of suitable properties, Citycon has been selective in making investments in the region. During the reporting period, net rental income from Baltic operations increased by 0.2 per cent, to EUR 4.6 million. The business unit accounted for 5.0 per cent of Citycon's total net rental income.

The key figures of the Baltic property portfolio are presented below. The ongoing redevelopment projects in the Baltic countries are presented on pages 5-6.

Lease Portfolio Summary, Baltic Countries

	Q3/2008	Q3/2007	Q2/2008	Q1-Q3/2008	Q1-Q3/2007	Change-%	2007
Number of leases started during the period	2	10	1	19	21	-9.5	21
Total area of leases started, sq.m.	50	2,161	100	1,750	3,208	-45.4	3,208
Occupancy rate at end of the period, %			100.0	99.8	100.0	-0.2	100.0
Average remaining length of lease portfolio at the end of the period, year			2.3	2.2	3.2	-31.3	2.8

Financial Performance, Baltic Countries

	Q3/2008	Q3/2007	Q2/2008	Q1-Q3/2008	Q1-Q3/2007	Change-%	2007
Gross rental income, EUR million	2.1	2.1	2.1	6.3	5.6	13.0	7.7
Turnover, EUR million	2.1	2.3	2.1	6.5	6.0	7.3	8.0
Net rental income, EUR million	1.5	1.8	1.5	4.6	4.6	0.2	6.0
Net fair value gains/losses on investment property, EUR million	2.8	2.5	-5.7	-1.8	9.3	–	9.3
Operating profit/loss, EUR million	4.2	4.2	-4.3	2.4	13.3	–	14.5
Capital expenditure, EUR million	3.8	22.2	6.5	16.1	26.1	-38.4	31.7
Fair market value of investment properties, EUR million			107.8	111.0	109.3	1.5	111.2
Net rental yield, % [1]			5.9	5.8	6.4	–	6.2
Net rental yield, like-for-like properties, %			7.0	7.1	7.7	–	7.3

1) Includes the lots for development projects.

Turnover and Profit

Turnover for the reporting period totalled EUR 133.1 million (EUR 108.1 million), principally derived from the rental income generated by Citycon's retail premises. Gross rental income accounted for 97.1 per cent (95.4%) of turnover.

Operating profit/loss decreased to EUR -74.5 million (EUR 276.2 million). Profit/loss before taxes came to EUR -121.4 million (EUR 243.5 million) and profit/loss after taxes was EUR -103.4 million (EUR 194.0 million). The decrease in operating profit was due mainly to the fair value losses of the property portfolio. On the other hand, operating profit rose due to net rental income from acquired properties.

The effect of changes in the fair value of the property portfolio, of gains on sales and of other indirect items on the profit attributable to the parent company's shareholders was EUR -122.8 million (EUR 168.6 million), tax effects included. Taking this effect into account, the direct result after taxes was EUR 6.9 million above the reference period level (cf. Note Reconciliation between direct and indirect result). The growth in direct profit resulted from increased net rental income and lower administrative expenses. Current taxes on direct results were lower during the reporting period than during the reference period, despite profit growth. The lower current taxes during the reporting period resulted principally from the amended depreciation policy applied since the end of 2007, which resulted in higher depreciation of buildings in Finland, reducing the parent company's result under local Finnish Accounting Standards (FAS) and thereby also current taxes on direct profit during the reporting period.

Earnings per share amounted to EUR -0.42 (EUR 0.99). Direct result per share, diluted (diluted EPRA EPS) amounted to EUR 0.14 (EUR 0.12). Net cash flow from the operating activities per share amounted to EUR 0.14 (EUR 0.14).

Human Resources and Administrative Expenses

At the end of the reporting period, Citycon Group employed a total of 112 (95) persons, of whom 76 were employed in Finland, 29 in Sweden and seven in the Baltic countries. Administrative expenses decreased to EUR 12.3 million (EUR 12.6 million), including EUR 0.3 million (EUR 0.7 million) calculated non-cash expenses related to employee stock options and the company's share-based incentive scheme. The lower expenses when compared to the reference period were due to lower annual employee bonuses and capitalisation of wages and salaries relating to development and redevelopment projects.

Capital Expenditure and Divestments

Citycon's reported gross capital expenditure totalled EUR 117.8 million (EUR 559.8 million). Of this, property acquisitions accounted for EUR 11.1 million (EUR 518.6 million), property development EUR 105.9 million (EUR 40.9 million) and other investments EUR 0.8 million (EUR 0.3 million). These investments were financed with the cash flow from operations and existing financing arrangements.

The reporting period saw a partial divestment of the shopping centre Iso Omena, involving the sale of a 40 per cent holding to a company in the GIC Real Estate Group. The purchase price amounted to EUR 131.6 million.

Balance Sheet and Financial Position

The balance sheet total at the end of the reporting period stood at EUR 2,238.3 million (EUR 2,318.5 million). Liabilities totalled EUR 1,337.4 million at the end of the reporting period (EUR 1,364.5 million), with short-term liabilities accounting for EUR 158.6 million (EUR 449.3 million). The Group's financial position remained solid during the period. At the end of the reporting period, Citycon's liquidity was EUR 310.7 million, of which EUR 292.0 million consisted of undrawn, committed long-term credit facilities and EUR 18.7

million of cash and cash equivalents. At the end of the reporting period, Citycon's liquidity, commercial papers and short-term credit limits excluded, stood at EUR 202.6 million (Q2 2008: EUR 227.6 million).

For the purpose of short-term liquidity management, the company uses a EUR 100 million non-committed Finnish commercial paper programme and a non-committed Swedish commercial paper programme worth SEK one billion. At the end of the reporting period, the company had issued Finnish commercial papers worth approximately EUR 58 million and Swedish commercial papers worth approximately SEK 50 million.

From the reference period, interest-bearing debt decreased by EUR 21.9 million to EUR 1,224.2 million (EUR 1,246.1 million). The fair value of Group's interest-bearing debt stood at EUR 1,239.8 million (EUR 1,263.7 million). Short-term interest-bearing debt constitutes approximately nine per cent of the Group's total interest-bearing debt.

The Group's cash and cash equivalents totalled EUR 18.7 million (EUR 79.4 million). The fair value of the Group's interest-bearing net debt stood at EUR 1,221.1 million (EUR 1,184.3 million).

The year-to-date weighted average interest rate increased compared to the first half of the year and was 4.92 per cent (4.61% during reference period). The average loan maturity, weighted according to the principal amount of the loans, increased to 4.7 years (3.6 years). The average interest-rate fixing period was 3.5 years (3.0 years).

The weighted interest rate, interest-rate swaps included, averaged 5.04 per cent on 30 September 2008.

The Group's equity ratio was 40.3 per cent (41.2%). Period-end gearing stood at 133.8 per cent (122.3%).

Of Citycon's period-end interest-bearing debt, 74.1 per cent (82.9%) was in floating-rate loans, of which 67.3 per cent (59.0%) had been converted into fixed-rate loans by means of interest-rate swaps. Fixed-rate debt accounted for 75.8 per cent (66.0%) of the Group's period-end interest-bearing debt, interest-rate swaps included. The loan portfolio's hedging ratio is in line with the Group's financing policy, and the company increased the hedging ratio during the reporting period.

Citycon applies hedge accounting, whereby changes in the fair value of interest-rate swaps subject to hedge accounting are recognised under equity. The period-end nominal amount of interest-rate swaps totalled EUR 669.7 million (EUR 668.4 million), with hedge accounting applied to interest-rate swaps whose nominal amount totalled EUR 593.3 million (EUR 591.2 million).

On 30 September 2008, the nominal amount of all the Group's derivative contracts totalled EUR 826.8 million (EUR 745.3 million), and their fair market value was EUR 16.1 million (EUR 6.2 million).

Net financial expenses increased by EUR 14.1 million to EUR 46.9 million (EUR 32.7 million). This increase was primarily attributed to the higher level of interest-bearing debt, mark-to-market loss from derivatives and a higher weighted-average interest rate.

Excluding the non-cash profit effect of derivatives during the third quarter, net financial expenses increased by EUR 0.6 million to EUR 15.5 million. Net financial expenses in the income statement include EUR 1.4 million (EUR 1.3 million) in non-cash expenses related to the option component of convertible bonds.

The IFRS standard IAS 23 was adjusted during the reporting period with respect to the recognition of interest expenses relating to redevelopment projects. In order to enter into force, the adjustment still needs to be endorsed by the EU and thus has no effect on the figures presented in this interim report. After entering into force, this adjustment will have retrospective effect as of 1 January 2007. The adjustment of the IAS 23 standard will, most importantly, affect the company's financial expenses in the income statement as the new IAS 23 standard enables the capitalization of interest expenses arising from the redevelopment of existing properties and from the acquisition of lots for development projects in the balance sheet. The effect is discussed in greater detail in the Notes to this interim report.

Loan Market Transactions

Citycon signed three long-term loan agreements during the reporting period. Local financing for the Magistral shopping centre, acquired in the summer of 2007, was finalised through the signature of a loan agreement for EEK 280 million, for a term of approximately five years. Additionally, the company increased its committed long-term credit limits by signing a EUR 50 million five-year revolving credit facility agreement.

In June, Citycon and the Nordic Investment Bank (NIB) agreed on a loan amounting to EUR 30 million to be used to finance the development of the Liljeholmstorget shopping centre, located in Stockholm. Liljeholmstorget is Citycon's main sustainable development project, which was an essential factor in the loan arrangement. The maturity of the loan is 10 years. The company managed to conclude all three loan agreements on competitive loan margins.

In addition, on 15 April 2008, Citycon signed a commercial paper programme in Sweden worth SEK one billion (approximately EUR 102.1 million) with a Nordic bank group. Citycon intends to use the proceeds from the commercial paper programme for short-term liquidity management of the Group's Swedish operations. Under the programme, commercial papers may be issued either in Swedish crowns or in euros.

Short-term Risks and Uncertainties

Citycon's risk management aims to ensure that the company can meet its strategic and operational goals. The company's risk-management process involves identifying business-related risks, analysing their significance, planning and implementing risk-management actions, reporting on risks on a regular basis, and controlling risks. During 2007, Citycon rolled out its holistic Enterprise Risk Management (ERM) programme. The company updates its guidelines on risk-management principles, approved by the Board of Directors, on a regular basis in response to possible changes in its business.

Citycon estimates that major short-term risks and uncertainties are associated with economic developments in the company's operating regions and changes in the fair value of investment properties and interest rates. Due to the increasing amount of redevelopment and construction of its own properties, the risks associated with project management and with increasing construction costs will be more significant. A marked increase in interest rates, a decline in the fair value of investment properties, materialisation of major project risks, considerably higher construction costs, or a sharp economic slowdown in Finland, Sweden or the Baltic countries could have an adverse effect on Citycon's business and profit performance.

The international financial market crisis has resulted in a clear increase in interest rates, particularly short-term rates, and difficulties in banks' own funding activities, which will affect the availability of funding for Citycon and increase credit margins and financing costs in the future. This may have a negative effect on the implementation of Citycon's strategy and on the company's business and profits. The company strives to hedge against the risk of changes in the financial market by applying a conservative funding policy, which has thus far kept the company's financial expenses from rising significantly.

More details of the company's risk management are available in the Annual Report 2007 and, concerning financing risks, in the Financial Statements 2007, on pages 35-36.

Annual General Meeting 2008

Citycon Oyj's Annual General Meeting (AGM) took place in Helsinki, Finland, on 13 March 2008. The AGM decided on a dividend of EUR 0.04 per share for the financial year 2007 and, in addition, on an equity return of EUR 0.10 per share from the invested unrestricted equity fund. The record date for the dividend payment was 18 March 2008, and the dividend and equity return were paid on 2 April 2008.

Other decisions taken by the AGM have been reported in the interim report issued on 24 April 2008.

Shareholders, Share Capital and Shares

Trading and Share Performance

During the January–September period, the value of Citycon shares traded on the NASDAQ OMX Helsinki totalled EUR 380.2 million (EUR 580.3 million), equivalent to 114.1 million (114.8 million) shares. The highest quotation during the reporting period was EUR 4.28 (EUR 6.09) and the lowest EUR 2.25 (EUR 4.11). The reported trade-weighted average share price was EUR 3.33 (EUR 5.03), and the shares closed at EUR 2.30 (EUR 4.47). The company's market capitalisation at the end of September totalled EUR 508.3 million (EUR 863.4 million).

Notifications of Changes in Shareholdings

During the reporting period, Citycon Oyj received three notifications of changes in shareholdings from two different shareholders:

FIL Limited (formerly Fidelity International Limited) notified the company in March that the holdings of its direct and indirect subsidiaries in Citycon Oyj had fallen below the five per cent threshold. According to the notification, FIL Limited and its direct and indirect subsidiaries held a total of 10,904,704 Citycon shares on 5 March 2008, equivalent to 4.93 per cent of the company's share capital and voting rights.

AXA Investment Managers notified the company in March that the holdings of AXA S.A. and its subsidiaries in Citycon Oyj's voting rights and share capital had risen above the threshold of five per cent. According to the notification, AXA Group held 11,892,688 shares on 21 March 2008, equivalent to 5.38 per cent of the company's voting rights and share capital. In May, AXA Investments Managers notified the company that the holdings of AXA S.A. and its subsidiaries in Citycon Oyj's voting rights and share capital had fallen below the five per cent threshold to 4.99 per cent due to stock transactions that took place on 13 May 2008. According to the notification, the AXA Group held 11,017,656 Citycon shares at the time.

Share Capital

At the beginning of 2008, the company's registered share capital totalled EUR 259.6 million and the number of shares 221.0 million. During the reporting period, the number of shares increased by 10,738 shares as a result of exercise of stock option rights and by 7,040 shares that were granted to the company's key personnel by a directed share issue without payment relating to the company's share-based incentive plan. At the end of the reporting period, the company's registered share capital totalled EUR 259,570,510.20, and the number of shares amounted to 220,998,989. 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.

Board Authorisations

The AGM for 2007 authorised the Board of Directors to decide on issuing new shares and disposing of treasury shares through paid or free share issues. New shares can be issued and treasury shares can be transferred to shareholders in proportion to their existing shareholding or through a directed share issue waiving the pre-emptive rights of shareholders, if a weighty financial reason exists for doing so. The Board can also decide on a free share issue to the company itself. In addition, the Board was authorised to grant the special rights referred to in Section 1 of Chapter 10 of the Finnish Limited Liability Companies Act, entitling their holders to receive, against payment, new shares in the company or treasury shares. The combined number of new shares to be issued and treasury shares to be transferred, including the shares granted on the basis of the special rights, may not exceed 100 million.

The Board exercised this authorisation in September 2007, when it decided on a share issue based on the shareholders' pre-emptive subscription right, and in May 2008, when it decided on a directed share issue without payment relating to the company's share-based incentive plan. As a result of these decisions, the number of shares that can be issued or disposed of on the basis of the authorisation now totals 72,398,178. This authorisation is valid until 13 March 2012.

The Board of Directors has no other authorisations.

Stock Options 2004

The Annual General Meeting held on 15 March 2004 authorised the issue of a maximum of 3,900,000 stock options to the personnel of the Citycon Group. The stock options 2004 A/B/C are listed on the NASDAQ OMX Helsinki. Trading in stock options 2004 C began on 1 September 2008.

The terms and conditions of the company's stock option plan 2004 were amended during the reporting period under a decision taken by the AGM. Valid basic information on the option plan 2004 is presented in the enclosed table.

Basic Information on Stock Options 2004 as at 30 September 2008

	2004 A	2004 B	2004 C
No. of options granted	1,040,000	1,090,000	1,050,000
No. held by Veniamo-Invest Oy 1)	260,000	210,000	250,000
Subscription ratio, option/shares	1:1.2127	1:1.2127	1:1.2127
Subscription price per share, EUR 2)	2.2732	2.6608	4.3613
Subscription period began	1.9.2006	1.9.2007	1.9.2008
Subscription period ends	31.3.2009	31.3.2010	31.3.2011
No. of options exercised	345,075	-	-
No. of shares subscribed with options	386,448	-	-

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

2) Following the dividend payment and equity return in 2008. The share subscription prices are reduced by half of the per-share dividends paid and per-share equity returned. However, the share subscription price is always at least EUR 1.35.

During the reporting period, 10,132 shares were subscribed based on the A stock options relating to Citycon's stock option plan 2004, at a per-share subscription price of EUR 2.2732. Shares subscribed entitle their holders to a dividend for the financial year 2008.

The outstanding stock options under the 2004 option scheme entitle their holders to subscribe for a further maximum of 3,437,913 new shares.

Outlook

Citycon continues to focus on increasing net operating income and cash flow. Seeking to implement its strategy, the company will focus on developing and redeveloping its shopping centres while cautiously monitoring the market for potential acquisitions.

Citycon is considering the divestment of its non-core properties such as its residential properties in Sweden. To ensure the long term growth of Citycon, the company will consider alternative financial structures such as joint ventures.

In 2008, the company expects its year-on-year net rental income and direct profit excluding fair value changes to increase. This estimate is based on expansion and redevelopment projects in progress, on further improvements in shopping centre management, and on property portfolio growth due to completed acquisitions.

Helsinki, 15 October 2008

Citycon Oyj

Board of Directors

Unaudited Interim Condensed Financial Statements
1 January - 30 September 2008

Condensed Consolidated Income Statement, IFRS

EUR million	Note	Q3/2008	Q3/2007	Change-%	Q1-Q3 /2008	Q1-Q3 /2007	Change-%	2007
Gross rental income		44.1	36.3	21.4%	129.2	103.2	25.2%	143.7
Service charge income		0.5	1.6	-70.7%	3.9	5.0	-22.2%	7.7
Turnover	3	**44.6**	**38.0**	**17.4%**	**133.1**	**108.1**	**23.1%**	**151.4**
Property operating expenses		13.1	10.7	22.3%	41.4	31.8	30.4%	47.8
Other expenses from leasing operations		0.1	0.0	-	0.1	0.1	-9.6%	0.3
Net rental income		**31.5**	**27.3**	**15.3%**	**91.6**	**76.3**	**20.1%**	**103.4**
Administrative expenses		3.9	4.0	-3.0%	12.3	12.6	-3.0%	16.5
Other operating income and expenses		0.0	0.0	20.1%	0.2	0.0	–	0.5
Net fair value gains/losses on investment property		-70.8	21.1	–	-154.1	212.7	–	213.4
Net gains on sale of investment property		0.0	-0.1	–	0.1	-0.1	–	-0.1
Operating profit/loss		**-43.2**	**44.3**	**–**	**-74.5**	**276.2**	**–**	**300.7**
Net financial income and expenses		16.1	13.3	20.8%	46.9	32.7	43.1%	47.3
Profit/loss before taxes		**-59.3**	**31.0**	**–**	**-121.4**	**243.5**	**–**	**253.5**
Current taxes		-1.0	-2.4	-58.7%	-4.4	-6.6	-33.3%	-3.4
Change in deferred taxes		8.4	-5.0	–	22.4	-42.9	–	-46.2
Profit/loss for the period		**-51.9**	**23.6**	**–**	**-103.4**	**194.0**	**–**	**203.9**
Attributable to								
Parent company shareholders		-46.0	23.4	–	-93.5	191.0	–	200.3
Minority interest		-5.9	0.2	–	-10.0	3.0	–	3.6
Earnings per share (basic), EUR	5	-0.21	0.12	–	-0.42	0.99	–	1.00
Earnings per share (diluted), EUR	5	-0.21	0.11	–	-0.42	0.89	–	0.91
Direct result	4	10.4	8.2	27.0%	29.3	22.5	30.6%	36.3
Indirect result	4	-56.4	15.2	–	-122.8	168.6	–	164.0
Profit/loss for the period attributable to parent company shareholders		**-46.0**	**23.4**	**–**	**-93.5**	**191.0**	**–**	**200.3**

Condensed Consolidated Balance Sheet, IFRS

EUR million	Note	30 Sept. 2008	30 Sept. 2007	31 Dec. 2007
Assets				
Non-current assets				
Investment property	6	2,094.4	2,191.2	2,215.7
Development property	7	90.4	21.1	33.2
Other property, plant and equipment		1.0	0.7	0.9
Derivative financial instruments and other non-current assets	9	8.3	10.9	10.7
Total non-current assets		2,194.1	2,224.0	2,260.5
Current assets				
Derivative financial instruments	9	9.5	0.1	1.2
Trade and other receivables		15.9	15.0	22.7
Cash and cash equivalents	8	18.7	79.4	24.2
Total current assets		44.2	94.5	48.1
Total assets		**2,238.3**	**2,318.5**	**2,308.6**
Liabilities and Shareholders' Equity				
Equity attributable to parent company shareholders				
Share capital		259.6	259.6	259.6
Share issue		–	51.2	–
Share premium fund and other restricted reserves		131.1	131.1	131.1
Fair value reserve	9	5.1	4.9	4.9
Invested unrestricted equity fund	10	177.3	100.2	199.3
Retained earnings	10	282.6	377.7	387.0
Total equity attributable to parent company shareholders		855.6	924.9	982.0
Minority interest		45.3	29.0	28.9
Total shareholders' equity		900.9	953.9	1,010.9
Liabilities				
Long-term interest-bearing debt	11	1,111.2	827.5	1,049.3
Derivative financial instruments and other non-interest bearing liabilities	9	1.8	2.7	2.4
Deferred tax liabilities		65.8	85.1	88.1
Total long-term liabilities		1,178.8	915.2	1,139.9
Short-term interest-bearing debt	11	113.0	418.6	104.7
Trade and other payables		45.6	30.7	53.1
Total short-term liabilities		158.6	449.3	157.8
Total liabilities		**1,337.4**	**1,364.5**	**1,297.7**
Total liabilities and shareholders' equity		**2,238.3**	**2,318.5**	**2,308.6**

Condensed Consolidated Statement of Changes in Shareholders' Equity, IFRS

	Equity attributable to parent company shareholders								
EUR million	Share capital	Share issue	Share premium fund and other reserves	Fair value reserve	Invested un-restricted equity fund	Retained earnings	Equity attribu-table to parent company share-holders	Minority interest	Share holders' equity, total
Balance at 1 Jan. 2007	**225.7**	**0.1**	**131.1**	**-1.3**	**–**	**209.7**	**565.3**	**15.0**	**580.3**
Cash flow hedges				6.3			6.3		6.3
Profit/loss for the period						191.0	191.0	3.0	194.0
Total recognized income and expense for the period				**6.3**		**191.0**	**197.3**	**3.0**	**200.3**
Share issues	33.8	51.2			98.8		183.8		183.8
Share subscriptions based on stock options	0.1	-0.1	0.0		1.4		1.4		1.4
Dividends (Note 10)						-23.4	-23.4		-23.4
Translation differences						-0.3	-0.3	-0.1	-0.5
Share-based payments						0.7	0.7		0.7
Other changes			0.0				0.0	11.2	11.2
Balance at 30 Sept. 2007	**259.6**	**51.2**	**131.1**	**4.9**	**100.2**	**377.7**	**924.9**	**29.0**	**953.9**
Balance at 1 Jan. 2008	**259.6**	**–**	**131.1**	**4.9**	**199.3**	**387.0**	**982.0**	**28.9**	**1,010.9**
Cash flow hedges				0.1			0.1		0.1
Profit/loss for the period						-93.5	-93.5	-10.0	-103.4
Total recognized income and expense for the period				**0.1**		**-93.5**	**-93.3**	**-10.0**	**-103.3**
Share subscriptions based on stock options					0.0		0.0		0.0
Dividends and return from the invested unrestricted equity fund (Note 10)					-22.1	-8.8	-30.9		-30.9
Translation differences						-2.3	-2.3	-0.9	-3.2
Share-based payments						0.3	0.3		0.3
Other changes							0.0	27.1	27.1
Balance at 30 Sept. 2008	**259.6**	**–**	**131.1**	**5.1**	**177.3**	**282.6**	**855.6**	**45.3**	**900.9**

Condensed Consolidated Cash Flow Statement, IFRS

EUR million	Note	Q1-Q3/2008	Q1-Q3/2007	2007
Operating activities				
Profit/loss before taxes		-121.4	243.5	253.5
Adjustments		201.5	-178.9	-164.9
Cash flow before change in working capital		80.1	64.6	88.5
Change in working capital		-5.2	-4.2	0.2
Cash generated from operations		74.9	60.4	88.8
Paid interest and other financial charges		-46.8	-28.8	-42.7
Received interest and other financial income		3.4	2.0	3.1
Taxes paid		-0.3	-7.4	-10.0
Cash flows from operating activities		**31.2**	**26.2**	**39.3**
Investing activities				
Acquisition of subsidiaries, less cash acquired	6, 7	-24.0	-509.2	-517.6
Acquisition of investment properties	6	-	-15.9	-16.0
Capital expenditure on investment properties	6	-44.1	-26.1	-39.3
Capital expenditure on development properties, other PP&E and intangible assets	7	-47.6	-14.8	-24.5
Sale of investment property		7.0	0.3	0.3
Cash flows from investing activities		**-108.7**	**-565.7**	**-597.1**
Financing activities				
Proceeds from share issue		-	133.6	232.4
Proceeds from pending share issue		-	51.2	-
Equity contribution from minority shareholder		25.9	-	-
Proceeds from short-term loans	11	69.3	481.6	773.1
Repayments of short-term loans	11	-60.0	-120.5	-727.9
Proceeds from long-term loans	11	386.5	266.9	535.8
Repayments of long-term loans	11	-318.1	-191.5	-228.9
Dividends paid	10	-30.9	-23.4	-23.4
Cash flows from financing activities		**72.5**	**597.8**	**561.1**
Net change in cash and cash equivalents		**-5.0**	**58.3**	**3.3**
Cash and cash equivalents at period-start	8	24.2	21.3	21.3
Effects of exchange rate changes		-0.4	-0.2	-0.4
Cash and cash equivalents at period-end	8	**18.7**	**79.4**	**24.2**

Notes to the Interim Condensed Consolidated Financial Statements

1. Basic Company Data

Citycon is a real estate company investing in retail premises. Citycon operates mainly in Finland, Sweden and the Baltic countries. Citycon is a Finnish public limited company established under Finnish law and domiciled in Helsinki. The Board of Directors has approved the interim financial statements on 15 October 2008.

2. Basis of Preparation and Accounting Policies

Citycon prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). The interim condensed consolidated financial statements for the nine months ended 30 September 2008 have been prepared in accordance with IAS 34 Interim Financial Reporting. Same accounting principles and policies are followed in the interim financial statements as in the annual financial statements for the year 2007. The interim financial statements do not include all the disclosures required in the annual financial statements. Therefore, they should be read in conjunction with Citycon's annual financial statements for the year 2007.

Restatement of the Financial Information in 2007 and 2008 due to the New IAS 23 Borrowing Costs Standard

Due to the new IAS 23 Borrowing Costs standard, Citycon has re-evaluated its accounting policy regarding the capitalisation of the interest expenses and has concluded to revise the policy. As a result of adopting the revised accounting policy relating to the capitalisation of interest expenses, Citycon is going to restate its 2007 and 2008 financial statements. The new standard has been issued by the IASB but has not been endorsed by the EU. The EU is expected to endorse the new standard by the end of 2008. Consequently, Citycon is not able to apply the new standard in the current interim report, but will do it in the 2008 Financial Statements.

Currently, Citycon capitalises the interest expenses arising from the development projects, in which significant extensions or new self-constructed properties are built and measured at cost in accordance with IAS 16. After applying the new standard in its 2008 Financial Statements, Citycon will expand its policy of capitalizing the interest expenses into the redevelopment projects, in which the existing investment properties are refurbished and measured at fair value. The following table presents the potential impact of the new IAS 23 on the financial information for 2007 and 2008. The new IAS 23 will have no impact on the profit for the period nor the balance sheet, since the change in financial expenses is offset by the change in net fair value gains/losses on investment property.

EUR million	Q1-Q3 /2008	Restated Q1-Q3 /2008	Q1-Q2 /2008	Restated Q1-Q2 /2008	Q1/2008	Restated Q1/2008
Net fair value gains/losses on investment property	-154.1	-156.7	-83.3	-85.1	1.4	0.5
Operating profit/loss	-74.5	-77.1	-31.3	-33.0	27.4	26.4
Net financial income and expenses	46.9	44.2	30.8	29.0	16.1	15.1
Profit/loss before taxes	-121.4	-121.4	-62.1	-62.1	11.3	11.3
Profit/loss for the period	-103.4	-103.4	-51.6	-51.6	11.3	11.3
Direct result	29.3	31.9	18.9	20.6	9.5	10.4
Indirect result	-122.8	-125.4	-66.4	-68.1	-0.4	-1.3

EUR million	2007	Restated 2007	Q1-Q3 /2007	Restated Q1-Q3 /2007	Q1-Q2 /2007	Restated Q1-Q2 /2007	Q1/2007	Restated Q1/2007
Net fair value gains/losses on investment property	213.4	211.4	212.7	211.5	191.6	191.2	31.5	31.4
Operating profit/loss	300.7	298.7	276.2	275.1	231.9	231.5	50.4	50.3
Net financial income and expenses	47.3	45.3	32.7	31.6	19.4	19.0	9.5	9.4
Profit/loss before taxes	253.5	253.5	243.5	243.5	212.5	212.5	40.9	40.9
Profit/loss for the period	203.9	203.9	194.0	194.0	170.4	170.4	34.6	34.6
Direct result	36.3	38.3	22.5	23.6	14.3	14.7	6.7	6.7
Indirect result	164.0	162.1	168.6	167.4	153.3	152.9	26.3	26.3

3. Segment Information

Citycon's business consists of the regional business units Finland, Sweden and the Baltic Countries.

EUR million	Q3/2008	Q3/2007	Change-%	Q1-Q3/2008	Q1-Q3/2007	Change-%	2007
Turnover							
Finland	31.9	25.5	25.1%	94.8	74.1	28.0%	104.3
Sweden	10.5	10.1	4.1%	31.8	28.0	13.6%	39.0
Baltic Countries	2.1	2.3	-8.8%	6.5	6.0	7.3%	8.0
Total	**44.6**	**38.0**	**17.4%**	**133.1**	**108.1**	**23.1%**	**151.4**
Operating profit/loss							
Finland	-22.7	33.9	–	-40.6	201.2	–	218.7
Sweden	-22.8	7.6	–	-30.9	67.0	–	74.3
Baltic Countries	4.2	4.2	–	2.4	13.3	–	14.5
Other	-1.9	-1.4	36.0%	-5.5	-5.3	3.5%	-6.8
Total	**-43.2**	**44.3**	**–**	**-74.5**	**276.2**	**–**	**300.7**

EUR million			30 Sept. 2008	30 Sept. 2007	Change-%	31 Dec. 2007
Assets						
Finland			1,539.2	1,562.3	-1.5%	1,594.2
Sweden			520.6	543.9	-4.3%	542.2
Baltic Countries			139.4	119.0	17.1%	125.3
Other			39.1	93.2	-58.1%	46.9
Total			**2,238.3**	**2,318.5**	**-3.5%**	**2,308.6**

The change in segment assets is mainly due to the fair value losses in investment properties offset by the capital expenditure.

4. Reconciliation Between Direct and Indirect Result

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

In comparison to previous practice direct result excludes the changes in fair value of financial instruments that are recognized in the income statement. In order to hedge against interest rate risk, Citycon has entered into, in accordance with its interest rate risk management policy, interest rate and inflation derivatives which do not qualify under hedge accounting treatment under IFRS. Changes in fair value of such derivatives are recognized in the income statement. These derivatives hedge the group against interest rate risk and in accordance with the terms of the derivatives Citycon receives floating money market interest rate which has a matching interest rate determination procedure with group's floating rate debt. The interest rate which Citycon pays under these derivatives does not depend on the money market interest rate which means that these derivatives hedge Citycon against rising floating interest rates. The aim is to ensure effectiveness of the hedges by matching the interest rate fixing procedure between the derivatives recognized in the income statement and floating rate debt of Citycon.

EUR million	Q3/2008	Q2/2008	Q1/2008	Q4/2007	Q3/2007
Direct result					
Net rental income	31.5	30.5	29.7	27.1	27.3
Administrative expenses	-3.9	-4.2	-3.8	-3.9	-4.0
Other operating income and expenses	0.0	0.0	0.0	0.6	0.0
Net financial income and expenses	-15.5	-14.9	-14.7	-14.7	-11.9
Current taxes	-1.0	-1.2	-1.2	3.2	-2.4
Change in deferred taxes	0.2	0.0	-0.1	1.7	-0.5
Minority interest	-0.9	-0.7	-0.4	-0.2	-0.3
Total	**10.4**	**9.5**	**9.5**	**13.8**	**8.2**
Direct result per share (diluted), (diluted EPRA EPS), EUR [1]	0.05	0.04	0.04	0.06	0.04
Indirect result					
Net fair value gains/losses on investment property	-70.8	-84.7	1.4	0.7	21.1
Profit on disposal of investment property	0.0	0.0	0.1	0.0	-0.1
Administrative expenses related to disposals	0.0	-0.2	-0.2	-	-
Other operating income and expenses	0.0	0.0	0.1	-	-
Movement in fair value of financial instruments	-0.6	0.2	-1.4	0.2	-1.4
Current taxes related to disposals	0.0	0.0	-1.1	-	-
Change in deferred taxes	8.2	11.6	2.4	-5.0	-4.5
Minority interest	6.8	7.0	-1.8	-0.4	0.1
Total	**-56.4**	**-66.0**	**-0.4**	**-4.6**	**15.2**
Indirect result per share, diluted	-0.26	-0.30	0.00	-0.02	0.07
Profit/loss for the period attributable to parent company shareholders	**-46.0**	**-56.6**	**9.1**	**9.3**	**23.4**

1) The calculation of the direct result per share is presented in the Note 5. Earnings per share.

5. Earnings per Share

	Q1-Q3/2008	Q1-Q3/2007	2007
A) Earnings per share calculated from the profit/loss for the period			
Earnings per share, basic			
Profit/loss attributable to parent company shareholders, EUR million	-93.5	191.0	200.3
Issue-adjusted average number of shares, Million	221.0	192.8	199.4
Earnings per share (basic), EUR	**-0.42**	**0.99**	**1.00**
Earnings per share, diluted			
Profit/loss attributable to parent company shareholders, EUR million	-93.5	191.0	200.3
Expenses arising from convertible loan, adjusted with the tax effect deduction, EUR million	-	4.2	5.7
Profit/loss used in the calculation of diluted earnings per share, EUR million	-93.5	195.3	206.0
Issue-adjusted average number of shares, Million	221.0	192.8	199.4
Convertible capital loan impact, Million	-	25.3	26.2
Issue-adjusted adjustment for stock options, Million	-	2.0	1.5
Issue-adjusted average number of shares used in the calculation of diluted earnings per share, Million	221.0	220.2	227.1
Earnings per share (diluted), EUR	**-0.42**	**0.89**	**0.91**

The incremental shares from assumed conversions or any income or cost related to dilutive potential shares are not included in calculating the Q1-Q3/2008 diluted per-share amounts because the profit attributable to parent company shareholders was negative.

	Q1-Q3/2008	Q1-Q3/2007	2007
B) Earnings per share calculated from the direct result for the period			
Direct result per share (diluted), (diluted EPRA EPS)			
Direct result, EUR million (Note 4)	29.3	22.5	36.3
Expenses arising from convertible loan, adjusted with the tax effect deduction, EUR million	4.3	4.2	5.7
Profit used in the calculation of direct result per share, EUR million	33.7	26.7	42.0
Issue-adjusted average number of shares used in the calculation of diluted earnings per share, Million	248.0	220.2	227.1
Direct result per share (diluted), (diluted EPRA EPS), EUR	**0.14**	**0.12**	**0.18**

6. Investment Property

EUR million	30 Sept. 2008	30 Sept. 2007	31 Dec. 2007
At period-start	**2,215.7**	**1,447.9**	**1,447.9**
Acquisitions	11.1	518.6	531.3
Investments	49.9	25.1	44.8
Disposals	-7.6	-0.3	-0.3
Transfer into the development properties	-1.9	-6.4	-6.2
Fair value gains on investment property	4.3	222.3	220.8
Fair value losses on investment property	-158.4	-9.3	-7.5
Exchange differences	-18.6	-6.7	-15.1
At period-end	**2,094.4**	**2,191.2**	**2,215.7**

An external professional appraiser has conducted the valuation of the company's properties with a net rental income based cash flow analysis. Market rents, occupancy rate, operating expenses and yield requirement form the key variables used in the cash flow analysis. The segments' yield requirements and market rents used by the external appraiser in the cash flow analysis were as follows:

	Yield requirement (%)			Market rents (EUR/sq.m.)		
	30 Sept. 2008	30 Sept. 2007	31 Dec. 2007	30 Sept. 2008	30 Sept. 2007	31 Dec. 2007
Finland	6.2	5.8	5.7	21.7	18.8	21.1
Sweden	6.0	5.4	5.4	13.4	13.1	13.2
Baltic Countries	7.1	6.3	6.4	20.7	16.3	16.4
Average	**6.2**	**5.7**	**5.6**	**19.8**	**17.1**	**19.0**

7. Development Property

As at 30 September 2008, the development properties consisted of the capital expenditure relating to extension projects in Rocca al Mare, Åkersberga, Liljeholmen and Lippulaiva shopping centres.

EUR million	30 Sept. 2008	30 Sept. 2007	31 Dec. 2007
At period-start	**33.2**	**–**	**–**
Acquisitions	6.8	–	–
Investments	46.8	14.3	26.4
Capitalized interest	2.4	0.4	0.6
Transfer from investment property	1.9	6.4	6.2
Exchange differences	-0.7	–	–
At period-end	**90.4**	**21.1**	**33.2**

8. Cash and Cash Equivalents

EUR million	30 Sept. 2008	30 Sept. 2007	31 Dec. 2007
Cash in hand and at bank	17.0	27.7	24.2
Short-term deposits	1.8	51.7	–
Total	**18.7**	**79.4**	**24.2**

9. Derivative Financial Instruments

	30 Sept. 2008		30 Sept. 2007		31 Dec. 2007	
	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate derivatives						
Interest rate swaps						
Maturity:						
less than 1 year	86.4	0.9	50.0	0.1	40.0	0.2
1-2 years	66.0	-0.4	87.1	-0.8	112.5	-0.6
2-3 years	70.0	3.0	149.0	-1.6	83.0	-1.1
3-4 years	40.0	0.9	70.0	0.7	70.0	1.7
4-5 years	178.0	2.0	0.0	0.0	20.0	0.2
over 5 years	229.3	3.3	312.2	8.7	309.0	8.5
Total	**669.7**	**9.7**	**668.4**	**7.1**	**634.5**	**8.8**
Foreign exchange derivatives						
Forward agreements						
Maturity:						
less than 1 year	157.1	6.3	76.9	-0.9	40.4	0.3
Total	**157.1**	**6.3**	**76.9**	**-0.9**	**40.4**	**0.3**

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

The fair values include foreign exchange gain of EUR 9.6 million (EUR -1.8 million) which is recognized in the income statement.

Hedge accounting is applied for interest rates swaps which have nominal amount of EUR 593.3 million (EUR 591.2 million). The fair value gain recognized in the fair value reserve under shareholders' equity taking account the tax effect totals EUR 5.1 million (EUR 4.9 million).

10. Dividends and Return From the Invested Unrestricted Equity Fund

In accordance with the proposal by the Board of Directors and the decision by the Annual General Meeting held on 13 March 2008 dividend for the financial year 2007 amounted to EUR 0.04 per share and EUR 0.10 per share was decided to be returned from the invested unrestricted equity fund (dividend of EUR 0.14 for the financial year 2006).

Dividends and equity returns paid amounted to EUR 30.9 million (EUR 23.4 million) during the period.

11. Interest-bearing Liabilities

During the period, Citycon has agreed on a new long-term bank loan in the amount of EUR 30 million as part of the Liljeholmstorget shopping center development project in Stockholm. The loan bears a floating interest rate and is repayable within 10 years. Also, the EUR 17.9 million loan for financing Magistral shopping centre in Tallinn was drawn, and is repayable approximately in five years. The long-term credit limit (a EUR 50 million five-year revolving credit facility) remained undrawn. During the period, repayments of other bank loans amounting to EUR 10.9 million were made in line with previously disclosed repayment terms.

Other proceeds and repayments from/of long-term loans in the cash-flow statement arose from the use of revolving credit facilities.

12. Contingent Liabilities

EUR million	30 Sept. 2008	30 Sept. 2007	31 Dec. 2007
Mortgages on land and buildings	44.8	47.7	46.4
Bank guarantees	48.0	19.9	49.8
Capital commitments	23.2	58.1	31.0

At 30 September 2008, Citycon had capital commitments of EUR 23.2 million relating mainly to several development and redevelopment projects.

13. Related Party Transactions

There were no significant transactions with the related parties during the period.

14. Key Figures

	Q3/2008	Q3/2007	Change-%	Q1-Q3/2008	Q1-Q3/2007	Change-%	2007
Earnings per share (basic), EUR	-0.21	0.12	–	-0.42	0.99	–	1.00
Earnings per share (diluted), EUR	-0.21	0.11	–	-0.42	0.89	–	0.91
Equity per share, EUR				3.87	4.42	-12.3%	4.44
Net asset value (EPRA NAV) per share, EUR				4.16	4.82	-13.7%	4.83
Equity ratio, %				40.3	41.2	–	43.9

The formulas for key figures can be found from the 2007 annual financial statements.

The figures are unaudited.

Financial Statements and Financial Statements Bulletin 2008

Citycon will publish its financial statements and a financial statements bulletin for the financial year 1 January to 31 December 2008 on Thursday, 12 February 2009 at approximately 9:00 a.m.

More information for investors is available at Citycon's website, www.citycon.com.

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Report on the Review of Citycon Oyj's Interim Financial Information for the period January 1 – September 30, 2008

To the Board of Directors of Citycon Oyj

Introduction

We have reviewed the accompanying consolidated balance sheet of Citycon Oyj as of September 30, 2008 and the related statements of income, changes in equity and cash flows for the nine-month period then ended, and explanatory notes prepared in accordance with International Financial Reporting Standards as adopted by the EU. The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with the Securities Market Act, chapter 2, paragraph 5 a. Based on our interim review we express at the request of the Board of Directors a report in accordance with the Securities Market Act, chapter 2, paragraph 5 a, sub-paragraph 7.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information, prepared in accordance with International Financial Reporting Standards as adopted by the EU, does not give a true and fair view of the financial position of the entity as at September 30, 2008, and of its financial performance and its cash flows for the nine-month period then ended in accordance with the Securities Market Act.

Helsinki, October 15, 2008

Ernst & Young Oy
Authorized Public Accountants

Tuija Korpelainen, Authorized Public Accountant