



CITYCON

ENRICHING URBAN CROSSPOINTS

Annual and Sustainability Report 2014

CITYCON GROUP

SUSTAINABILITY PERFORMANCE

OPERATIONAL KEY FIGURES

FINANCIAL STATEMENTS



We bring urban crosspoints
alive for the benefit of

Communities



We bring urban crosspoints alive

The theme of this report is 'urban crosspoints'. We believe that shopping centres which combine different modes of use will succeed. Our centres are located in the heart of urban areas. They are places for people to shop for daily needs, explore the latest in fashion, gain cultural experiences, enjoy cafés and restaurants, and take care of their health, as well as visit municipal service points.

CONTENTS

- Citycon Group 9
- Sustainability 36
- Operational key figures 66
- Financial statements 94

Cover photo: DJ girls performing during the opening ceremony of the new digital library in Kista Galleria.

SOLID FINANCIAL PERFORMANCE

EPRA Earnings up by 14.9%



CEO REVIEW

One Citycon approach shows results



Attractive development pipeline



Community
engagement

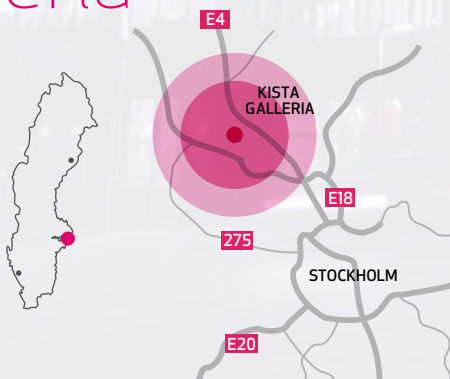


Kista Galleria

STOCKHOLM

More than a shopping centre
 – A unique market place where
 people living and working in
 the area meet.

kistagalleria.se



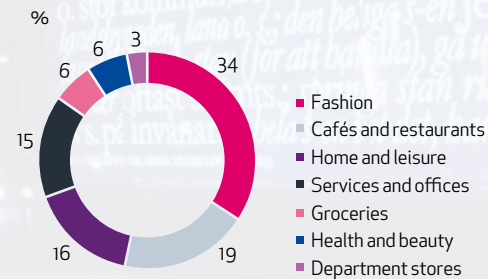
51,000
 visitors per day

Population in the
 catchment area¹⁾

752,000

95,200 gross leasable area, sq.m.
 180 stores
 263 sales per year, EUR million

RENTAL INCOME BY CATEGORY



¹⁾ Drive time estimate (5–15 minutes)



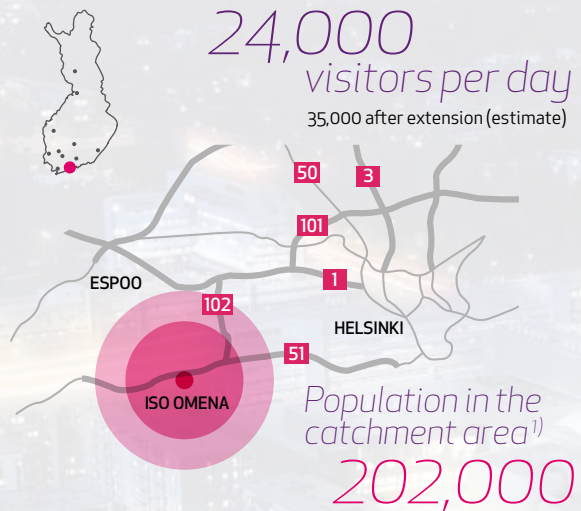
Enjoyable

part of people's
everyday lives

Iso Omena

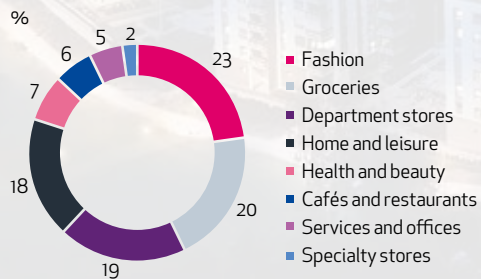
HELSINKI AREA

One of the best shopping centres in the Helsinki Metropolitan area with one of the most affluent customer base in Finland. Ongoing extension will add over 50% more retail space and a direct connection to the new metro line. isoomena.fi

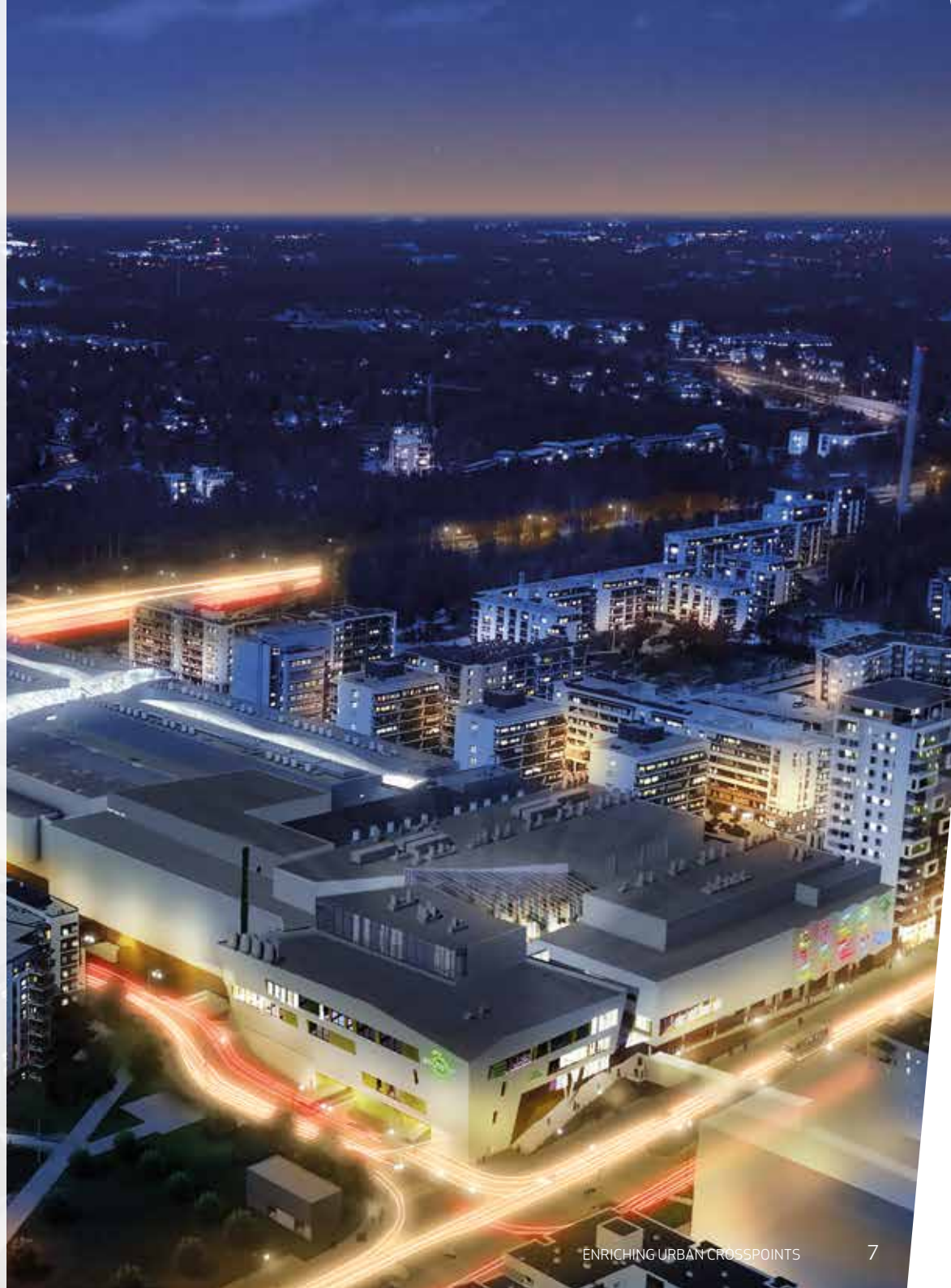


63,300 gross leasable area, sq.m.
99,000 sq.m. after extension
120 stores
248 sales per year, EUR million

RENTAL INCOME BY CATEGORY



1) Drive time estimate (5–15 minutes)



Liljeholmstorget

STOCKHOLM

Urban shopping in the heart of busy Liljeholmen, a growing residential and office hub. The first LEED® platinum level shopping centre in Europe.

liljeholmstorget.se

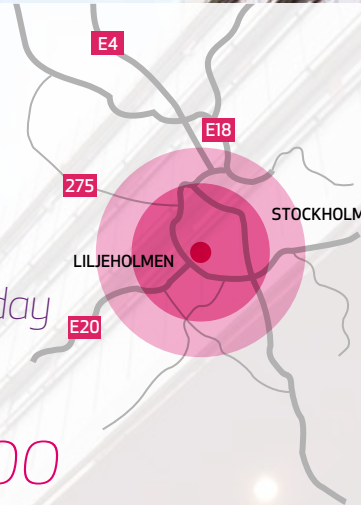
41,000 gross leasable area, sq.m.
100 stores
172 sales per year, EUR million



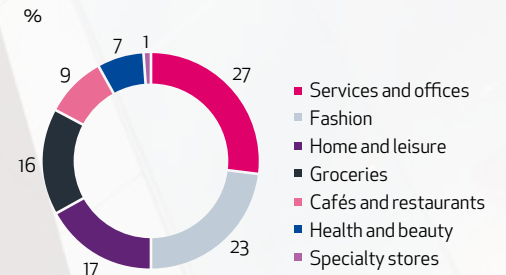
27,000
visitors per day

Population in the
catchment area¹⁾

1,056,000



RENTAL INCOME BY CATEGORY



1) Drive time estimate (5–15 minutes)



-22

Bäst på mat

KVANTUM

Vivid & vibrant

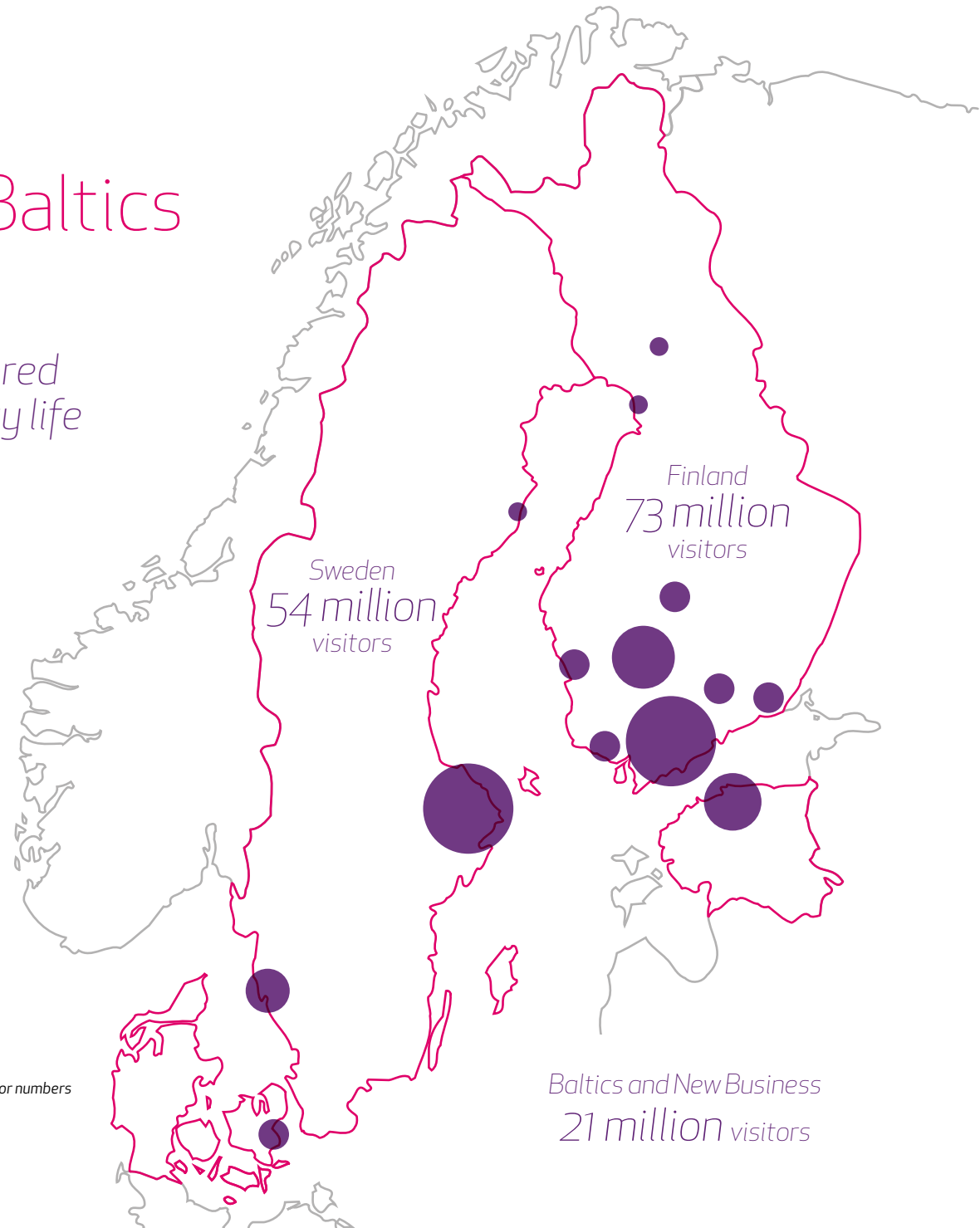
CITYCON GROUP

Leading player in the Nordics and Baltics

*Urban
Grocery-anchored
Everyday life*

Citycon is a leading owner, manager and developer of urban grocery-anchored shopping centres in the most attractive locations in the Nordic and Baltic regions, with assets under management totaling approximately EUR 3.3 billion and a market cap of more than EUR 1.5 billion at year-end. Headquartered in Helsinki and specialising in necessity-based, everyday retail shopping centres, Citycon is the No. 1 shopping centre owner in Finland and Estonia, and among the market leaders in Sweden. Citycon has also established foothold in Denmark.

Citycon owns 35 shopping centres and 25 other retail properties (31 December 2014). Our community-oriented shopping centres are located in the largest and fastest growing cities in the region and placed in urban environments close to where customers live and work, and with a direct connection to public transport, health care and municipal services.



Annual visitor numbers



Turnover
EUR million

245.3

Including Kista Galleria 100%:

287.8

Visitors
million

130

Including Kista Galleria 100%:

149

Assets under
management
EUR billion

3.3

Occupancy rate
(economic), %

96.3

Including Kista Galleria 100%:

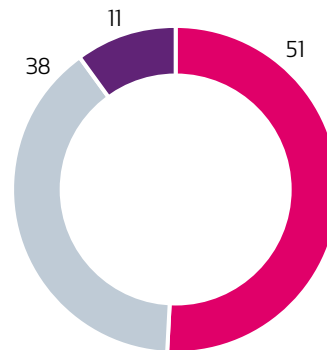
96.8

Personnel,
year-end

151

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

ASSETS UNDER MANAGEMENT
%



- Finland
 - Sweden
 - Baltics and New Business
- 100% retail assets

Listed on NASDAQ Helsinki since 1988

Investment-grade credit ratings
from S&P (BBB) and Moody's (Baa2)

Good performance in a challenging retail environment



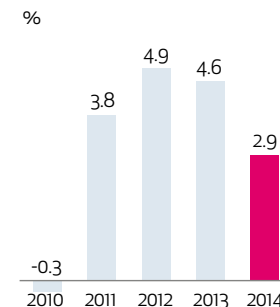
The year 2014 was one of continued solid performance for Citycon, both operationally and financially. Net rental income for like-for-like properties grew by 2.9%, driven by rental growth and strict cost control, a solid result in a low inflation environment. The EPRA Earnings per share decreased slightly to EUR 0.191 as a result of the share issues and 22% increase in average number of shares. We were still able to increase our earnings by approximately 14.9% thereby improving the quality of earnings. The results for 2014 demonstrate Citycon's resilient business model and capacity to perform in a difficult macro-economic environment, such as we have experienced in Finland during the year.

We continued to improve the quality of the property portfolio further in the course of the year through active

management and successful recycling of capital; divesting of non-core assets and investing in (re)developments in, for example, Kista Galleria, Iso Omena and IsoKristiina. We recorded a positive fair value change of EUR 15.7 million (EUR 52.8 million including Kista Galleria) underlying the stable nature of the portfolio and the improved portfolio composition.

The year saw special effort directed to strengthening the balance sheet and diversifying funding sources. EUR 400 million of new equity was raised via two consecutive share issues in June-July and EUR 350 million of new debt financing via a Eurobond issue in September-October. Citycon's LTV (Loan to Value) was substantially decreased to 38.6%. Our enhanced credit profile gives us the capacity and flexibility to continue delivering on our property strategy.

LIKE-FOR-LIKE NET RENTAL INCOME GROWTH



*Proposed dividend/
equity return of
EUR 0.15
per share*

OUTLOOK



KEY FIGURES

	2014	2013	Change-%
Turnover, EUR million	245.3	248.6	-1.3
Net rental income, EUR million	169.4	168.9	0.3
Profit attributable to parent company shareholders, EUR million	84.5	94.9	-10.9
Earnings per share (basic), EUR ¹⁾	0.2	0.2	-27.1
Loan to Value (LTV), %	38.6	49.3	-
EPRA-BASED KEY FIGURES			
EPRA Operating profit, EUR million	149.8	149.1	0.4
EPRA Earnings, EUR million	99.7	86.7	14.9
EPRA Earnings per share (basic), EUR ¹⁾	0.19	0.20	-5.9
EPRA NAV per share, EUR ¹⁾	3.01	3.13	-3.7
EPRA NNAV per share, EUR ¹⁾	2.63	2.78	-5.4
SUSTAINABILITY KEY FIGURES			
Energy consumption, kWh/gross leasable area, sq.m.	251	280	-10.4
Carbon footprint, kgCO ₂ e/gross leasable area, sq.m.	45	50	-9.6
Water consumption, litre/visitor/year	4.3	3.7	17.0
Recycling rate, %	88.5	85.4	3.1

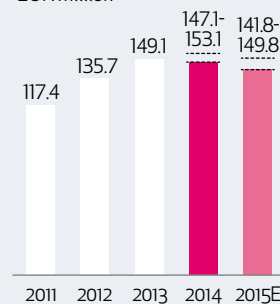
1) Calculated with the issue-adjusted number of shares

Completed (re)development projects and acquisitions increased turnover by a total of EUR 1.7 million, whereas property disposals reduced it by EUR 4.8 million. EPRA Operating profit and Earnings both grew, due to the increase in both net rental income and the cut in financing expenses, with EPRA Earnings per share amounting to EUR 0.191.

Citycon provides guidance on EPRA Operating profit, EPRA Earnings, and EPRA Earnings per share in order to improve the predictability of its results. In 2014 Citycon additionally provided guidance on turnover. The key indicators were released in early 2014 and in the course of the year we narrowed the forecast range and adjusted it for the increased number of shares after the share issues. For 2015, we forecast continued modest growth in a challenging retail market, especially in Finland. Our focus will remain on cost control and increased leasing efforts.

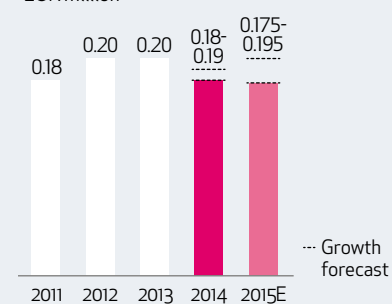
EPRA OPERATING PROFIT

EUR million



EPRA EARNINGS PER SHARE

EUR million



Highlights in 2014



'Shopping centre act of the year' award

In 2013, we entered into cooperation with the Finnish national youth service organisation Nuorten Palvelu ry. This work continued in 2014, and the project earned us the 'shopping centre act of the year' award in Finland.

Citycon and the City of Stockholm opened a new one-of-a-kind digital library of 2,500 sq.m. in Kista Galleria. In addition to traditional books, the library also offers the latest technology, access to tablets and interactive services, a digital blackbox theatre, music and a café. It is a place to learn, create, study and gain experiences.



Citycon and NCC joined forces to build Mölndals Galleria shopping centre in Gothenburg. The new centre, a modern urban city gallery, with around 25,000 sq.m. of leasable area will be focusing on daily necessities. The construction of the centre is expected to start during 2015, after the finalisation of an ongoing zoning process, and will open to the public in 2018.

MARCH

JUNE

JULY

AUGUST

400
EUR million

Citycon strengthened its balance sheet

by raising approximately EUR 400 million of new capital through two share issues. The Canadian pension fund CPPIB became a strategic shareholder in Citycon with a 15% ownership.

Citycon's investment grade corporate credit ratings were upgraded by S&P to BBB and by Moody's to Baa2.





A shopping centre gift card launched

As the first shopping centre operator in Finland and Estonia, Citycon launched a gift card which can be used for making payments in seven shopping centres and over 700 stores.



Business ideas for shopping centres

The Citycontest competition was launched in order to discover new, interesting business concepts for shopping centres. The competition is a unique chance

for enterprising students to win a opportunity to try out their ideas in practice and gain experience in entrepreneurship already during their studies.

A traditional topping-out ceremony was held on the IsoKristiina construction site. The project is well on schedule and the renewed centre is due to open in two phases in 2015. In addition to 80 shops, the centre will also house a movie theatre and the Lappeenranta city theatre.

SEPTEMBER

NOVEMBER

DECEMBER

350
EUR million

Citycon successfully placed a EUR 350 million 10-year Eurobond. The bond was allocated to a broad base of international investors and the offering was oversubscribed. The proceeds from the offering were mainly used to prepay existing debt in order to extend average debt maturities.

Over
3,000
new apartments
planned in Kista

The new northern entrance of Kista Galleria was opened allowing access to the centre from all directions. Over 3,000 apartments will be built in Kista during the years 2015–2020.

Mandarinas shopping centre was sold in Lithuania for approximately EUR 12.5 million, representing close to 10% premium to valuation. Also a portfolio of Finnish supermarkets and shops was divested for EUR 6.7 million in line with Citycon's disposal strategy.

Citycon has the capacity to manage real growth

2014 was a good year for Citycon despite a challenging retail environment. Our actions continued to deliver solid financial performance. Operationally, we were able to improve the quality of our portfolio and we strengthened the balance sheet considerably, providing us with flexibility to continue executing our strategy.

In recent years, we have given top priority to the appeal, offering and profitability of our centres. In 2014, we also focused on improved operations in a more systematic 'One Citycon' way, paying extensive attention to upgrading our properties, intensifying marketing initiatives and leasing vacant space. Against a background of modest or weak economic growth, especially in Finland,

and a low inflation environment we succeeded well. The solid like-for-like net rental income growth of 2.9% and stable occupancy rate at around 96% clearly demonstrates Citycon's resilient business model, capacity to manage real growth and ability to capitalize on our expertise and scale.

A significant milestone for us was the introduction of another globally recognized real estate investor, Canada Pension Plan Investment Board (CPPIB), as a strategic shareholder. After the CPPIB transaction and the successful completion of another EUR 200 million rights issue in June, our LTV (Loan to Value) is at a structurally lower level. It is our aim to maintain or further improve our current credit ratings (BBB and Baa2).

Optimization of the property portfolio continues

We believe our portfolio is stronger than one year ago. Our focus remains on quality assets in capitals and larger cities as we see population growth as one of the main drivers for property value increase. Our objective is to recycle capital by selling our non-urban and smaller properties while (re)developing the core assets and selectively buying centres where we see high growth potential.

In 2014, we successfully divested 12 assets worth approximately EUR 30 million at close to book value. The significant growth in investment activity seen in the Nordics, especially during the second half of 2014, creates good momentum to continue the sell-off of our non-core portfolio.

During the year we also strengthened our development pipeline. In September, we joined forces with NCC to fully (re)-develop a shopping centre in Gothenburg, Mölndals Galleria, which fits perfectly with our strategy – modern urban city gallery focusing on daily necessities. Based on positive pre-leasing, we expect to start construction in 2015.

The extension of Iso Omena also progressed well and the opening is scheduled for Q4/2016. After the buy-out of GIC's 40% stake in October, we have

full ownership of one of the most desirable shopping centres in Finland.

Urban crosspoints combining commerce and community

Citycon's vision is to be the household name for Nordic and Baltic shopping centres. We believe that this can be achieved by combining the power of the local shopping centre brand with the strength and knowledge of Citycon.

During the year we started the re-branding of our shopping centres under the Citycon umbrella. All shopping centres will continue to have their individual names and local identity, but with a common look and feel that reflects the Citycon quality brand and profile.

We see our local approach as one of our key strengths. We want to create modern centres which are more than places for commerce, but rather centres that create a feeling of community. During the year we fostered our role as an active community partner by further developing a suitable tenant mix and initiating relevant activities that stand out and match the community needs. Great examples of this integration are the new digital library in Kista Galleria, the Granny's Corner in Koskikeskus and the Citycontest for young entrepreneurs.



"Our urban mixed-use shopping centre philosophy proved to be very resilient."

We want to connect with our customers both online and offline. With our Cityconline programme we will continue to expand our offering of digital services and experiences to our customers and tenants.

Commitment to One Citycon

All of our actions this year have been governed by a true commitment to strengthening 'One Citycon' and hence driving corporate efficiency. Today we see ourselves as a Nordic player working smoothly across borders. In June we also appointed a new COO, Jurn Hoeksema, with broad international experience. Under his operational leadership we will reach a new level in benchmarking our operational results and sharing best practices within the company.

Without the great support and dedication of our motivated and professional staff the company would never have reached the position it is in today. Therefore, I am grateful to work in such an environment every day, one that makes me excited to work towards an even better future for Citycon.

Marcel Kokkeel
CEO

 KOSKIKESKUS

 STENUNGSTORG



We bring urban crosspoints alive

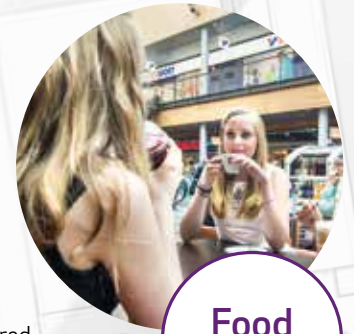
Citycon is about vivid and vibrant centres acting as enjoyable parts of peoples's everyday lives and as active community hubs.



DAILY
needs

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

They host cafés, ice cream bars, fast-food restaurants, salad bars as well as a variety of restaurants specialising in numerous ethnic and traditional kitchens.



Food & Beverage

Our shopping centres are located in the heart of urban areas where lots of people work, live and spend their time.



Metros, trains, buses and tramlines are connected or even integrated to the centres.



LINKED
to public transport

All our centres are active parts of communities and anchored in the local history and identity.

Beauty is necessary

One can get glowing skin, gorgeous hair and professional nail care in Citycon's shopping centres. We have nail parlours, beauty salons and hair dressers to create your own style.



Health care & Beauty

Health comes first
Our centres offer a wide variety of well-being and health services: medical centres, dentists, eye specialists, maternity clinics, gyms and pharmacies. Liljeholmstorget Galleria houses the largest municipal health centre in Stockholm.

Fashion & Fun



Many Citycon shopping centres have a strong fashion focus. Rocca al Mare in Tallinn has had the honour of being the first shopping centre to host many international brands entering Estonian markets, such as H&M, Debenhams and Cortefiel.

MUNICIPAL SERVICES & Education



Food for thought

Municipal services are a growing sector in our shopping centres. Libraries offer our customers the possibility to read, learn, study and network while municipal service points provide social, employment and health care services.

Online & Offline

We connect with our customers both in the shopping centre as well as online with an increasing focus on fostering the 'citycommunity'.

Theaters, exhibitions and cinemas provide entertainment and relaxation between shopping.

Entertainment & EXPERIENCE



Offering the best environment for success

MISSION

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

1

Clear focus

Pure retail player focused on shopping centres in the most attractive locations in the Nordics and Baltics

Shopping centres at urban crosspoints in the heart of communities catering to everyday needs

2

Exceptional platform

Leveraging the expertise at each stage of the shopping centre value chain in order to deliver on our customer promise: easy to visit, lovely to stay

3

Strong capital base

Sufficient and attractively priced financing secured in order to deliver the company's strategy

VISION

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

**Responsible shopping centre management
at the heart of our operations**

Sustainable and strong returns through the cycle

ACHIEVEMENTS 2014

EUR 125.5 million gross capital expenditure

Portfolio quality strengthened

New capital through share issues and 10-year Eurobond

Financing position bolstered

LONG-TERM FINANCIAL TARGETS

RESULTS 2014

Like-for-like NRI growth of 150 bps above CPI

2.9% approx. 260 bps above CPI

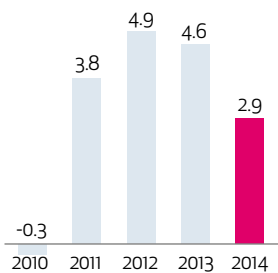
Loan to Value (LTV) of 40-45%

38.6%

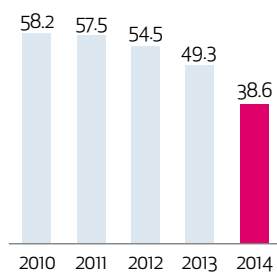
Dividend/Equity return payout ratio of >50% of the result for the period excluding fair value changes on property

79% of the result for the period (proposal)

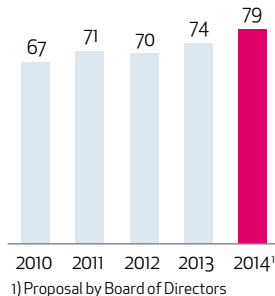
LIKE-FOR-LIKE NET RENTAL INCOME GROWTH %



LOAN TO VALUE (LTV) %



DIVIDEND/EQUITY RETURN PAYOUT RATIO %



OBJECTIVES FOR 2015

Focus on core properties and enhanced portfolio quality

Accelerate development pipeline and progress with current property developments

Continue to standardise best practices and drive One Citycon and hence improve corporate efficiency

Maintain strong balance sheet and financial profile and maintain or improve current credit ratings

Strengthen relationship and cooperation with tenants and the surrounding community

Enhance the use and visibility of the online and e-commerce platform

A strong portfolio of everyday shopping centres

150 million visitors per year

Finland

21 shopping centres
73 million visitors

Sweden

10 shopping centres
54 million visitors

Baltics and New Business

4 shopping centres
21 million visitors

OUR CORE PROPERTIES

Kista Galleria, Stockholm
19 million visitors
180 stores
EUR 568 million fair value



Koskikeskus, Tampere
6 million visitors
105 stores
EUR 186 million fair value



Iso Omena, Helsinki area
9 million visitors
120 stores
EUR 410 million fair value



Liljeholmstorget Galleria, Stockholm
10 million visitors
100 stores
EUR 258 million fair value



Rocca al Mare, Tallinn
6 million visitors
140 stores
EUR 173 million fair value



Kristine, Tallinn
8 million visitors
150 stores
EUR 132 million fair value

Citycon's community-oriented shopping centres are located in the largest and fastest growing cities in the region and placed in urban environments close to where customers live and work and with a direct connection to public transport, health care and municipal services.

Everyday shopping in urban crosspoints

Citycon's shopping centres have a necessity-based nature as they are anchored by grocery stores and other daily shopping. The centres are dominant in their catchment and create natural, attractive urban venues that cater to all your daily needs. Citycon enriches and creates value for the societies in which it operates, by creating a vivid and vibrant community hub indoor and outdoor.

Portfolio quality strengthened

During 2014 Citycon continued to strengthen the quality of the portfolio

mainly through investments in (re)-developments, namely Iso Omena, IsoKristiina and Stenungs Torg. Gross capital expenditure in 2014 totalled EUR 126 million, with property development accounting for EUR 96 million, investments in joint ventures of EUR 26 million, and other investments of EUR 3,8 million.

Citycon's strategy includes building joint venture partnerships with top-quality domestic and international players in selected core properties. At the end of 2014, Citycon had two joint venture partners, CPPIB and Ilmarinen. NCC acts as Citycon's development joint venture partner in the Iso Omena and Möndals Galleria projects.

As part of its strategy Citycon has defined a non-core portfolio of approximately EUR 300 million, including the supermarkets and shops portfolio (retail assets hosting usually one or two tenants) as well as some smaller non-urban shopping centres. The successful execution of this strategy continued in 2014. During the year Citycon divested

12 non-core properties for a total value of approximately EUR 30 million. Citycon has divested EUR 111 million worth of non-core assets since the strategy update in July 2011.

At year-end, the fair value of Citycon's property portfolio totalled EUR 2,769 million (EUR 3,337 million including Kista Galleria) showing an increase of EUR 35,6 million on the previous year. According to JLL's evaluation, the average yield requirement for Citycon's property portfolio was 6.1% at year-end, i.e. 2%-points lower than last year.

Key portfolio criteria:

- Dominant in catchment area
- Urban environments, with strong population growth
- Integrated with public transport
- Daily shopping, grocery-anchored
- Shared access to health care, culture and municipal services
- (Re)development and intensification opportunities through active management

35 shopping centres

incl. Kista
25 other retail assets

Average value of shopping centres

EUR 89 million

GLA 1.0 million sq.m.

incl. Kista

Average yield requirement

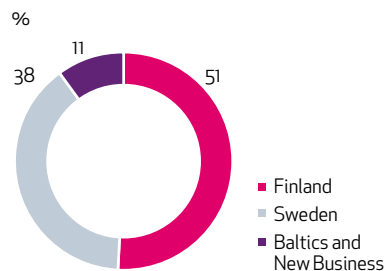
5.9% *incl. Kista*

Our joint venture partners

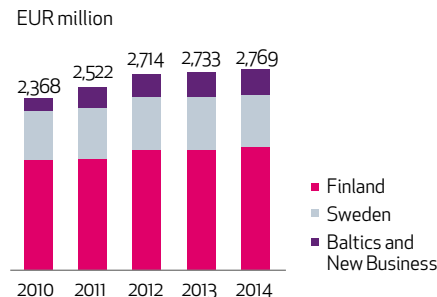
CPPIB (50% Kista Galleria)

Ilmarinen (50% IsoKristiina)

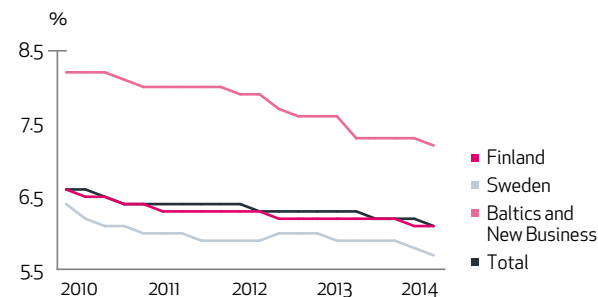
ASSETS UNDER MANAGEMENT



FAIR VALUE OF INVESTMENT PROPERTIES



VALUATION YIELD OF INVESTMENT PROPERTIES



Long-term value creation by selected development projects

A core part of Citycon's strategy is to actively develop its shopping centres either via (re)developments or extensions. The objective is always to increase the commercial attractiveness and competitiveness of the shopping centre and thereby generate stronger rental growth while consolidating market value.

As with acquisitions, Citycon is selective in (re)development projects and manages them via strict financial and leasing criteria.

Citycon has an active joint-venture strategy and some of Citycon's (re)-development projects are also conducted in joint ventures with selected top-class partners, which enable risk-sharing and recycling of capital. For example, the Iso Omena and Mölndals Galleria (re)-developments are carried out in a joint venture with NCC and IsoKristiina with Ilmarinen.

Citycon's ongoing development pipeline amounts to approximately EUR 260 million, and including the future pipeline to approximately EUR 540 million.

Key criteria

≥ 150 bps over required valuation yield

50% pre-leasing target

KISTA GALLERIA

The new digital library, northern entrance and upgraded food court strengthen Kista Galleria's position as one of the best shopping centres in Stockholm.

Total investment: EUR 11 (22) million
GLA before/after: 94,200/95,100
Completion: Q4/2015
Type: Refurbishment



ISOKRISTIINA

Lappeenranta city theatre to be placed inside the completely renewed IsoKristiina.

Total investment: EUR 56 (112) million
GLA before/after: 22,400/34,000
Completion: Q4/2015
Type: Extension and (re)development



2014

2015



STENUNGS TORG

Reviving the harbour and centre of Stenungsund introducing new anchor tenants H&M and Nordic Wellness.

Total investment: EUR 18 million
GLA before/after: 36,400/41,400
Completion: Q1/2016
Type: Extension and (re)development

Investments in (re)developments of approx. EUR 150 million p.a. on average.



ISO OMENA

Iso Omena – the big apple – gets even juicier in one of the most attractive retail locations in Finland with direct connection to the new western metro line.

Total investment: EUR 182 (250) million
GLA before/after: 63,300/99,000
Completion: Q4/2016
Type: Extension and (re)development

THE SAMK CAMPUS

Porin Asema-aukio – an outdated retail building converted into a modern campus for Satakunta University of Applied Sciences.

Total investment: EUR 40 million
GLA before/after: 18,800/23,000
Completion: Spring 2017
Type: Extension and (re)development



Mölnåls Galleria – a complete turnaround case in Gothenburg

In September 2014, Citycon and NCC entered into a joint venture to develop Mölnåls Galleria in Gothenburg. An outdated retail property is planned to be demolished and a new centre of around 25,000 sq.m. is being built in the same location.

Mölnåls Galleria will be a modern urban city gallery focusing on daily necessities. The centre will have about 70 different shops, restaurants and service units. The construction of the new shopping centre is expected to start in 2015.

Total investment: EUR 120 million
GLA after: 25,000
Completion: 2018
Type: (Re)development

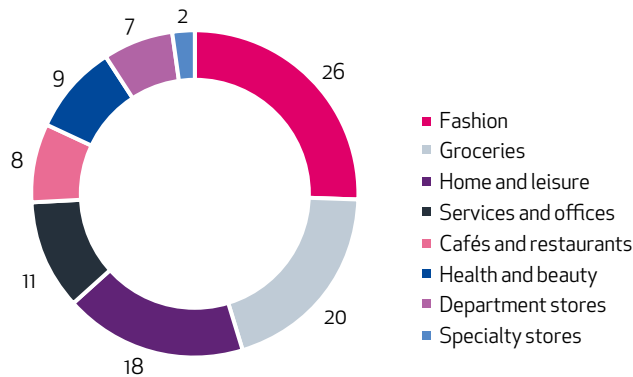
2016

2017

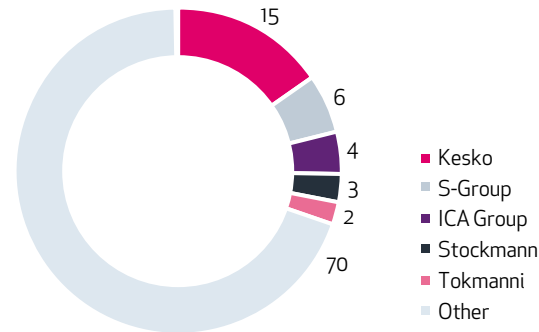
2018

Building the most attractive multifunctional shopping centres

RENTAL INCOME BY CATEGORY
%



FIVE BIGGEST TENANTS
%



Our in-depth expertise in all parts of shopping centre value creation – owning, managing and developing – combined with strong local market knowledge and understanding of the customer’s needs enables us to build the most attractive mixed-use shopping centres in the region where retailers can thrive.

Our exceptional platform of the best daily shopping centres makes us an ideal partner for local and international retailers wanting to increase their presence in the region.

The tenant mix in our shopping centres has been developed to cater to the daily needs of our customers, taking into account the special characteristics of the catchment area. Creation of a diverse and interesting tenant base and a balanced lease contract portfolio is a key task of Citycon’s shopping centre management. Citycon’s cross-border leasing team actively work on introducing new tenants to Citycon’s shopping centres, paying close attention to customer needs and tenant feedback. In autumn 2014, we conducted a tenant satisfaction survey in all of our shopping centres in order to receive ideas for further development of our shopping centres.

3,158 lease agreements

Inflation protection - rents linked to CPI (nearly all agreements)

Speciality leasing +17% in 2014 accounts for 1.6% of Citycon’s gross rental income

3.2 years Average lease length



Stability through index-linked rent agreements and a grocery-anchored tenant mix

The vast majority of Citycon's lease agreements are linked to CPI, providing full protection against inflation changes.

Citycon is strongly grocery-anchored, with 20% of shopping centre rental income deriving from grocery retailers, mainly Kesko, S Group and ICA Gruppen. In Finland, Kesko and S Group have a grocery market share of approximately 80%. In Sweden, three players ICA, COOP and Axfood dominate the market with a market share of approximately 85%.

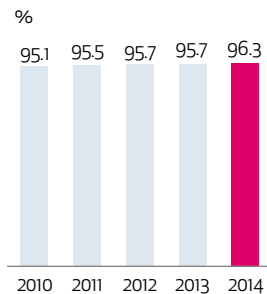
Turnover-based lease agreements accounted for 53% of Citycon's lease portfolio (at year-end). With a fixed

minimum rent close to market rental levels, only 2.0% of Citycon's gross rental income derived from the turnover-based component in 2014.

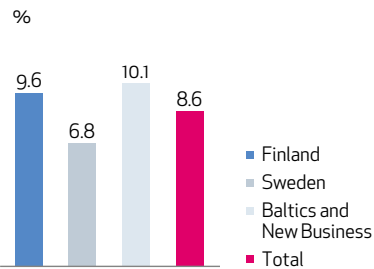
Gross rental income from like-for-like properties increased in 2014 by 1.3% thanks to indexations and higher rental levels. The occupancy rate in Citycon's centres remained high and even improved. At the end of the year, the economic occupancy rate of the portfolio was 96.3%. The increase was mainly due to decreased vacancies in the supermarket and shops portfolio as well as strong leasing in Sweden. The like-for-like occupancy cost ratio (tenants' annual rents in relation to sales) remained at a modest level of 8.6%.

Strong and stable occupancy rate

OCCUPANCY RATE



OCCUPANCY COST RATIO



Cityconline – building community and loyalty

TRENDS IMPACTING THE RETAIL LANDSCAPE

		Citycon's response
Urbanisation	Growing urban population Increased urban GDP per capita	87% of total portfolio in main cities 70% in capital cities
Convenience	Aging population and increasing number of single households Demand for proximity, services, and atmosphere More than a shopping destination: health care, municipal services, education	100% of centres directly or indirectly connected to public transportation Growing share of non-retail services
Omnichannel retail	Technological innovation is influencing the way we shop Online channels complementary to traditional retail Enriched customer data	Growing online Citycon community in social media Shopping centre apps, gift cards and tenant interaction build loyalty and personalisation Extensive pick-up point network
Social experience	Providing a meeting place for the community	Citycon is part of the local community Increased offer of cafés, restaurants, gyms, entertainment, culture, etc.
Value and quality	Well-informed consumers choose best quality at lowest price	Focus on mainstream retail Relevant tenant mix for local community

Citycon's portfolio is well positioned for the changing retail landscape

The retail landscape is changing rapidly. Several trends, particularly e-commerce and the rise of digital technology, are fundamentally reshaping the industry. Today, all shopping is influenced by the online experience; customers seek online information before, during and after they make a decision to buy.

At Citycon, we see online as an opportunity to extend our shopping centre communities and to strengthen them via digital channels. For us, online is a strategic way to create better customer experience and loyalty.

Focusing on convenience and experience

The location of the shopping centre has become increasingly important. Citycon operates in locations where people live, shop and work, and with a service offering that caters to all daily needs. We believe that these types of shopping centres will continue to have a strong demand from urbanised customers also in an online world.

The rise of e-commerce has influenced retail sectors in different ways. The

necessity-based retail offering has shown to be the most resilient to online. Today, 97–99% of daily goods are bought in-store. This supports Citycon's chosen strategy of being grocery-anchored and a part of everyday life.

Today, these urban crosspoints also serve as the hubs of local communities, they are places where people want to meet and enjoy themselves. The online world does not replace human interaction, emotion and experience. The best shopping centres should have elements of surprise and offer possibilities to encounter other people, spend time in cosy cafés and restaurants as well as attend different leisure activities.





506,000, +23%
Facebook likers



22 pick-up points in
the shopping centres



Citycon branded web pages
in all largest shopping centres



135,000
e-mail newsletter subscribers



Mobile apps in
all largest centres



Launch of a gift card which can
be used for making payments in
seven Citycon shopping centres
and over 700 stores

Omnichannel is a great opportunity to build communities and customer experience

Leveraging technology to build the omnichannel experience

The digital world is a huge opportunity to build communities by combining the online and offline customer experience. Today, retail is omnichannel and customers require both physical and virtual interaction and store options.

Citycon has put a strong focus on digital marketing channels to interact with our customers, extend relationships and build loyalty in a cost-efficient way. Our goal is to further extend our online services to mobile loyalty programmes.

The development and utilisation of real time intelligence and location-based marketing is also a focus area for us. By enriched customer data we improve in offering a personalised digital dialogue that is more relevant to the customer.



We focus on an increased offering of
restaurants and leisure
activities such as gyms,
libraries and cinemas

Unified and structured
process to collect customer
response in online
channels

The best retail and social experience





We want to make our shopping centres rich in experiences, where people enjoy spending time. We continuously expand and reinvent our service offering for enhanced visitor comfort.



We deliver on our customer promise:

Easy to visit,
lovely to stay



Fog screen in Iso Omena.

NEW TENANTS IN 2014

Launch of new
Subway-van concept
in Lippulaiva

Burger King to Myyrmanni
- first shopping centre location in Finland

World's largest
O'Learys reopened in Kista Galleria

The quality
Gateau bakery
opened in Liljeholmstorget Galleria

Rituals cosmetics opened in Kista Galleria

Hunkemöller
lingerie to Liljeholmstorget Galleria

Strong cash flow supported by conservative and improved capital structure

Citycon focuses on having a strong capital base with an appropriate gearing level, low cost of debt and flexible access to debt financing supported by investment-grade credit ratings. Sufficient and attractively priced financing gives us the capacity and flexibility to deliver on our strategy and to buy, sell or develop when opportunities arise. Long-term joint venture partnerships extend our capital base, spread the risk and leverage the expertise.

Financing targets:

Loan to Value (LTV)
40-45%

Debt portfolio's hedge ratio
70-90%

Average loan maturity
> 5 years

We target to maintain a conservative gearing level that provides downside protection and financial flexibility. We continue to recycle capital accretively by selling non-core properties and pursuing selected acquisitions and (re)development projects of urban, grocery-anchored shopping centres.

Going forward, we remain committed to an overall business plan that maintains or improves our investment-grade credit ratings.

An active year on the financing front

The year was characterised by major successful equity and debt financing transactions in support of our strategy. We strengthened our financial position further in order to support the

Interest bearing debt
EUR million 1,178
(1,462)

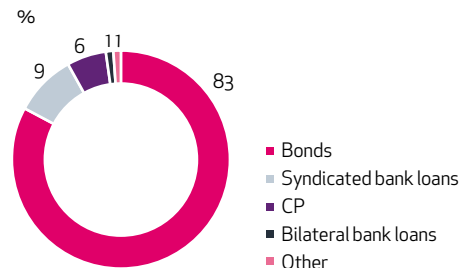
Loan to Value (LTV)
% 38.6
(49.3)

Average interest rate
% 3.28
(4.12)

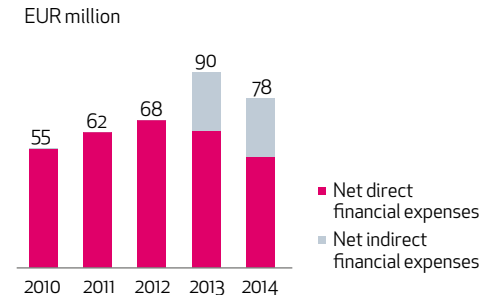
Average loan maturity
years 5.9
(4.1)

Available liquidity
EUR million 450
(435)

DEBT TYPES



NET FINANCIAL EXPENSES



continuous development of our property portfolio.

In June–July we raised approximately EUR 400 million in new capital through two consecutive share issues. Through the directed share issue to CPPIBEH, we received another globally recognised real estate investor as one of Citycon's strategic shareholders. The directed issue was followed by a fully subscribed rights issue. EUR 300 million of this capital was used to delever the company's balance sheet and the remaining EUR 100 million for select acquisitions and (re)developments. The overall arrangement strengthened Citycon's credit profile and both S&P and Moody's upgraded Citycon's corporate credit ratings by one notch to BBB (S&P) and Baa2 (Moody's).

Following the upgrading of credit ratings, we successfully placed a strategic EUR 350 million 10-year Eurobond in September–October at 2.5% annual fixed coupon. The Eurobond was oversubscribed and the offering was closed within a few hours. The bond proceeds were mainly used to prepay existing debt thereby extending average debt maturities and decreasing the average cost of debt. Just before year end we signed a EUR 500 million revolving credit facility, which completed our refinancing.

**"We set clear financing objectives for 2014:
to strengthen
the balance sheet,
decrease the average
cost of debt and
extend the average
life of the loan
portfolio.
We succeeded."**

Eero Sihvonen
Executive Vice President and CFO



FINANCING

Timeline of funding arrangements

Citycon raised in total approximately EUR 400 million through two successful consecutive share issues; a directed share issue of EUR 206.4 million to CPPIB and a rights issue of EUR 196.5 million to all shareholders. All offered shares were subscribed for.

Citycon's two investment-grade credit ratings were upgraded; S&P upgraded Citycon's credit rating to BBB (previous BBB-) and Moody's to Baa2 (previous Baa3). The outlook for both ratings is stable.

The company successfully placed a EUR 350 million 10-year Eurobond. The bond was allocated to a broad base of international investors and carries a fixed annual interest at the rate of 2.50%.

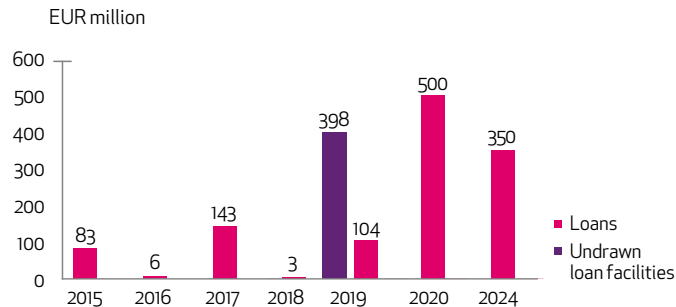
A EUR 500 million committed syndicated credit facility was signed.

With these transactions, we raised, in total, approximately EUR 750 million in financing in 2014. Our balance sheet was strengthened, with the Loan to Value (LTV) ratio decreasing to 38.6%. The maturity profile of our loans was extended by approximately 1.8 years, and, at the end of 2014, we had EUR 450 million available liquidity covering maturing loans for the coming years.

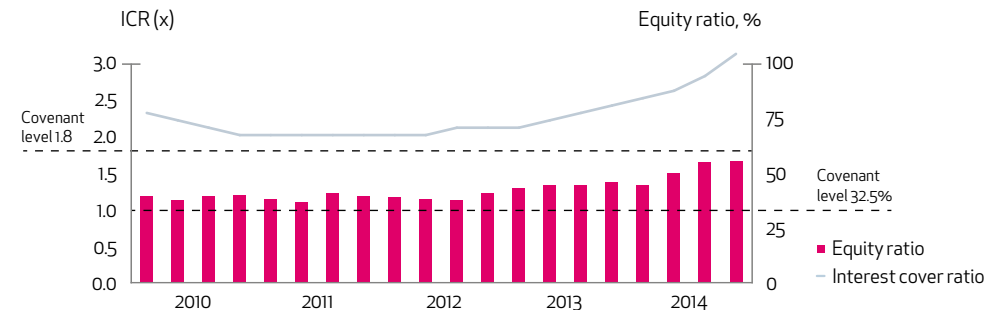
Financial objectives for 2015

Going forward, we want to keep our financial position strong and to support the continuous development of our property portfolio. We aim to maintain the low average cost of debt and long average loan maturities. To this end, we will continue to seek financing directly from the capital markets.

MATURITY PROFILE OF LOANS



COVENANT DEVELOPMENT



Citycon as an investment

Citycon strives to create strong and predictable cash flows with a long-term approach, conservative business model and solid balance sheet. This year we again demonstrated our ability to deliver stable and growing results even in more challenging market conditions.

Efforts to increase shareholder value

Citycon aims to increase profitability and improve the company's growth outlook and share valuation further through active asset management, renewal and strengthening of its property portfolio and efficient financing.

Citycon's success relies on its well-balanced shopping centre portfolio in the best locations, proactive asset management style with a true understanding of the customer's 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. We have a strong focus on profitability and during recent years we have re-shaped our organisation to become more efficient and flexible. Our target is always to create added value for our stakeholders and offer our investors a competitive return on their investment.

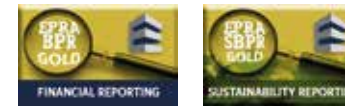
Responsibility is an integral part of Citycon's strategy. Good corporate governance, target-oriented leadership, appropriate work conditions, and community involvement are important

elements in Citycon's way of working. Citycon's efforts in this area have gained external recognition in the GRESB survey (Green Star) and EPRA sustainability awards (gold-level). Citycon has also won the EPRA gold award in the Financial Best Practices series for five consecutive years.

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 an equity repayment of EUR 0.15 per share be made from the invested unrestricted equity fund (and that no dividend will be paid) representing a pay-out ratio of approximately 5.8%.

More information about shares and shareholders on page FS 68 in the Financial Statements.

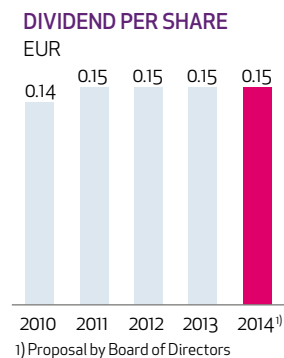
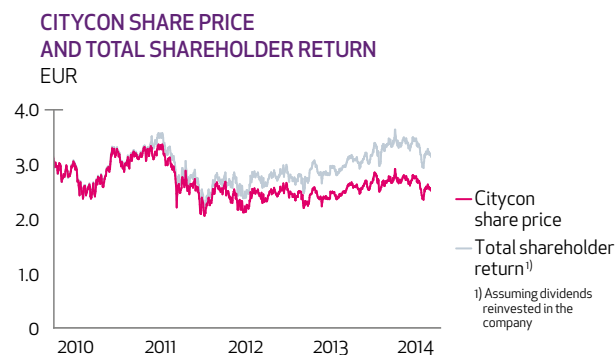


Listed on the
NASDAQ Helsinki

Trading code: CTY1S

Number of shares,
31 December 2014:

593,328,418
(441,288,018)



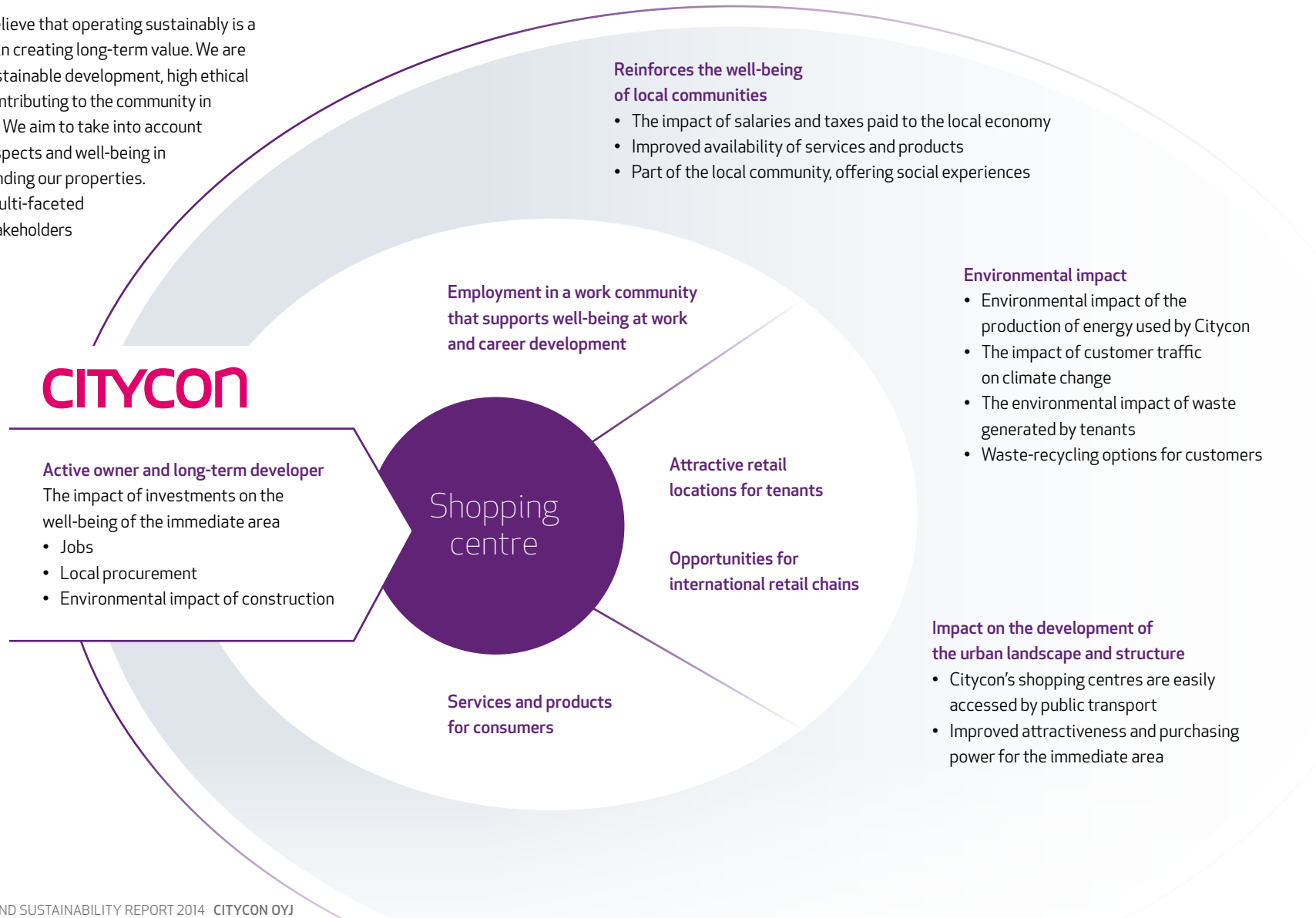


Sustainability at Citycon

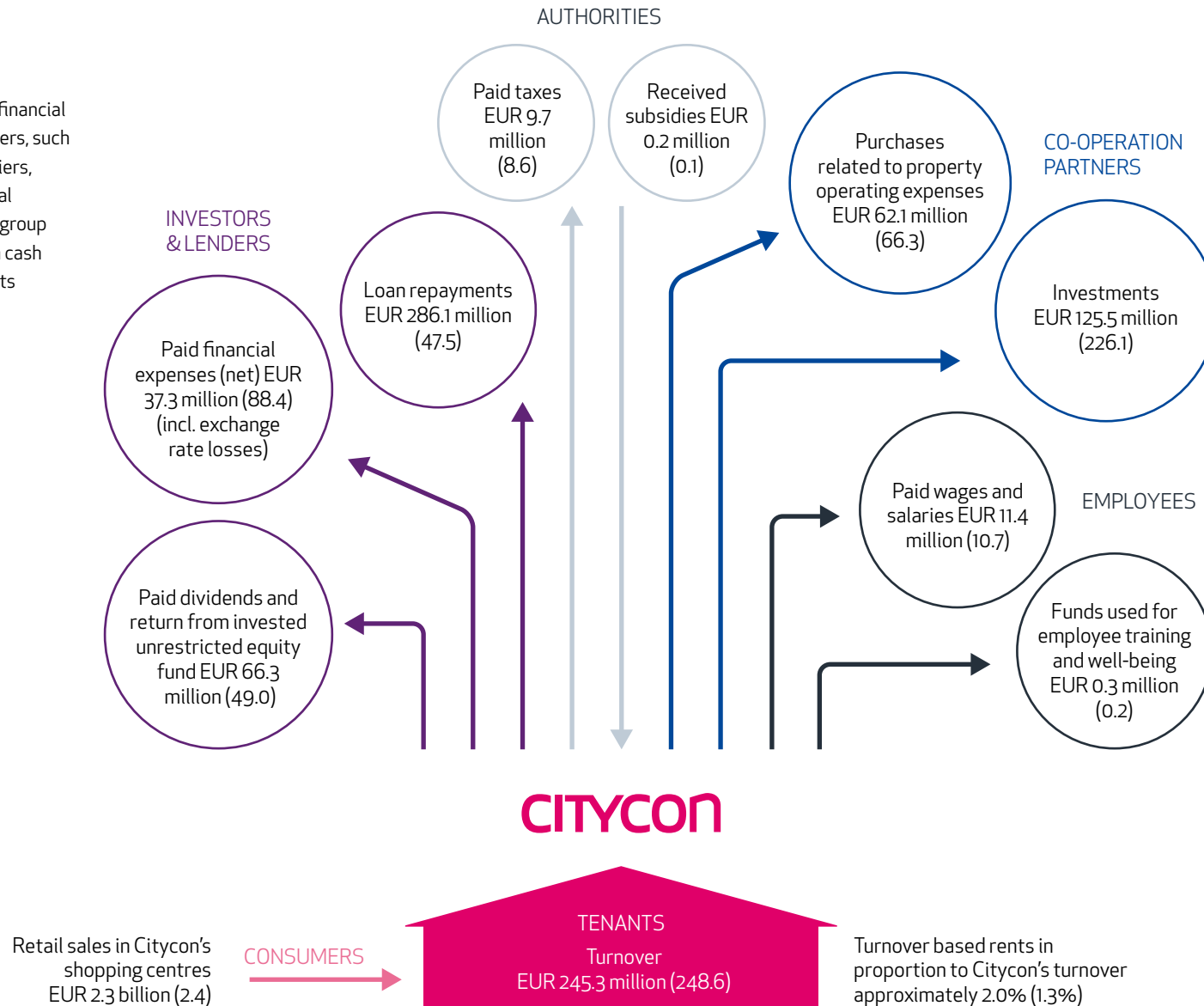
Sustainability approach.....	38
Sustainability highlights in 2014.....	40
Sustainability strategy and objectives	42
Materiality assessment.....	44
Sustainability management.....	45
Improving interaction with stakeholders.....	46
Creating value through the environmental management.....	48
Great people make great shopping centres.....	52
Building communities and companionship	54
Corporate governance.....	57
Board of Directors	62
Corporate Management Committee.....	63
Risk management	64

We create long-term value through sustainability

At Citycon, we believe that operating sustainably is a key cornerstone in creating long-term value. We are committed to sustainable development, high ethical principles, and contributing to the community in everything we do. We aim to take into account environmental aspects and well-being in the areas surrounding our properties. Please see our multi-faceted effects on our stakeholders and society.



Citycon's operations have a financial impact on several stakeholders, such as tenants, personnel, suppliers, and contractors. The financial impact on each stakeholder group has been assessed based on cash flows between Citycon and its stakeholders.



We continually improve the sustainability of our operations

The year 2014 was a year of many fresh ideas and actions but also constant work to reach our existing targets. Have a look at our efforts to offer environmentally, socially and economically sustainable retail spaces and shopping experiences.



Brainstorming with youngsters

In September, we hosted a brainstorming session at the Iso Omena library with local youngsters. The idea was to involve the youngsters in the Iso Omena extension's planning phase in order to take their views and wishes into account.

350

Over 350 tenants responded to our tenant satisfaction survey.

Environment Community and companionship People

An online Sustainability Stakeholder survey was conducted.

"Great that Citycon is taking action on these issues."

"More information sharing in social media and SCs."

Directly or indirectly
connected



Good connectivity

100% of our shopping centres are situated less than 500 metres away from a public transportation stop. For example, approximately 85% of Liljeholmstorget Galleria's visitors arrive by public transport.



Make every drop count

At Kista Galleria's gym we are utilising a heat exchanger which preheats the water going into the shower using water emptied out of the shower.

Led light installations

For example, in Trio energy consumption was reduced by 450,000 KWh bringing annual cost savings of approximately EUR 50,000.



Established Business Code of Conduct for suppliers and service providers.

Citycontest – Citycon's young entrepreneur contest launched.

Energy consumption
-5.7%



Recycling rate
89%



Annual personnel survey

Citycon's key strengths are agility in adopting new procedures, supervisors acknowledging good performance and employees willing to go the extra mile. The response rate of the survey was 95%.

Trainee program for young professionals finalised with most of the trainees recruited to Citycon.

Heat from the river

Koskikeskus in Tampere is utilising the temperature difference between the outside air and the river water to create renewable heating energy – this creates energy savings of 2,000,000 KWh per year and cost savings of approximately EUR 100,000 per year.



Leadership Development Programme completed

The programme offered supervisors training in performance management, coaching, and leading in a matrix organisation.

Sustainable shopping centre management at the heart of our operations

MISSION

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



Environment

Energy-efficient and environmentally sound shopping centres



Community & Companionship

Urban multifunctional shopping centres with strong ties to the community

Offering sustainable customer flows to tenants

Acting as a sustainable business partner



People

A great place to work, and to be proud of, with people who have a passion to deliver

AMBITION

To be among the forerunners in sustainable shopping centre management

Our sustainability strategy was updated in 2014 to better reflect our priorities and effects on the surrounding community. Strategic targets are presented on pages 49, 53 and 54.

*Solid economic performance
establishes the platform
for all aspects of sustainability*

ACHIEVEMENTS

Energy consumption
reduced by -5.7%

Developed
One Citycon

through leadership development programme

Recycling rate
improved by 3.1%-points

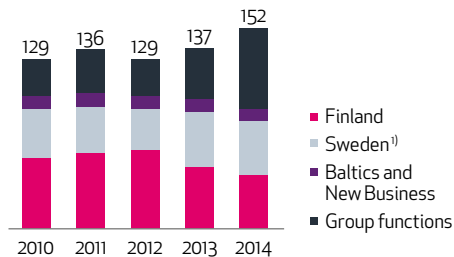
Tenant satisfaction survey
completed in majority of shopping centres

Shopping centre Trio and Citycon's
youth programme won the shopping centre

Act of the Year 2014 award
in cooperation with Nuorten Palvelu ry



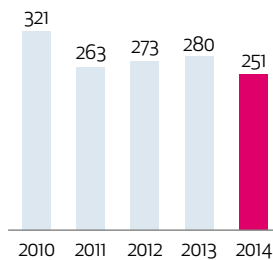
PERSONNEL
BY BUSINESS UNITS



¹⁾ Kista Galleria included in the personnel figure for 2013 and 2014

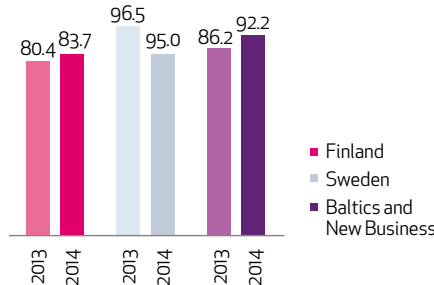
ENERGY INTENSITY
OF SHOPPING CENTRES

kWh/sq.m.



RECYCLING RATE
OF SHOPPING CENTRES

%



SUSTAINABILITY OBJECTIVES
FOR 2015

Continue to share environmental best practices, increase actions and drive innovation between shopping centres in order to accelerate solid environmental performance

Continue the efforts to promote even greater internalisation of the standards expressed in the Code of Conduct throughout our value chain

Improve performance culture, engage and develop talents, promote employer image, further develop One Citycon

Develop indicators to better measure our social and economic impact on the community

Foster active information sharing among stakeholders about sustainability issues

Citycon's sustainability focus areas

The GRI indicators presented in this report were selected on the basis of the materiality assessment results. Topics considered material are discussed at varying length, depending on their importance.

When identifying material items, we have taken 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. All the items presented in

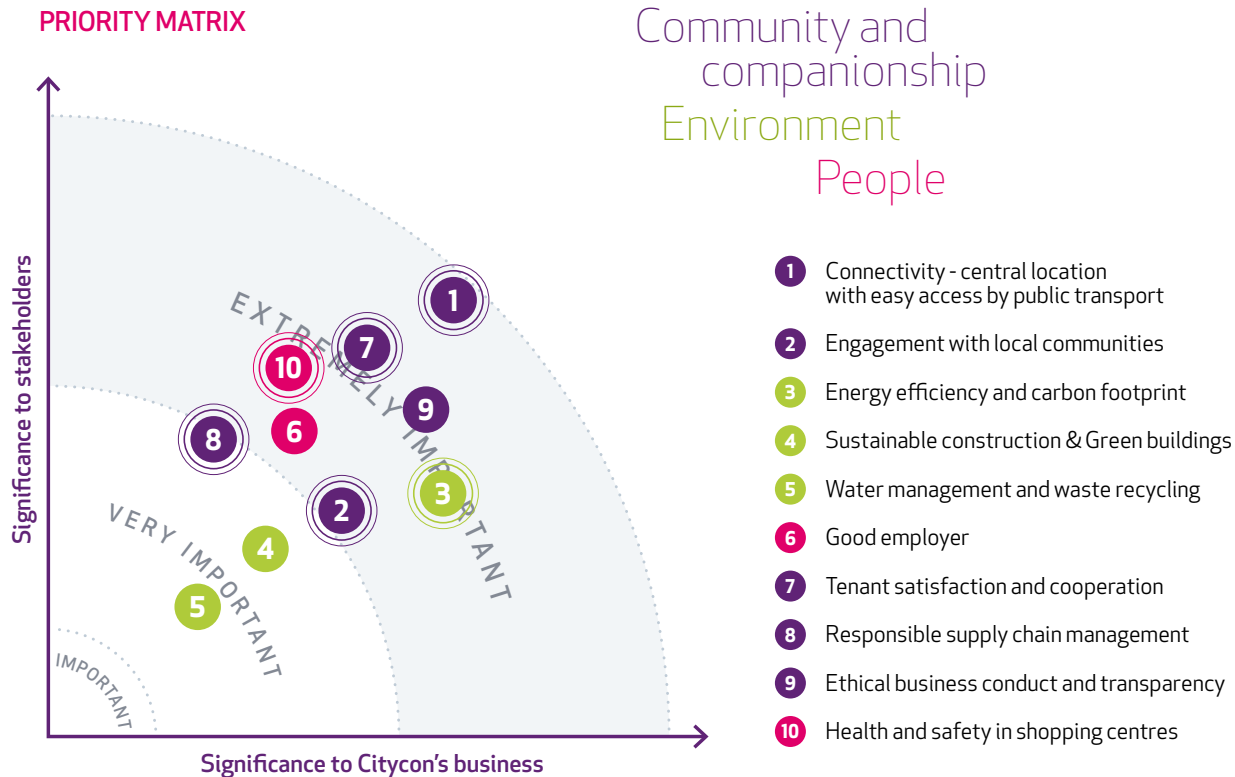
the matrix are considered important, the positioning of the items is based on considerations on impact as well as current internal and external operating environment. Trends affecting the retail industry are discussed on page 28.

To get updated information about stakeholder views, an extensive online

stakeholder survey was carried out in autumn 2014. 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.

Materiality was assessed 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.

Both the strategy and the survey results have been discussed in the management committee and also the priority matrix has been approved by the management committee.



A forerunner in sustainable shopping centre management

Being among the forerunners of sustainable shopping centre management is a strategic goal of Citycon. 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 Senior Vice President, Development and Sustainability, reports to 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 objectives.

Environmental management

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. A steering group convening every month coordinates the management of environmental matters with the objective of disseminating best practices throughout the Group.

Environmental indicators are included in quarterly reporting. The measures are geared towards achieving cost savings so that the properties will be attractive to stakeholders, both now and in the future.

To achieve its environmental targets, Citycon applies the following principles:

- Observing environmental responsibility in all functions and anticipating future amendments to legislation.
- Continuously developing the 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.

Social responsibility management systems

Social responsibility culminates in HR management and the promotion of ethical principles and good administrative practices throughout the value chain. Also,

community spirit and local communities play a major role, particularly in shopping centre management and property development.

Social responsibility management systems

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

Creating environmentally, socially and economically sustainable retail spaces and shopping experiences.



Improving interaction with stakeholders

According to our definition, stakeholders include parties who are or may be affected by Citycon's operations and who may affect the fulfilment of Citycon's objectives. Our stakeholder groups, interaction channels and focus areas and successes in stakeholder group activities in 2014 are presented in the diagram below.

A good working relationship between us and our stakeholders increases transparency, promotes the fulfilment 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.

Reaching out to our stakeholders

To engage all stakeholder groups and to learn more about what matters to them regarding sustainability issues, we conducted an extensive online stakeholder survey in 2014. In order to reach out to a vast group of respondents, the survey was distributed by email, Facebook, newsletters, etc.

We were pleased to receive hundreds of responses and get valuable feedback. The results were analysed between countries and respondent groups and many interesting facts were observed. We could see that sustainable supply chain management is growing in importance, and we got confirmation about the importance of the aspects that already form the heart of our strategy – such as connectivity. We also noticed that we should share more information with our stakeholders about our sustainability actions in a more informal way, such as through social media.

All in all, this kind of stakeholder consultation was considered to be a very positive step. During 2015 we will continue to put our efforts into staying aware of our stakeholders' views and to focus on the aspects considered important.

INTERACTION WITH STAKEHOLDERS

Stakeholder groups	Dialogue	Points of focus and successes in 2014
Consumers	Shopping centre websites and social media channels, shopping centre events, satisfaction surveys, consumer surveys, customer feedback channels	Investing in electronic newsletters and further digitalisation via, e.g. mobile apps; Citycon giftcard launched; activation of consumers to solicit feedback through all marketing channels; Youngsters in Shopping Centres project continued
Tenants	Internet portals for tenants, presentation materials, customer satisfaction surveys, shopping centre events, entrepreneurs' associations and marketing groups	Citycon-wide tenant satisfaction survey; Systematic satisfaction surveys after marketing campaigns and events; international trade fairs; Social media cooperation and education
Owners, investors, analysts	Annual and interim reports, stock exchange and press releases, websites, shareholders' meetings, meetings with investors and analysts, market surveys	Quarterly investor meetings both in Finland and abroad, in 2014, company management met with approximately 150 representatives of financial institutions personally or in small groups; Citycon is one of the fastest companies in the Helsinki Stock Exchange to report on its results
Employees	Target and performance discussions, team meetings, supervisory work, personnel survey and discussion events on its results, Citycon days, co-operation group and occupational safety committee, Intranet, orientation events	Completion rate of target and performance discussions 99% (93%); Code of Conduct self-study programme launched
Partners (service providers, suppliers, contractors, consultants)	Regular meetings, informal everyday interaction, meetings related to property development projects such as site meetings	Business Code of Conduct for suppliers created; interaction training for security guards for dealing with young people
Authorities, local communities and media	Briefings and residents' evenings, talks at events and seminars, meetings and development agreements with city administrations, journalist visits, press releases, websites, social media channels	Citycontest young entrepreneur competition launched; resident briefings in connection with development projects; brainstorming session with local youngsters concerning Iso Omena extension; investment in the development of company website
Industry associations and NGOs	Advocacy in industry associations	Regular advocacy: e.g. 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)

Artworks available for everyday enjoyment

By bringing two environmental artworks on top of the new entrances of Iso Omena extension we will respond to the current trend, shopping centres becoming art space. In 2016, thousands of visitors can daily enjoy and experience the artworks Haat and Puhuva pinta chosen through competition and designed by Antti-Ville Reinikainen and Otto Karvonen respectively.

Creating value through environmental management

Citycon can have an impact on the prevention and reduction of emissions through the management and development of its shopping centres. The best ways of cutting greenhouse gas emissions in the sector are to improve the energy efficiency of buildings, to reduce energy consumption and to increase the use of renewable energy sources in the properties' energy production and procurement.

Ecology and economy go hand in hand. At Citycon, the drivers of responsibility are:

- Strategic choice to pursue sustainable development
- As a result of climate change and its consequences, legislation on energy and emissions has become stricter, as has the related taxation

- Energy prices and material costs
- Cost-efficiency and achieving a competitive advantage
- Offering attractive retail properties for tenants and consumers
- Improving risk management

Sustainability yields cost-effectiveness

The opportunities that sustainability offers culminate in profitable and energy-efficient operations. Lower energy and waste costs improve profitability and make properties more attractive and competitive. Implementation of the EU-wide and national climate, energy and waste policies will affect future energy solutions, energy prices and taxation. During project planning, Citycon always investigates the potential for utilising renewable energy sources.

Targets for 2014	Performance in 2014	
Yearly reduction of greenhouse gas emission by 2-3%	In I-f-I shopping centres: 2.1%	✓
Yearly reduction of energy consumption (electricity, heating and cooling) by 2-3%	In I-f-I shopping centres: 5.7%	✓
Carrying out a renewable energy feasibility study in (re)development projects	Achieved	✓
An average level of water consumption less than 3.7 litres per visitor	In I-f-I shopping centres: 3.3 l/visitor	✓
Shopping centre waste recycling rate at least 80%	89%	✓
Landfill waste a maximum of 20% of total waste	11%	✓
All major projects ongoing in 2014 assessed with LEED criteria	Achieved	✓
Development projects located in built-up environments, within reach of good public transport connections	100%	✓

✓ = achieved

The yearly targets of 2014 are based on the strategic targets set in 2010. In 2014 we renewed our long-term goal setting and our objectives for the future are presented on the next page.





Environment – renewed strategic targets

ENERGY EFFICIENT

by 2020	Continuing
Reduction of energy consumption (MWh/sqm) by 10%	Carrying out a renewable energy feasibility study in (re)development projects
Reduction of greenhouse gas emission (kgCO ₂ e/sq.m) by 10%	

ENVIRONMENTALLY SOUND

by 2017	Continuing
Majority of the portfolio ¹⁾ has an environmental certification by year 2017, with most of key assets ¹⁾ certified in 2015	All of our own large ²⁾ (re)development projects to obtain environmental certification
Recycling rate over 90%	Maintaining water consumption an average level of less than 3.5 litres per visitor/year

1) Measured by value, assets under management

2) Over EUR 20 million

Waste taxes associated with waste management and landfill fees have increased substantially in the short term and are expected to rise further. Citycon seeks to sort and reduce the amount of generated waste.

Climate change

Citycon's carbon footprint in 2014 totalled 79,538 tonnes of carbon dioxide equivalents. The carbon footprint reported by Citycon covers the energy and water consumption in properties, waste logistics, and the emissions generated by the Citycon organisation. Energy consumption in properties constitutes 99.5% of the carbon footprint.

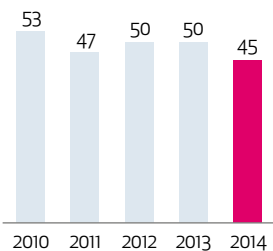
The carbon footprint increased by 8.3% compared to the previous year. The increase was caused by changes in

the company's property portfolio. Kista Galleria's environmental data is reported in its entirety in 2014, Kista Galleria was not included in environmental reporting in 2013. The carbon footprint in relation to property area decreased compared to previous year. The carbon footprint of like-for-like shopping centres decreased by 2.1%. The carbon footprint is not entirely comparable between 2014 and earlier years as the emission factors have been updated in 2014, more info about the emission factors used can be found on page 88.

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

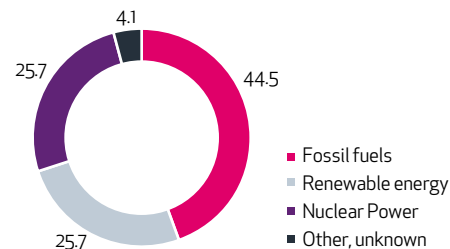
GREENHOUSE GAS INTENSITY FROM BUILDING ENERGY CRE3

kg CO₂e/sq.m.



PRIMARY ENERGY SOURCES

%



Source: IEA energy statistics

ENVIRONMENT

connections of shopping centres reduce the harmful environmental impacts of customer traffic.

Energy

Energy consumption in Citycon's properties is mostly indirect consumption, i.e., procured energy. Only one shopping centre is equipped with a heating plant, and the fuel used by it is reported as direct energy consumption. Citycon purchased a total of 180.5 GWh of electricity in 2014.

Total electricity consumption decreased by 0.9% compared to the previous year. Electricity consumption in common areas (tenant consumption excluded) amounted to 110.8 GWh, an increase of 0.5%.

In like-for-like shopping centres, electricity consumption in common areas decreased by 4.6%. The decrease in electricity consumption was facilitated by active optimisation and adjustment measures, as well as by investments in energy conservation. The summer 2014 was

warmer than usual, which increased cooling requirements. Heating energy consumption came to 126.6 GWh. Heating energy consumption decreased by 5.4% compared to the previous year, and weather adjusted consumption, 140.3 GWh, decreased by 3.5%.

Heating energy consumption in like-for-like shopping centres decreased by 6.9%, while weather-adjusted consumption decreased by 2.6%.

The winter was milder than average, which decreased heating requirements.

Citycon's total energy consumption (incl. electricity consumption in common areas, heating and cooling) amounted to 247.4 GWh. Consumption decreased by 5.0% compared to the previous year.

Total energy consumption in like-for-like shopping centre properties decreased by 5.7%. In shopping centres, energy consumption per gross leasable area decreased compared to previous year.

Citycon's total consumption of primary energy was 1,899 terajoules. In order

to improve energy efficiency, Citycon optimised the energy consumption of properties, invested in energy efficiency and improved the monitoring of consumption. Citycon is a member of the Finnish Property and Building Sector Energy Efficiency Agreement 2010–2016.

With respect to energy used by Citycon, it is estimated that acidifying emissions total 428,000 kg of sulphur dioxide equivalents (since electricity traders are under no statutory obligation to disclose nitrogen oxide or sulphur dioxide emissions generated by production, emissions have been estimated based on country-specific production profiles).

Water

Citycon's total water consumption in 2014 was 723,423 cubic metres. Water consumption increased by 20.0% compared to the previous year. The change was caused by changes in the property portfolio and in reporting coverage (Kista

Galleria included in its entirety 2014). The water consumption of like-for-like shopping centres decreased by 5.4%. Water consumption per visitor in shopping centres was 4.3 litres and 3.3 litres in like-for-like shopping centres.

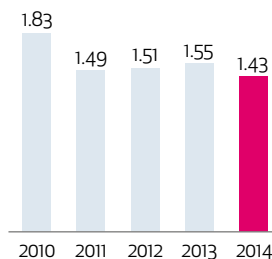
Water consumption includes water consumed by the real-estate company and tenants. Tenant water consumption is highest in grocery stores, restaurants and cafés, hair salons, laundries and car wash facilities. A property's water consumption includes water used in public facilities and water used for cleaning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

Waste management

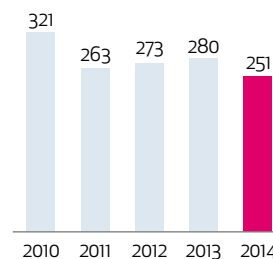
Properties managed by Citycon generated 17,105 tonnes of waste, of which 16,599 tonnes were collected from shopping centres and 506 tonnes from other

Lower energy and waste costs improve profitability and make properties more attractive and competitive.

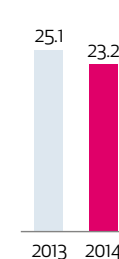
ENERGY INTENSITY OF SHOPPING CENTRES
kWh/visitor



ENERGY INTENSITY OF SHOPPING CENTRES
kWh/sq.m.



HEATING AND ELECTRICITY CHARGES
EUR million



properties. The recycling rate of waste materials for Citycon's shopping centres was 88.5%, showing an increase of 3.1 percentage points compared to the previous year.

The amount of waste generated by shopping centres increased by 14.9% compared to the previous year. The increase was caused by changes in the property portfolio and in reporting coverage (Kista Galleria included in its entirety 2014). The amount of waste generated by like-for-like shopping centres stayed on the same level.

Systematic training was arranged in shopping centres to improve sorting and recycling. Instructions for sorting waste are also available to all operators in Citycon's shopping centres. 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

Citycon carries out all (re)development projects in accordance with environmental classification principles. 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 project planning. Decisions on certification are made on a project-by-project basis. Citycon has LEED certificates for the following 4 properties: Trio shopping centre (re)development project (certified), Rocca al Mare shopping centre extension and (re)development project (silver), Liljeholmstorget Galleria shopping centre development project (platinum), Martinlaakson Ostari shopping centre development project (gold). The fair value of these certified properties represents 17.8% of total fair value of Citycon's property portfolio (incl. Kista Galleria). The IsoKristiina (re)development project and Iso Omena extension project will also

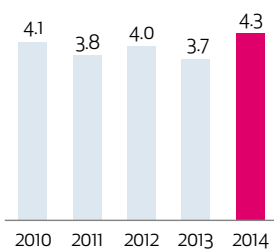
be implemented in compliance with the requirements of the LEED certificate.

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

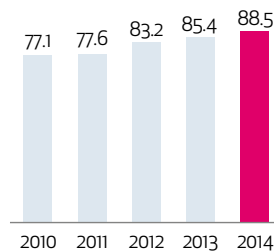
Biodiversity taken into consideration in projects

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, although the Rocca al Mare shopping centre is located next to a protected area.

WATER INTENSITY IN SHOPPING CENTRES
litre/visitor



RECYCLING RATE OF SHOPPING CENTRES
%



Great people make great shopping centres



By supporting passionate, result-oriented and experienced professionals with strong local market knowledge and a deep understanding of the customer's needs, we are able to build the most attractive mixed use shopping centres. We believe that by acting as one we will be No 1.

Building One Citycon

In 2014, we continued building One Citycon. The cluster-based operational model was further developed by recruiting a new COO, Jurn Hoeksema, who started in June and who will be based in Stockholm.

Passion Experience One

A One Citycon Leadership programme for supervisors/managers was arranged to develop a common leadership culture, as well as to offer training in performance management, coaching and leading in a matrix organization.

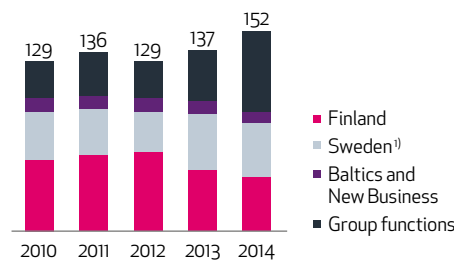
The One Citycon spirit is strong

Target and development discussions are an essential tool for implementing One Citycon and Citycon's strategy, by cascading company level targets throughout the organization to engage all employees in achieving these goals.

99% of the employees participated in target and development discussions with their supervisors at least once in 2014 and 73% of the employees participated twice. In addition to agreeing on their personal development plan with their supervisor, employees discussed how to implement Citycon's values (Passion, Experience, One) in their daily work.

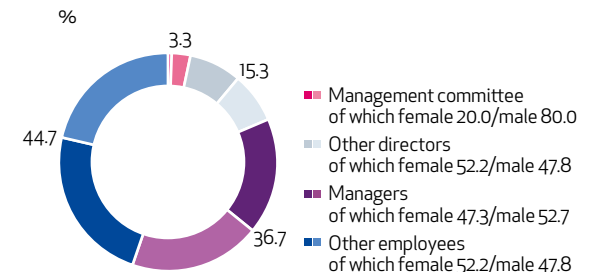
A personnel survey conducted in April showed positive trends emerging in many areas. A major improvement was seen in the build-up of a strong One Citycon spirit. Improvement was also seen in

PERSONNEL BY BUSINESS UNIT



¹⁾ Kista Galleria included in the personnel figure for 2013 and 2014

EMPLOYEE GROUP BY GENDER



Agility in adopting new procedures, supervisors acknowledging good performance and employees willing to go the extra mile continue to be key strengths at Citycon.



FOCUS AREAS FOR 2015

We want to be a great place to work, and to be proud of, with employees who have a passion to deliver. Therefore, we will focus on further:

- developing a performance culture,
- engaging and developing talent,
- improving and promoting the employer image, and
- developing One Citycon.

areas such as employee commitment, clarity in communicating strategy and the future prospects of Citycon. Agility in adopting new procedures, supervisors acknowledging good performance and employees willing to go the extra mile continue to be key strengths at Citycon.

One Citycon was celebrated at the annual Citycon Days, held for the first time in Stockholm. Citycon Days is an important tool for generating a One Citycon mentality throughout the company, and employees gave positive feedback on getting together as a group.

Promoting and maintaining equality

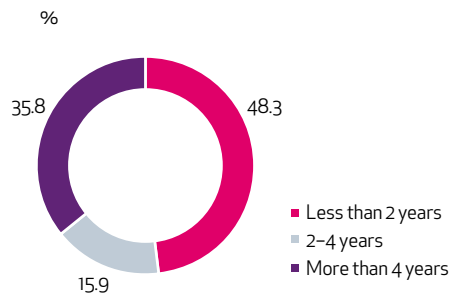
We hold the promotion and maintenance of equality in high regard. Each individual is respected and treated fairly and equally, regardless of gender, belief, age, or other similar factors. We have a regularly revised equal opportunities scheme. No incidents of discrimination were reported during 2014.

Opportunities for working experience

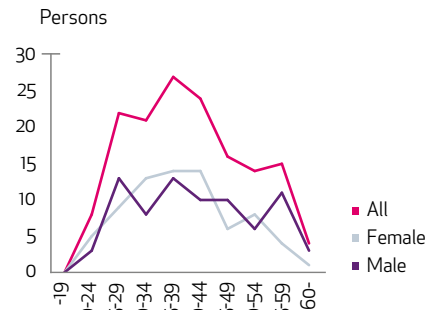
The number of employees increased by 18.9% due to some roles being insourced, employee transfers from Kista Galleria

(acquired in 2013) and an internal business development project, which has offered temporary part-time work to many students in the fields of real estate and economics, offering them valuable working experience.

DURATION OF EMPLOYMENT

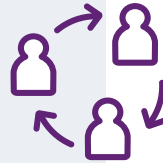


AGE DISTRIBUTION



Building vivid and vibrant hubs for local communities

Community and companionship – new strategic targets



- CONNECTIVITY** 100% of existing shopping centres and development projects located in built up environments directly or indirectly connected to public transportation
- COMMUNITY ENGAGEMENT** Develop a Citycon Community index by 2016 to measure our economic and social impact on the community
- TENANTS** Conduct a biennial tenant satisfaction survey at least in 80% of the shopping centres
- SUPPLIERS** Establish a formal process for sustainable supply chain management – Code of Conduct actively integrated into the tendering process

Strong and naturally cooperative relationship with local actors and residents.

We believe that those shopping centres which combine strong demographic characteristics with the urban environment and social experiences will succeed in the future. Citycon's shopping centres are integral parts of their local communities and have a naturally cooperative relationship with local actors and residents. The year 2014 was a year of active cooperation and new ideas.

Cooperation with youngsters continued

In 2013, we entered into cooperation with the Finnish national youth service organisation Nuorten Palvelu ry in order to increase tenants' and service providers' understanding of young people and youth in general, and to create harmonized, locally adapted procedures for each shopping centre's security guards. This work continued in 2014 and the project brought us the Shopping Centre Act of the Year award granted by the Finnish Council of Shopping Centers.

One of the project's objectives going forward is to develop measuring practices to better understand the effects of the project from both the shopping centre management and youngster wellbeing points of view. In addition to the training carried out, we held a brainstorming session with local youngsters in Espoo

to involve them in the planning of the Iso Omena extension. The session organised was a success with plenty of good ideas and views presented; we will continue to work together with youngsters in order to create the new shopping centre as an enjoyable place to spend time for every customer group.

Business ideas for shopping centres

In November, we launched a one-of-a-kind possibility for students to try their business ideas in a real shopping centre environment. The objective of the contest is to discover new and interesting business concepts for shopping centres. The Citycontest competition is a unique chance for enterprising students to win an opportunity to try out their ideas in practice and gain experience in entrepreneurship already during their studies.

The winner of Citycontest will be awarded with business premises in one of Citycon's shopping centres for three months. In addition, they will receive support and guidance in starting up a business and a nest to make it happen. The winner(s) of the contest will be announced in spring 2015.

Granny's corner

"Granny's corner", the local popular day-time activity centre for elderly people

in Tampere, faced a tricky situation. Its premises had suffered severe water damage and therefore they desperately needed temporary premises in the city centre.

We came up with the idea of offering the organisation a vacant space in our Koskikeskus shopping centre. Granny's corner moved to Koskikeskus for four months after short notice and was able to carry on with valuable work among elderly people while its own premises were repaired.

Kista library

A modern one-of-a-kind digital library in Kista Galleria opened in autumn 2014, that offers an arena for interaction in addition to learning and experimenting. There is a lounge, areas for studying and children, a language studio, a scene, a "black box" for one's own music and films as well as a digital area with computers and a digital show room. After all the border-crossing cultural experiences, visitors can sit down and relax in the comfortable café.

Let someone in Africa or in Eastern Europe walk in your shoes

Citycon's Swedish shopping centres launched a welfare campaign together with the children welfare organisation,



Vagga. The idea was to recycle used children shoes which are in good condition. The shoes were sent to Africa and Eastern Europe and were given to people in need.

The basic concept is simple: shopping centre customers just dropped pairs of old shoes into the collection boxes placed in Citycon shopping centres. The campaign was a great success.

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 organized a number of different training events during the year, ranging from crisis education to fire drills. The participants included own personnel, tenants and partners.



Popular sing-along event in Granny's corner in Koskikeskus.

Strong demographic characteristics combined with the urban environment and social experiences create success.

PROMOTING OUR CODE OF CONDUCT THROUGHOUT THE VALUE CHAIN

Actions in 2014

Creating an annual self-study programme for personnel

Raising awareness of the Code of Conduct through a new lease template

Launching the Business Code of Conduct for suppliers and service providers

Introducing the Code of Conduct questionnaire for co-investors

Citycon's Code of Conduct lays down the ethical principles and business standards the company adheres to in 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 integrity and ethics issues it has the authority to control within the scope of its operations.

Citycon's Code of Conduct is applied in all our operating countries. Internal communication and training is provided

to promote the Code of Conduct. In 2014, we launched a self-study programme for even greater internalisation of the standards expressed in the Code of Conduct. The programme is mandatory for every Cityconer to attend with the goal of illustrating the content of the Code of Conduct and integrating it further into one's daily work. In addition, we continue to encourage our employees to raise any problems or shortcomings detected when it comes to complying with the Code of Conduct. There are also specific channels for reporting potential acts of bribery, corruption and fraud. The reports can be provided anonymously and all reports will be treated with the strictest confidentiality. No retaliation for good faith reports is tolerated. The principles of the reporting procedure are recorded in Citycon's Whistleblowing Procedure.

Stakeholders

Within our sphere of influence, we also aim to ensure that our business partners adhere to Citycon's ethical principles. To tell our stakeholders about our explicit expectations, for them to adhere to similar high ethical principles as we do, we have taken the following steps in implementing the Code of Conduct for different stakeholder groups:

Tenants – Code of Conduct clause was included in new lease template launched by the end of 2014.

Suppliers and Service providers

– With the implementation of the Business Code of Conduct we require our suppliers to fully embrace Citycon's Code of Conduct or similar high ethical principles and act accordingly. The Business Code of Conduct will be applied to all material business relationships. If a supplier should breach the Business Code of Conduct, Citycon may terminate the agreement. The Business Code of Conduct is also integrated into Citycon's procurements already at the tendering phase.

JV partners and Co-investors – Code of Conduct-related questionnaire was introduced to be applied in all material investment processes going forward.

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 token 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 our 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. The appropriate travel and representation practices are specified in the company's Travel and Representation Policy which was updated in 2014. We are proud to report that 2014

was another year with no corruption, fraud or bribery cases brought to our attention.

To be able to combat the underground economy and to improve the fairness of business competition in the construction sector in Finland, we have taken appropriate actions and created efficient systems as a response to the new reporting requirements of the Finnish Tax Administration.

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 2014, in connection with the zoning or planning of our development projects, our representatives participated in the meetings of municipal political bodies. The purpose of this 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.fi/sustainability/

Corporate governance

Citycon Oyj is a Finnish public limited liability company listed on the NASDAQ OMX Helsinki Ltd (Helsinki Stock Exchange). Citycon Oyj and its subsidiaries constitute the Citycon group.

Citycon's corporate governance principles are based on Finnish laws, 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. Corporate governance in Citycon's subsidiaries is also governed by the laws of the country in which the subsidiary is domiciled, and by each subsidiary's Articles of Association. Citycon also applies the Finnish Corporate Governance Code 2010 published by the Finnish Securities Market Association and Citycon's own Corporate Governance Guidelines.

Citycon gives a Corporate Governance Statement as a separate report annually at the same time as its Financial Statements. Corporate Governance Statement 2014 was published on 11 February 2015. The essentials of the company's corporate governance are presented also on the company's website in the Corporate Governance section.

Citycon's statutory bodies are the General Meeting of Shareholders, the Board of Directors and the CEO. In addition, the CEO is assisted by the Corporate Management Committee in the

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

General Meeting

In 2014, Citycon held two General Meetings. The Annual General Meeting (AGM) 2014 was held in Helsinki on 19 March 2014. An Extraordinary General Meeting (EGM) was held in Helsinki on 6 June 2014.

The company publishes the decisions taken by the General Meetings in stock exchange releases and on its website. Minutes of the General Meetings and summaries of the decisions taken by each General Meeting since 2009 are available at www.citycon.com/gm.

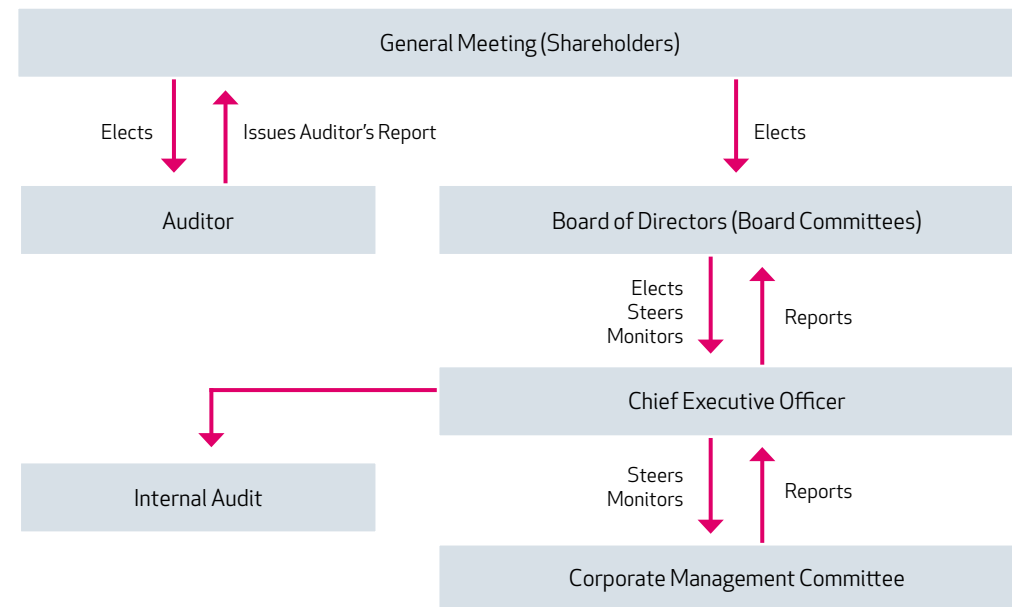
Board of Directors

Citycon's AGM on 19 March 2014 decided that the Board of Directors consists of ten Board members and re-elected

the following Board members: Ronen Ashkenazi, Chaim Katzman, Bernd Knobloch, Kirsi Komi, Karine Ohana, Claes Ottosson, Per-Anders Ovin, Jorma Sonninen, Yuval Yanai and Ariella Zochovitzky. The EGM of 6 June 2014 elected Andrea Orlandi and Arnold de Haan as new Board members to replace Yuval Yanai and Jorma Sonninen.

Personal details of the Board members are shown on page 62–63 and their career histories and key positions of trust are

CITYCON'S CORPORATE GOVERNANCE STRUCTURE



BOARD OF DIRECTORS' YEAR CLOCK

Time	Matters to be decided
February	Financial statements and report by the Board of Directors, proposal for profit distribution and other proposals for the AGM, performance-based bonuses payable for the previous year
March	Election of the Chairman and Deputy Chairman or Chairmen of the Board, election of Committee Chairmen and members, assessment of the Board members' independence
April	Interim Report
July	Interim Report
October	Interim Report, Strategy Day
December	Budget, risk management, Board's self-evaluation, bonus criteria and targets for the coming year

available on the company's website at www.citycon.com/board.

Chairman of the Board in 2014 was Chaim Katzman, with Ronen Ashkenazi and Bernd Knobloch serving as Deputy Chairmen.

All Board members are independent of the company. Furthermore, Arnold de Haan, Bernd Knobloch, Kirsi Komi, Karine Ohana, Claes Ottosson and Per- Anders Ovin are independent of the company's significant shareholders. Since Ronen Ashkenazi and Chaim Katzman are in the employ by the company's main shareholder, Gazit-Globe Ltd. or its affiliated companies, they are not independent of significant shareholders.

Since Andrea Orlandi is in the employ of Canada Pension Plan Investment Board, which wholly owns CPP Investment Board European Holdings S.à.r.l, a significant shareholder in the company, he is not independent of significant shareholders. Ariella Zochovitzky served until March 2012 as Gazit-Globe Ltd's representative (Chairman of the Board) in a company called U. Dori Group Ltd., in which Gazit-Globe Ltd. exercises controlling interest, and is therefore not considered independent of significant shareholders.

The Board of Directors convenes according to a pre-determined meeting schedule and when deemed necessary.

BOARD OF DIRECTORS' COMMITTEES 2014

Committee members 1 January-10 June 2014

	Audit and Governance Committee	Nomination and Remuneration Committee	Strategy and Investment Committee
Members	Ariella Zochovitzky (Ch.)	Chaim Katzman (Ch.)	Ronen Ashkenazi (Ch.)
	Bernd Knobloch	Kirsi Komi	Bernd Knobloch
	Kirsi Komi	Claes Ottosson	Karine Ohana
	Karine Ohana	Yuval Yanai	Claes Ottosson
	Per-Anders Ovin	Ariella Zochovitzky	Per-Anders Ovin
	Yuval Yanai		Jorma Sonninen

Committee members 10 June-31 December 2014

	Audit and Governance Committee	Nomination and Remuneration Committee	Strategy and Investment Committee
Members	Ariella Zochovitzky (Ch.)	Chaim Katzman (pj.)	Ronen Ashkenazi (Ch.)
	Bernd Knobloch	Arnold de Haan	Bernd Knobloch
	Kirsi Komi	Kirsi Komi	Karine Ohana
	Karine Ohana	Claes Ottosson	Andrea Orlandi
	Andrea Orlandi	Ariella Zochovitzky	Claes Ottosson
	Per-Anders Ovin		Per-Anders Ovin
Number of meetings	9	7	6
Attendance-%	89	100	97

The meeting schedule is based on the company's reporting schedule and the Board of Directors' strategy and budget meetings. In 2014, Citycon's Board of Directors held 13 meetings. The average attendance rate at Board meetings was 93%.

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

Board Committees

The Board of Directors' work is facilitated by three Board committees: Audit and Governance Committee, Nomination and Remuneration Committee as well as

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.

Remuneration of members of the Board of Directors

The AGM of 2014 decided that the Chairman of the Board of Directors be paid an annual fee of EUR 160,000, the Deputy Chairmen EUR 70,000 and ordinary members of the Board EUR 50,000. The Chairmen of the Board of Directors' committees shall be paid an additional annual fee of EUR 5,000. In addition, the AGM decided that the

Chairmen of the Board committees be paid a meeting fee of EUR 800 and the other Board and committee members EUR 600 per meeting. No per-meeting fee is paid to the Chairman of the Board. Furthermore, it was decided that Board members residing outside the Greater Helsinki area 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 2014. Meeting fees include fees paid for both Board and committee meetings.

Citycon's Board members are not included in the company's share-based incentive schemes. Information on Board members' holdings in the company at the end of 2014 is provided on page 62–63.

Up-to date information on shareholdings and any changes therein can be found on the company's website at www.citycon.com/insiders.

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, CFO, is Citycon's Executive Vice President. Mr Kokkeel's and Mr Sihvonen's personal details are shown on page 63, and their career histories and any positions of trust are available on the company's website at www.citycon.com/management.

As of 19 March 2014, the CEO's service agreement has been amended from a fixed term appointment to an appointment being valid for an indefinite period. The period of notice of the service agreement

is six months, both for the CEO and the company. In the same time also severance pay terms of the CEO were amended. In case of notice by the company, the CEO will be paid, in addition to the salary payable for the notice period, severance pay consisting of 1.5 times his annual base salary at the moment of termination. Severance pay no longer consists of additional 1.5 times the most recent annual bonus payment of the CEO.

Corporate Management Committee (CMC)

CEO is assisted by the CMC whose members are appointed, upon the CEO's proposal, by the Board of Directors. In 2014, in addition to CEO the CMC consisted of the company's Executive Vice President and Chief Financial

Officer, General Counsel, Chief Operating Officer, Chief Commercial Officer (since June 2014) and Chief Investment Officer. Jurn Hoeksema started as Citycon's Chief Operating Officer and a member of the CMC as from 1 June 2014. At the same time, Harri Holmström, previous Chief Operating Officer, started in a new role as Citycon's Chief Commercial Officer and continued as a member of the CMC.

The CMC usually convenes twice a month. In 2014, the CMC convened 20 times.

CMC members' personal details and information on their share and stock option holdings are shown on page 63. CMC members' career histories and any positions of trust are shown on the company's website at www.citycon.com/management.



BOARD REMUNERATION 2014

EUR	Annual fee	Meeting fees	Total
Chaim Katzman	165,000	0	165,000
Ronen Ashkenazi	75,000	10,800	85,800
Bernd Knobloch	70,000	15,600	85,600
Arnold de Haan (since 10 June 2014)	40,479	5,400	45,879
Kirsi Komi	50,000	16,200	66,200
Karine Ohana	50,000	13,800	63,800
Andrea Orlandi (since 10 June 2014) ¹⁾	0	0	0
Claes Ottosson	50,000	15,600	65,600
Per-Anders Ovin	50,000	16,200	66,200
Jorma Sonninen (until 10 June 2014)	9,589	4,200	13,789
Yuval Yanai (until 10 June 2014)	9,589	8,400	17,989
Ariella Zochovitzky	55,000	18,600	73,600
Total	624,657	124,800	749,457

1) Andrea Orlandi has notified the company that he will not accept any annual fees or meeting fees payable by the company.

Remuneration of the CEO and the CMC

Remuneration payable to the CEO and other CMC members consists of a fixed yearly or monthly salary and fringe benefits, as well as an annual performance bonus. In addition, the CEO and other CMC members are included in the Citycon Group's stock option plan 2011 for key personnel.

According to CEO's service agreement, his annual base salary in 2014 amounted to EUR 615,000.00. The CEO's base salary specified in the service agreement is tied to the consumer price index. At the Board of Directors' discretion, the CEO may be awarded an additional cash bonus up to a sum representing 80% of his annual 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. Of the bonus, 50% will be paid in cash and 50% in company shares. In addition to this, the CEO is entitled to a company car as well as housing, telephone and lunch benefits. The CEO's pension benefits are determined

REMUNERATION OF THE CEO AND OTHER CORPORATE MANAGEMENT COMMITTEE MEMBERS 1 JANUARY–31 DECEMBER 2014

EUR	Annual salary	Fringe benefits	Performance bonus for year 2013	Total
Marcel Kokkeel ¹⁾	614,736.26	28,825.23	185,065.00	828,626.49
Other CMC members	1,017,059.74	50,800.86	338,289.54	1,406,150.14
Total	1,631,796.00	79,626.09	523,354.54	2,234,776.63

1) In addition, Kokkeel was issued 68,948 shares of the company as a share bonus related to CEO's performance bonus payment for the year 2013.

in accordance with standard Finnish employment pension legislation.

The stock options held by the CEO and other CMC members are shown on page 63. The CEO and other CMC members hold stock options 2011, entitling them to subscribe for a total of 3,724,542 shares of the company (subscription ratio 1.3446) in 2012–2018.

Insider administration

The company's statutory insiders include the company's Board members, the CEO and the auditor. Statutory insiders also include the company's CMC members, whom the company's Board of Directors has defined as other senior executives of the company, as referred to in the Finnish Securities Markets Act. Holdings in the company by statutory insiders and those closely associated with them are regarded as public information. Up-to-date information on shareholdings and any changes therein can be found on the company's website at www.citycon.com/ insiders.

Other permanent insiders of the company include the assistants of the

company's Board members, CEO and CMC members, and persons who are in charge of corporate finances and financial reporting, financing, legal affairs, investment and development activities, corporate communications, investor relations, IT functions, as well as internal and external audit, and therefore receive insider information on a regular basis. Project-specific insider registers are set up to enable the effective management of project related inside information.

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

As stipulated by Citycon's Insider Guidelines, the company's statutory 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, for 21 days prior to the release of the company's annual accounts or interim reports. Insiders are also required to request the opinion of the company's Compliance Officer on the legality and compliance of any securities transaction in which they plan to engage. The Compliance Officer records each contact made.

Internal control, risk management and internal audit

Internal control

Citycon's internal control includes financial and other control. Internal control is carried out in-house by the Board of Directors, the CEO and the CMC, as well as by all other personnel. Citycon uses the internationally recognised Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework as the framework for its internal control.

Internal control is intended to ensure the achievement of goals and objectives set, the economical and efficient use of available resources, sufficient management of risks associated with business, and safeguarding of the company's operations, information and assets. Internal control of financial reporting is intended to guarantee the reliability and accuracy of financial and other management information. The purpose of internal control is also to ensure that the company complies with the applicable laws, agreed internal procedures and guidelines and that the company 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.

The CEO and other members of the CMC are responsible for ensuring compliance with currently valid laws and regulations in the Citycon group's everyday operations, as well as compliance with the company's business principles and decisions of the Board of Directors.

The company has appropriate and reliable accounting and other data systems in place for monitoring business activities and supervising financial management. The attainment of set targets is monitored using a planning and reporting system adopted throughout the Citycon group. This system is used to monitor both actual performance and forecasts. The system also serves as a budgeting tool.

Risk management

Citycon's risk management process is constantly evaluated and developed. The risk management process is carried out annually, and in connection with this process the company's risk map and annual action plan are updated to correspond with the targets of the annual plan, and they are presented to the Board of Directors at the budget meeting in December.

The arrangement of Citycon's financial risk management is documented in the company's Treasury Policy and key financial risks are reported on a quarterly basis to the Board's Audit and Governance Committee. Furthermore, the Board of Directors regularly monitors the company's business risks and

uncertainties and reports on them in the Annual Report and in interim reports.

More extensive information on the risk management process and risks associated with business operations can be found on pages 64–65 of this report, on pages FS 49–51 of the appended Financial Statements, and on the corporate website at www.citycon.com/riskmanagement.

Internal audit

The purpose of internal audit is to independently and objectively evaluate and improve 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. 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.

Internal audit is organised in co-operation with an external service provider approved by the Audit and Governance Committee. The planned internal audits conducted in 2014 focused on shopping centre maintenance income and expense process audits and follow up of previous year audits.



Auditor

The AGM 2014 re-elected Ernst & Young Oy, a firm of authorised public accountants, the company's auditor, with Mikko Ryttilahti, Authorised Public Accountant, acting as the responsible auditor appointed by the firm. Ernst & Young Oy has served as the company's auditor since 2006. Eija Niemi- Nikkola (Authorised Public Accountant) served as the company's responsible auditor in 2013 and Tuija Korpelainen (Authorised Public Accountant) during the years 2006–2012.

In 2014, Citycon paid EUR 0.3 million in remuneration to its auditor related to statutory and group audit. In addition, Citycon purchased advisory services from the auditor for a total of EUR 0.2 million.

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 in English on the company's website in the Corporate Governance section.

CITYCON OY'S BOARD OF DIRECTORS ON 31 DECEMBER 2014



Chairman of the Board of Directors
Chaim Katzman
 Director since 2010
 LL.B.; US and Israeli citizen, born 1949
 Independent of the company
Main occupation: Norstar Holdings Inc. (former Gazit Inc.), founder, controlling shareholder and Chairman of the Board of Directors since 1991; Gazit-Globe Ltd., Chairman of the Board of Directors since 1998
Citycon shares: 431,081



Deputy Chairman of the Board
Ronen Ashkenazi
 Director since 2009
 B.Sc. (Civil Engineering); Israeli citizen, born 1962
 Independent of the company
Main occupation: Gazit Globe Israel (Development) Ltd., CEO and minority shareholder since 2005
Citycon shares: 4,080



Deputy Chairman of the Board
Bernd Knobloch
 Director since 2012
 University degrees in Law and Business Administration; German citizen, born 1951
 Independent of the company and significant shareholders
Main occupation: Professional non-executive director
Citycon shares: 45,900



Arnold de Haan
 Director since 2014
 LL.M., Dutch citizen, born 1954
 Independent of the company and significant shareholders
Main occupation: Boishaen B.V., Founder and Managing Director since 2008
Citycon shares: 20,000



Kirsi Komi
 Director since 2011
 LL.M., Finnish citizen, born 1963
 Independent of the company and significant shareholders
Main occupation: Professional non-executive director
Citycon shares: 7,800



Karine Ohana
 Director since 2013
 M.Sc. (Finance); French citizen, born 1964
 Independent of the company and significant shareholders
Main occupation: Ohana & Co., Paris, Managing Partner since 1998; OHANA Capital (Investment fund vehicle), Partner since 2013
Citycon shares: 4,090



Andrea Orlandi
 Director since 2014
 MBA (INSEAD), Italian citizen, born 1971
 Independent of the company
Main occupation: Canada Pension Plan Investment Board (CPPIB), London, Managing Director, Head of Real Estate Investments Europe since 2014
Citycon shares: -



Claes Ottosson
 Director since 2004
 Electrical Engineer
 Swedish citizen, born 1961
 Independent of the company and significant shareholders
Main occupation: ICA Kvantum Hovås, Managing Director since 1990
Citycon shares: 45,385

**Per-Anders Ovin**

Director since 2013
M.Sc. (Economics); Swedish citizen, born 1956
Independent of the company
and significant shareholders

Main occupation: Mengus Stockholm AB,
Chairman of the Board, Partner and Owner
since 2005; Marrakech Design/ Ovin Consulting
AB, Owner since 2003
Citycon shares: 9,714

**Ariella Zochovitzky**

Director since 2009
B.A. (Economics and Accounting), CPA
(Israel), MBA; Israeli citizen, born 1957
Independent of the company

Main occupation: C.I.G. Consultants Ltd.,
General Manager and Partner since 2001;
C.I.G. Zochovitzky Ltd., General Manager
& Partner since 2012
Citycon shares: 7,800

**Marcel Kokkeel****Chief Executive Officer**

LL.M. (Notary Law)
CMC member since: 2011
Dutch citizen, born 1958
Citycon shares: 304,630
Citycon stock options:
1,000,000

**Anu Tuomola****General Counsel,****Head of Legal Affairs**

LL.M., Trained at the Bench
CMC member since: 2011
Finnish citizen, born 1974
Citycon shares: -
Citycon stock options:
300,000

**Harri Holmström¹⁾****Chief Commercial Officer**

M.Sc. (Surveying), Authorised
Property Appraiser
CMC member since: 2005
Finnish citizen, born 1956
Citycon shares: 32,918
Citycon stock options: 420,000

*1) Harri Holmström, Citycon's Chief Commercial Officer and member
of the CMC left the company at the end of January 2015.*

**Eero Sihvonon****Executive Vice President****and Chief Financial Officer**

M.Sc. (Econ.)
CMC member since: 2005
Finnish citizen, born 1957
Citycon shares: 108,102
Citycon stock options: 750,000

**Jurn Hoeksema****Chief Operating Officer**

M.Sc. (Engineering)
CMC member since 2014
Dutch citizen, born 1974
Citycon shares: -
Citycon stock options: -

**Nils Styf****Chief Investment Officer**

M.Sc. (Business Administration
and Economics)
CMC member since: 2012
Swedish citizen, born 1976
Citycon shares: 2,080
Citycon stock options: 300,000

Core risks and risk management actions

Risk management forms part of the company's internal control. The objective of Citycon's risk management programme is to ensure that Citycon reaches its business targets by identifying and mitigating key risks which may threaten its ability to meet these targets.

The risk management and reporting process involves identifying, analysing, measuring, mitigating and monitoring risks in all main business processes. The process also includes the 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 in order to continuously improve risk management processes. Successful risk management implemented in the business processes decreases the likelihood of risk realisation and mitigates the negative effects of realised risk. The risk reporting process gathers analytical 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 in conjunction with 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 of risks between the units, an estimate of the loss associated with each risk is determined together with the probability of risk realisation. Also the realised risks during the previous year are 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.

Sensitivity analysis

		Value of properties EUR million
Yield requirement	+5% ->	2,631.5
Market rents	+5% ->	2,949.3
Vacancy rate	+2%-points->	2,680.3
Operating expenses	+5% ->	2,712.3

	Risks associated with property development projects	Weaker demand for retail premises leading to lower rental income or credit losses
RISK	<p>There are two main risks relating to property development projects:</p> <p>Costs can be overrun due to rising construction costs or due to unforeseeable challenges in the construction work or changes in the plans.</p> <p>Reduced demand for retail premises could prevent the letting of new premises as planned, which could result in a lower occupancy rate than anticipated or in lower rent levels.</p>	<p>The uncertain economic development in the company's operating regions that impacts consumer confidence, and the growing online retailing that affects customer behaviour, are two of the company's major risks that could affect demand for retail premises.</p> <p>A weaker demand for retail premises may make leasing of new premises more difficult, lead to lower rental levels and increase vacancy. It could also increase the risks for credit losses or the need to accept rent reductions to keep tenants. A decrease in sales of tenants would lead to decreased turnover based rental income.</p>
RISK MANAGEMENT	<p>Construction costs are optimised through competitive tendering and, where possible, by concluding construction contracts with a target price and price ceiling as well as during projects through careful monitoring of expenses.</p> <p>Leasing risks in projects are minimised by having a strict pre-leasing requirement prior to a project's commencement or in its initial stage, investing in new shopping centres' marketing, allocating sufficient resources to the leasing of new properties and concluding agreements with anchor tenants at an early stage of projects.</p>	<p>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 the financial crisis. The strategy also decreases the negative effects of the increasing online retailing. Also 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.</p> <p>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 always requiring rent collateral from tenants.</p>

Rising operating expenses of properties	Environment- and human-related risks	Decreasing fair values of investment properties	Availability and cost of funding
<p>To cover its properties' operating expenses, Citycon's lease agreements stipulate either a total rent or specified rent components. In the total rent model the rent amounts paid by the lessee are not affected by any increases or decreases in operating expenses. Consequently, a rise in operating expenses higher than inflation would diminish Citycon's profitability. Also in cases where Citycon can pass on the higher costs to tenants, rising operating expenses may reduce tenants' rental payment capacity. The main operating expenses for properties include repair and maintenance fees, energy costs and security expenses.</p>	<p>Risks associated with climate change might affect Citycon's business environment in the long term. For example, extreme weather conditions could increase maintenance costs and erode profitability. Also, biodiversity could become a topic of legislation that may well address the threat that land use and construction may disrupt ecosystems.</p> <p>An expert organisation of Citycon's nature relies heavily on its personnel for success. Personnel related risks include unclear roles, unspecified targets, and competence gaps.</p> <p>Citycon's supply chain includes low-wage tasks, such as cleaning and construction assistance work. The hiring of people for these jobs may involve risk factors related to work conditions and human rights.</p>	<p>A number of factors can lead to decreasing values of the retail properties owned by Citycon, such as general and local economic development, interest rate levels, inflation rates, market rent trends, vacancy rates, investment demand created by property investors, property investors' yield requirements and the competitive environment.</p> <p>The fair value development of investment properties continues to be characterised by uncertainty caused by the current relatively weak economic conditions.</p>	<p>Risks associated with the availability and cost of debt financing are of importance to Citycon, due to the relatively large debt portfolio.</p> <p>Both bank financing and bond financing from debt capital markets have recently been available for Citycon, and investment grade credit ratings have improved Citycon's access to debt capital markets, but banks' willingness to lend could reduce and investors' demand for corporate bonds could decrease. Margins required by banks or debt markets could also rise due to tightening regulation, a credit rating downgrade or other reasons. This may raise the cost of Citycon's new debt financing.</p> <p>Underlying market interest rates continue to be historically very low and will inevitably increase over time, also increasing Citycon's financing costs.</p>
<p>Citycon tries to protect itself from the risks related to a rise in operating expenses by concluding agreements with specified rent components, hedging against electricity price risks, efficient procurement, improving cost monitoring and by active cost benchmarking between the shopping centres. Citycon also uses a true up method to charge the tenants based on actual operating costs in many of the assets.</p> <p>To mitigate the risk of energy price hikes, electricity prices are partially fixed according to a hedging policy and actions geared towards energy savings, and greater energy efficiency have been implemented.</p>	<p>In connection with risks related to land use, an environmental impact assessment is conducted in connection with most zoning work and major projects.</p> <p>To reduce personnel-related risks, Citycon places great emphasis on target-setting and performance management, competence development and career advancement, and commitment of key employees. Citycon sees good leadership as an important part of reducing human-related risks.</p> <p>Citycon seeks to eliminate the supply-chain risk factors by preparing codes of ethics for its co-operation partners and by requiring them to act ethically and responsibly.</p>	<p>While Citycon cannot influence the valuation yield requirement, economic development or interest rates, it seeks to have an impact on the other fair value variables through active shopping centre management. The company aims to optimise the profitability of its shopping centres by conducting the entire shopping centre management process in-house with its own employees.</p> <p>Citycon's strategy to focus on urban shopping centres with necessity-driven retail has proven to be a resilient business model resulting in relatively steady portfolio valuations throughout the economic cycle. Also the fact that most of the company's assets are in AAA/AA+ rated countries decreases the risk of a major decrease in the valuations.</p>	<p>Citycon attempts to minimise its financing costs within the interest rate risk management policy by adhering to a conservative but active financing policy, with a focus on long-term financing, and a solid balance sheet structure. To mitigate the bank loan refinancing risk and to reduce the dependency on bank financing only, the company has actively diversified its funding sources with three bond issues of totally EUR 1,000 million. Four equity issues in 2012–2014 of in total approx. EUR 690 million have considerably strengthened the balance sheet which enabled the public investment grade credit ratings to be received by Standard & Poor's and Moody's in 2013 and the rating upgrades in July 2014 to BBB and Baa2. These ratings further improved the availability and cost of funding.</p> <p>Interest-rate risk management aims to reduce the adverse effect of increased market rates on the company's profit, balance sheet and cash flow. Under the company's financing policy, 70–90% of the interest position must be tied to fixed interest rates.</p>



Operational

key figures

Table of contents

Key indicator tables	68	Carbon	81	Proportion of waste by disposal route in shopping centres by business units.....	84
Fair value of property portfolio.....	68	Greenhouse gas emissions by scopes.....	81	Total weight of waste in like-for-like shopping centres by types.....	84
Fair value of like-for-like property portfolio.....	68	Greenhouse gas emissions by scopes like-for-like properties by scopes.....	81	Recycling rate of shopping centres.....	84
Summary of property portfolio.....	69	Total direct and indirect greenhouse gas emissions.....	81	Personnel	85
Summary of like-for-like property portfolio.....	70	Like-for-like total direct and indirect greenhouse gas emissions.....	81	Number of employees.....	85
Summary of rental income of property portfolio.....	71	Greenhouse gas intensity from building energy.....	81	Personnel key figures.....	86
Summary of rental income of like-for-like property portfolio.....	71	Greenhouse gas intensity from building energy by business units.....	81	Economic responsibility	87
Citycon's five largest properties.....	71	Water	82	Economic value generated and distributed.....	87
Leasing activity.....	72	Water consumption.....	82	Reporting principles, methodology and boundaries	88
Top five tenants.....	73	Total water consumption by business units.....	82	Comparison of the Report with the Guidelines of the Global Reporting Initiative and EPRA Best Practices Recommendations on Sustainability Reporting	89
Shopping centre sales and number of visitors.....	74	Waste	83	EPRA sustainability performance measures.....	92
Rental income by category.....	75	Total weight of waste by disposal routes.....	83	Independent Assurance Report	93
(Re)development projects	76	Total weight of waste in like-for-like properties by disposal routes.....	83		
Completed (re)development projects.....	76	Total waste amount by business units.....	83		
Ongoing (re)development projects.....	76	Total waste amount.....	83		
Planned (re)development projects.....	77	Total waste amount in shopping centres.....	83		
Potential (re)development targets.....	78	Total weight of waste in shopping centres by types.....	83		
Key environmental indicators	79	Total weight of waste in shopping centres by disposal routes.....	84		
Energy	79	Total weight of waste in like-for-like shopping centres by disposal routes.....	84		
Total energy consumption.....	79				
Energy consumption.....	80				
Energy consumption by business areas.....	80				
Energy consumption by property type.....	80				
Energy consumption in like-for-like shopping centres and other retail properties.....	80				

Key indicator tables

FAIR VALUE OF PROPERTY PORTFOLIO

Total portfolio	Number of properties	Fair value, EUR million		Fair value change, year 2014, EUR million			Average yield requirement, %		Average market rent, EUR, sq.m./month	Average operating expenses, EUR/sq.m./month	Average initial yield, %	Average reversionary yield, %
		31 Dec. 2014	31 Dec. 2013	Gains	Losses	Total	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2014	31 Dec. 2014	31 Dec. 2014
Finland												
Shopping centres	21	1,514.1	1,468.4 ¹⁾	22.0	-32.3	-10.4	5.9	6.0 ¹⁾	27.9	6.8	5.9	6.0
Other retail properties	23	195.9	202.8 ²⁾	2.6	-8.0	-5.4	7.2	7.5 ²⁾	15.7	3.9	7.6	10.1
Finland, total	44	1,710.0	1,671.2	24.6	-40.3	-15.8	6.1	6.2	26.5	6.5	6.1	6.5
Sweden												
Shopping centres	9	690.3	700.3	22.1	-8.4	13.7	5.7	5.9	24.5	6.8	5.7	6.2
Other retail properties	2	19.4	19.8	0.2	-0.6	-0.4	7.3	7.4	14.9	4.2	7.2	8.0
Sweden, total	11	709.7	720.1	22.3	-8.9	13.3	5.7	5.9	24.3	6.7	5.8	6.3
Baltic Countries and New Business												
Shopping centres	4	349.4	342.2 ³⁾	18.1	0.0	18.1	7.2	7.3 ³⁾	20.6	3.3	7.6	7.3
Investment properties total	59	2,769.1	2,733.5	64.9	-49.3	15.7	6.1	6.3	25.2	6.2	6.2	6.5
Kista Galleria, 100%	1	567.9	535.2	37.1	0.0	37.1	-	-	-	-	-	-
Investment properties and Kista Galleria, total	60	3,337.0	3,268.7	102.1	-49.3	52.8	5.9	6.1	27.1	6.8	6.0	6.3

1) Includes Koskikara shopping centre which was sold during 2014.

2) Includes 10 other retail properties which were sold during 2014.

3) Includes Mandarinas shopping centre which was sold during 2014.

FAIR VALUE OF LIKE-FOR-LIKE PROPERTY PORTFOLIO

Like-for-like properties	Number of properties	Fair value, EUR million		Fair value change, year 2014, EUR million			Average yield requirement, %		Average market rent, EUR, sq.m./month	Average operating expenses, EUR/sq.m./month	Average initial yield, %	Average reversionary yield, %
		31 Dec. 2014	31 Dec. 2013	Gains	Losses	Total	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2014	31 Dec. 2014	31 Dec. 2014
Finland												
Shopping centres	20	1,458.6	1,432.8	22.1	-32.5	-10.4	5.9	6.0	29.0	7.0	6.0	6.3
Other retail properties	23	195.9	189.8	2.6	-7.1	-4.4	7.2	7.4	15.7	3.9	7.6	10.1
Finland, total	43	1,654.5	1,622.6	24.7	-39.5	-14.8	6.1	6.1	27.4	6.6	6.2	6.7
Sweden												
Shopping centres	7	598.8	611.7	17.9	-8.4	9.5	5.6	5.8	25.7	7.2	5.6	6.1
Other retail properties	2	19.4	19.8	0.2	-0.6	-0.4	7.3	7.4	14.9	4.2	7.2	8.0
Sweden, total	9	618.3	631.6	18.1	-8.9	9.2	5.6	5.8	25.4	7.1	5.6	6.1
Baltic Countries and New Business												
Shopping centres	1	24.5	24.2	0.3	0.0	0.3	-	-	-	-	-	-
Like-for-like properties, total	53	2,297.3	2,278.4	43.1	-48.5	-5.4	6.0	6.1	26.8	6.7	6.1	6.6

SUMMARY OF PROPERTY PORTFOLIO

Total property portfolio	Location	Citycon's GLA, sq.m.	Number of lease agreements	Fair value, EUR million		Occupancy rate, %	
				31 Dec. 2014	31 Dec. 2013	Economic, EUR 31 Dec. 2014	Technical, sq.m. 31 Dec. 2014
Finland							
Shopping centres, Helsinki Metropolitan Area							
Arabia	Helsinki	14,500	46	31.7	22.3	94.8	92.9
Columbus	Helsinki	21,000	74	87.3	86.5	97.7	97.2
Espoontori	Helsinki area	16,300	54	44.3	46.4	95.8	95.9
Heikintori	Helsinki area	6,300	41	6.1	6.0	64.9	60.1
Isomyyri	Helsinki area	10,800	17	12.3	13.0	94.2	94.6
Iso Omena	Helsinki area	63,300	215	410.2	388.1	100.0	100.0
Lippulaiva	Helsinki area	19,000	54	70.1	69.2	99.6	99.4
Martinlaakso Shopping Centre	Helsinki area	7,400	27	26.6	27.0	98.5	99.1
Myllypuro Shopping Centre	Helsinki	7,400	24	17.5	18.6	85.7	83.4
Myyrmani	Helsinki area	39,600	102	164.9	164.5	93.2	90.8
Tikkuri	Helsinki area	13,010	71	31.4	34.2	91.1	91.2
Shopping centres, other areas in Finland							
Duo	Tampere	13,600	50	37.5	37.3	97.9	95.9
Forum	Jyväskylä	16,800	74	76.6	76.7	95.6	93.7
Galleria	Oulu	6,400	43	18.7	20.6	90.8	86.7
IsoKarhu	Pori	15,000	52	48.7	47.4	90.8	89.2
IsoKristiina	Lappeenranta	11,400	8	55.5	30.3	100.0	100.0
Jyväskeskus	Jyväskylä	5,900	66	14.5	13.9	93.9	91.7
Koskikeskus	Tampere	34,300	169	186.4	182.5	98.6	96.6
Linjuri	Salo	9,200	13	13.9	14.7	98.4	96.6
Sampokeskus	Rovaniemi	13,800	81	20.8	21.3	91.7	84.7
Trio	Lahti	45,500	146	139.1	145.0	87.2	88.7
Shopping centres, Finland, total		390,510	1,427	1,514.1	1,468.4¹⁾	95.4	93.6
Other retail properties		155,630	204	195.9	202.8²⁾	97.0	96.1
Finland, total		546,140	1,631	1,710.0	1,671.2	95.6	94.3
Sweden							
Shopping centres, Stockholm area and Umeå							
Fruängen Centrum	Stockholm	14,800	79	25.5	24.1	99.8	99.5
Högdalen Centrum	Stockholm	19,300	74	32.4	30.5	95.0	93.8
Jakobsbergs Centrum	Stockholm	41,600	162	101.5	106.1	93.8	92.7
Liljeholmstorget Galleria	Stockholm	41,000	159	258.1	257.1	99.3	99.4
Strömpilen	Umeå	27,000	36	43.0	47.1	99.0	98.9
Tumba Centrum	Stockholm	25,500	143	61.1	61.2	97.1	95.5
Åkermyntan Centrum	Stockholm	10,200	49	22.7	22.2	96.4	94.3
Åkersberga Centrum	Stockholm	28,200	94	77.3	85.6	88.6	86.8
Shopping centres, Gothenburg area							
Stenungs Torg	Stenungsund	40,700	283	68.7	66.3	96.1	94.6
Shopping centres, Sweden, total		248,300	1,079	690.3	700.3	96.2	95.0
Other retail properties, total		11,000	3	19.4	19.8	92.8	88.5
Sweden, total		259,300	1,082	709.7	720.1	96.1	94.7

KEY INDICATOR TABLES

Total property portfolio	Location	Citycon's GLA, sq.m.	Number of lease agreements	Fair value, EUR million		Occupancy rate, %	
				31 Dec. 2014	31 Dec. 2013	Economic, EUR 31 Dec. 2014	Technical, sq.m. 31 Dec. 2014
Baltic Countries and New Business							
Estonia							
Kristiine Keskus	Tallinn	43,700	157	132.4	124.6	99.6	99.7
Magistral	Tallinn	11,700	68	24.5	24.2	100.0	100.0
Rocca al Mare	Tallinn	57,400	151	172.7	164.7	99.8	99.9
Denmark							
Albertslund Centrum	Copenhagen	14,800	69	19.8	18.0	93.9	95.9
Baltic Countries and New Business, total		127,600	445	349.4	342.2³⁾	99.3	99.4
Investment properties total		933,040	3,158	2,769.1	2,733.5	96.3	95.1
Kista Galleria, 100%	Stockholm	95,200	675	567.9	535.2	99.7	99.0
Investment properties and Kista Galleria, total		1,028,240	3,833	3,337.0	3,268.7	96.8	95.5

1) Fair value includes Koskikara shopping centre which was sold during 2014.

2) Fair value includes 10 other retail properties which were sold during 2014.

3) Fair value includes Mandarinas shopping centre which was sold during 2014.

SUMMARY OF LIKE-FOR-LIKE PROPERTY PORTFOLIO

Like-for-like properties	Citycon's GLA, sq.m.	Number of lease agreements	Fair value, EUR million		Occupancy rate, %		
			31 Dec. 2014	31 Dec. 2013	Economic, EUR 31 Dec. 2014	Technical, sq.m. 31 Dec. 2014	
Finland							
Shopping centres	378,200	1,400	1,458.6	1,432.8	95.4	93.5	
Other retail properties	155,630	204	195.9	189.8	97.0	96.1	
Finland, total	533,830	1,604	1,654.5	1,622.6	95.6	94.3	
Sweden							
Shopping centres	197,400	747	598.8	611.7	96.2	95.1	
Other retail properties	11,000	3	19.4	19.8	92.8	88.5	
Sweden, total	208,400	750	618.3	631.6	96.0	94.7	
Baltic Countries and New Business							
Shopping centres	11,700	68	24.5	24.2	100.0	100.0	
Like-for-like properties, total	753,930	2,422	2,297.3	2,278.4	95.8	94.5	

SUMMARY OF RENTAL INCOME OF PROPERTY PORTFOLIO

Total portfolio	Average remaining length	Average rent,	Gross rental income, EUR million ¹⁾		Net rental income, EUR million	
	of lease agreements, years 31 Dec. 2014	EUR/sq.m/month 31 Dec. 2014	Year 2014	Year 2013	Year 2014	Year 2013
Finland						
Shopping centres	2.9	25.9	117.9	119.9	87.1	87.1
Other retail properties	5.5	13.7	23.4	24.5	15.9	16.4
Finland, total	3.4	22.6	141.3	144.4	103.0	103.5
Sweden						
Shopping centres	3.0	20.1	56.1	58.1	37.6	38.2
Other retail properties	1.5	16.2	1.8	2.5	1.3	1.5
Sweden, total	3.0	20.0	57.9	60.5	38.9	39.7
Baltic Countries and New Business, total	3.0	21.0	32.8	30.4	27.5	25.6
Investment properties total	3.2	21.6	232.0	235.4	169.4	168.9
Kista Galleria, 100%	3.0	34.3	38.5	42.1	30.3	32.0
Investment properties and Kista Galleria, total	3.2	22.9	270.6	277.5	199.6	200.9

SUMMARY OF RENTAL INCOME OF LIKE-FOR-LIKE PROPERTY PORTFOLIO

Like-for-like properties	Average remaining length	Average rent,	Gross rental income, EUR million ¹⁾		Net rental income, EUR million	
	of lease agreements, years 31 Dec. 2014	EUR/sq.m/month 31 Dec. 2014	Year 2014	Year 2013	Year 2014	Year 2013
Finland						
Shopping centres	2.9	26.1	116.8	115.0	86.6	84.0
Other retail properties	5.5	13.7	21.5	21.7	14.8	14.8
Finland, total	3.4	22.7	138.4	136.7	101.3	98.8
Sweden						
Shopping centres	3.1	21.2	47.6	46.9	31.7	30.6
Other retail properties	1.5	16.2	1.8	1.9	1.3	1.3
Sweden, total	3.0	20.9	49.5	48.8	33.1	31.9
Baltic Countries and New Business, total	3.4	18.6	2.5	2.4	2.0	2.0
Like-for-like properties, total	3.3	22.2	190.4	187.9	136.4	132.6

1) Citycon made an adjustment to its accounting policy related to parking income during the year 2014. Previously Citycon reported parking income within service charge income, but starting from year 2014 part of gross rental income. The change has also been applied to the comparison figures.

CITYCON'S FIVE LARGEST PROPERTIES MEASURED IN FAIR VALUE

	Average remaining length	Average rent,	Gross rental income,	Net rental income,	Fair value,	Fair value change,	Net rental	Economic
	of lease agreements, years 31 Dec. 2014	EUR/sq.m/month 31 Dec. 2014	EUR million Year 2014	EUR million Year 2014	EUR million 31 Dec. 2014	EUR million Year 2014	yield, % Year 2014	occupancy rate, % 31 Dec. 2014
Kista Galleria, 100%	3.0	34.3	38.5	30.3	567.9	37.1	5.7	99.7
Iso Omena	3.6	33.7	25.9	20.8	410.2	21.6	5.3	100.0
Liljeholmstorget Galleria	2.7	32.0	16.4	11.9	258.1	14.3	4.7	99.3
Koskikeskus	3.4	30.9	13.8	10.6	186.4	-2.1	5.9	98.6
Rocca al Mare	3.3	21.4	14.7	12.9	172.7	7.9	8.0	99.8
Five largest properties, total	3.2	30.9	109.4	86.5	1,595.3	78.9	-	99.6

KEY INDICATOR TABLES

LEASING ACTIVITY, FINLAND

	Number of lease agreements	Citycon's GLA, sq.m.	Leased area, sq.m.	Average rent, EUR/sq.m./month
Status 1 Jan. 2014	1,695	571,890	507,124	22.4
Leases started:				
New leases	343	200	59,978	17.4
Renewed leases	62	0	23,938	24.2
Leases started due to development projects	3	0	3,517	11.3
Leases started, total	408	200	87,433	19.0
Acquisitions	0	0	0	-
Leases ended:				
Expired leases	346	0	62,961	21.4
Expired leases due to renewals	62	0	23,881	25.7
Leases terminated due to development projects	8	0	3,910	16.3
Divestments	56	25,950	18,381	14.1
Leases ended, total	472	25,950	109,133	20.9
Status 31 Dec. 2014	1,631	546,140	485,424	22.6

LEASING ACTIVITY, BALTIC COUNTRIES AND NEW BUSINESS

	Number of lease agreements	Citycon's GLA, sq.m.	Leased area, sq.m.	Average rent, EUR/sq.m./month
Status 1 Jan. 2014	514	135,400	134,885	19.8
Leases started:				
New leases	39	100	4,483	32.7
Renewed leases	6	0	1,844	21.0
Leases started due to development projects	0	0	0	-
Leases started, total	45	100	6,326	29.3
Acquisitions	0	0	0	-
Leases ended:				
Expired leases	47	0	5,967	27.0
Expired leases due to renewals	6	0	1,844	22.6
Leases terminated due to development projects	0	0	0	-
Divestments	61	7,900	7,940	14.0
Leases ended, total	114	7,900	15,750	19.9
Status 31 Dec. 2014	445	127,600	125,461	21.0

LEASING ACTIVITY, SWEDEN

	Number of lease agreements	Citycon's GLA, sq.m.	Leased area, sq.m.	Average rent, EUR/sq.m./month
Status 1 Jan. 2014	1,078	254,500	232,901	20.8
Leases started:				
New leases	109	500	19,509	17.4
Renewed leases	27	0	5,024	37.7
Leases started due to development projects	6	4,300	4,277	14.1
Leases started, total	142	4,800	28,809	20.5
Acquisitions	0	0	0	-
Leases ended:				
Expired leases	111	0	14,974	18.0
Expired leases due to renewals	27	0	5,024	35.4
Leases terminated due to development projects	0	0	0	-
Divestments	0	0	0	-
Leases ended, total	138	0	19,997	22.4
Status 31 Dec. 2014	1,082	259,300	241,713	20.0

LEASING ACTIVITY, INVESTMENT PROPERTIES TOTAL

	Number of lease agreements	Citycon's GLA, sq.m.	Leased area, sq.m.	Average rent, EUR/sq.m./month
Status 1 Jan. 2014	3,287	961,790	874,910	21.5
Leases started:				
New leases	491	800	83,969	18.2
Renewed leases	95	0	30,805	26.2
Leases started due to development projects	9	4,300	7,794	12.9
Leases started, total	595	5,100	122,568	19.9
Acquisitions	0	0	0	-
Leases ended:				
Expired leases	504	0	83,901	21.2
Expired leases due to renewals	95	0	30,748	27.1
Leases terminated due to development projects	8	0	3,910	16.3
Divestments	117	33,850	26,321	14.1
Leases ended, total	724	33,850	144,880	21.0
Status 31 Dec. 2014	3,158	933,040	852,598	21.6

LEASING ACTIVITY, INVESTMENT PROPERTIES AND KISTA GALLERIA TOTAL

	Number of lease agreements	Citycon's GLA, sq.m.	Leased area, sq.m.	Average rent, EUR/sq.m./month
Status 1 Jan. 2014	3,914	1,055,990	963,356	22.7
Leases started:				
New leases	655	1,800	98,537	19.8
Renewed leases	112	0	36,534	29.5
Leases started due to development projects	9	4,300	7,794	12.9
Leases started, total	776	6,100	142,864	21.9
Acquisitions	0	0	0	-
Leases ended:				
Expired leases	620	0	93,790	22.0
Expired leases due to renewals	112	0	36,477	29.8
Leases terminated due to development projects	8	0	3,910	16.3
Divestments	117	33,850	26,321	14.1
Leases ended, total	857	33,850	160,498	22.3
Status 31 Dec. 2014	3,833	1,028,240	945,722	22.9

TOP FIVE TENANTS, FINLAND

	Proportion of gross rental income based on valid rent roll at 31 Dec. 2014, %	Average remaining length of lease agreements, years
Kesko	25.8	5.1
S Group	7.4	5.7
Tokmanni	3.4	3.0
Stockmann	3.3	1.6
Nordea	2.6	3.9
Top 5, total	42.5	4.7

TOP FIVE TENANTS, SWEDEN

	Proportion of gross rental income based on valid rent roll at 31 Dec. 2014, %	Average remaining length of lease agreements, years
ICA Group	14.3	4.3
Coop	4.2	4.6
Axfood	4.1	2.7
Systembolaget	2.9	5.7
Stockholms Läns Landsting	2.7	2.8
Top 5, total	28.2	4.1

TOP FIVE TENANTS, BALTIC COUNTRIES AND NEW BUSINESS

	Proportion of gross rental income based on valid rent roll at 31 Dec. 2014, %	Average remaining length of lease agreements, years
S Group (Prisma)	10.9	6.5
Kaubamaja	3.4	3.3
Baltman	2.6	1.6
H&M	2.6	4.1
Sportland	2.4	1.0
Top 5, total	21.9	4.5

TOP FIVE TENANTS, INVESTMENT PROPERTIES TOTAL

	Proportion of gross rental income based on valid rent roll at 31 Dec. 2014, %	Average remaining length of lease agreements, years
Kesko	15.4	5.1
S Group	6.0	5.9
ICA Group	4.1	4.3
Stockmann	2.8	1.8
H&M	2.1	4.2
Top 5, total	30.3	4.8

TOP FIVE TENANTS, INVESTMENT PROPERTIES AND KISTA GALLERIA TOTAL

	Proportion of gross rental income based on valid rent roll at 31 Dec. 2014, %	Average remaining length of lease agreements, years
Kesko	13.1	5.1
S Group	5.1	5.9
ICA Group	3.9	4.2
Stockmann	2.6	1.9
H&M	2.2	3.6
Top 5, total	27.0	4.7

KEY INDICATOR TABLES

SHOPPING CENTRE SALES AND NUMBER OF VISITORS

Property	Location	Sales, EUR million ¹⁾			Number of visitors, million			Catchment area population ²⁾	Gross leasable area total, sq.m.	Retail premises total, sq.m.	Sales, EUR/sq.m./month	Citycon's gross leasable area, sq.m.
		2014	2013	Change,%	2014	2013	Change,%					
Finland												
Helsinki Metropolitan Area												
Arabia	Helsinki	57.8	55.9	3	2.8	2.8	2	20,000	14,500	13,500	398	14,500
Columbus	Helsinki	98.5	98.5	0	6.3	6.1	4	85,000	21,000	19,300	429	21,000
Espoonatori ³⁾	Helsinki area	40.4	40.3	0	3.6	3.7	-1	69,000	23,600	11,900	411	16,300
Heikintori	Helsinki area	11.7	17.1	-32	1.7	1.9	-11	76,000	9,500	7,000	235	6,300
Isomyyri	Helsinki area	18.1	19.7	-8	1.8	1.8	-3	85,000	15,000	12,700	195	10,800
Iso Omena	Helsinki area	248.5	260.0	-4	8.8	8.9	-1	202,000	63,300	51,200	424	63,300
Lippulaiva	Helsinki area	94.9	95.6	-1	4.0	3.9	0	71,000	19,000	16,900	497	19,000
Martinlaakso Shopping Centre	Helsinki area	40.4	39.1	4	1.9	1.8	5	25,000	7,400	7,300	473	7,400
Myllypuro Shopping Centre	Helsinki	23.0	22.5	2	n/a	n/a	-	29,000	7,400	7,200	360	7,400
Myyrmani	Helsinki area	144.0	149.4	-4	6.7	6.8	-1	106,000	39,600	31,100	403	39,600
Tikkuri ⁴⁾	Helsinki area	29.6	30.3	-2	2.5	2.6	-5	117,000	15,200	8,000	289	10,700
Other areas in Finland												
Duo	Tampere	63.9	61.3	4	4.4	4.2	4	102,000	15,200	11,900	455	13,600
Forum	Jyväskylä	56.6	55.9	1	5.2	6.1	-16	121,000	23,200	20,700	258	16,800
Galleria ⁵⁾	Oulu	4.2	5.8	-27	0.7	0.9	-25	96,000	6,400	2,600	197	6,400
IsoKarhu	Pori	33.9	36.6	-7	2.7	3.0	-11	82,000	15,000	12,600	226	15,000
IsoKristiina	Lappeenranta	9.4	26.4	-64	0.7	2.0	-64	59,000	22,800	14,900	109	11,400
Jyväskeskus	Jyväskylä	19.1	19.7	-3	3.4	3.6	-5	121,000	12,300	7,800	281	5,900
Koskikeskus	Tampere	125.5	124.7	1	5.7	5.4	6	229,000	34,300	29,600	380	34,300
Linjuri	Salo	33.9	35.6	-5	2.5	2.7	-6	39,000	10,500	9,400	405	9,200
Sampokeskus	Rovaniemi	22.1	18.8	17	1.7	1.9	-11	52,000	13,800	8,000	230	13,800
Trio	Lahti	71.4	71.5	0	6.3	6.7	-6	124,000	48,800	34,800	214	45,500
Shopping centres, Finland, total		1,246.8	1,284.7	-3	73.3	76.7	-5	-	437,800	338,400	-	388,200
Sweden												
Stockholm area and Umeå												
Fruängen Centrum	Stockholm	31.2	31.2	0	n/a	n/a	-	58,000	14,800	6,600	414	14,800
Högdalens Centrum	Stockholm	62.6	60.5	3	n/a	n/a	-	52,000	19,300	15,900	394	19,300
Jakobsbergs Centrum	Stockholm	86.4	91.9	-6	6.3	6.3	1	440,000	41,600	27,000	303	41,600
Liljeholmstorget Galleria	Stockholm	172.4	169.2	2	9.9	9.9	0	1,056,000	41,000	28,000	530	41,000
Strömpilen	Umeå	130.0	124.7	4	4.7	4.5	4	92,000	27,000	23,600	467	27,000
Tumba Centrum	Stockholm	62.2	60.9	2	3.6	3.5	3	211,000	25,500	14,100	410	25,500
Åkermyntan Centrum	Stockholm	33.4	31.6	6	1.8	1.8	0	154,000	10,200	8,000	429	10,200
Åkersberga Centrum	Stockholm	89.1	87.6	2	5.9	6.0	-2	89,000	28,200	24,200	376	28,200
Gothenburg area												
Stenungs Torg	Stenungsund	68.3	66.3	3	3.3	3.3	1	31,000	40,700	22,000	350	40,700
Shopping centres, Sweden, total		735.5	723.9	2	35.6	35.3	1	-	248,300	169,400	-	248,300

Property	Location	Sales, EUR million ¹⁾			Number of visitors, million			Catchment area population ²⁾	Gross leasable area total, sq.m.	Retail premises total, sq.m.	Sales, EUR/ sq.m./month	Citycon's gross leasable area, sq.m.
		2014	2013	Change,%	2014	2013	Change,%					
Baltic Countries and New Business												
Estonia												
Kristiine	Tallinn	131.7	120.9	9	7.8	7.5	3	270,000	43,700	43,600	251	43,700
Magistral	Tallinn	29.9	26.4	13	3.4	3.3	3	66,000	11,700	11,700	213	11,700
Rocca al Mare	Tallinn	153.4	143.9	7	6.3	6.6	-3	340,000	57,400	56,300	223	57,400
Denmark												
Albertslund Centrum	Copenhagen	36.7	36.9	0	3.9	3.8	1	113,000	14,800	10,000	220	14,800
Baltic Countries and New Business, total		351.8	328.0	7	21.4	21.2	1	-	127,600	121,600	-	127,600
Investment properties total		2,334.1	2,336.7	0	130.2	133.3	-2	-	813,700	629,400	-	764,100
Kista Galleria, 100%	Stockholm	262.8	264.7	-1	18.7	18.5	1	752,000	95,200	60,300	450	95,200
Investment properties and Kista Galleria, total		2,596.9	2,601.4	0	148.9	151.8	-2	-	908,900	689,700	-	859,300

1) Sales include estimates.

2) Based on drive time estimates (5-15 minutes).

3) GLA includes Asemakuja and Asematori.

4) Does not include Asematie 3 or Kassatalo.

5) Sales and number of visitors does not include Citytalo.

RENTAL INCOME BY CATEGORY, SHOPPING CENTRES¹⁾

%	Finland	Sweden	Baltic Countries and New Business	Citycon, investment properties total	Citycon, investment properties and Kista Galleria total
Cafés and restaurants	9	8	5	8	10
Health and beauty	9	9	8	9	8
Specialty stores	2	1	1	2	1
Services and offices	5	25	5	11	12
Fashion	26	18	36	26	27
Groceries	20	25	9	20	18
Department stores	11	-	7	7	6
Home and leisure	17	13	30	18	18
Total	100	100	100	100	100

1) Based on valid rent roll at 31 Dec. 2014.

(Re)development projects

COMPLETED (RE)DEVELOPMENT PROJECTS IN 2013 AND 2014

Target	City, country	Fair value, EUR million 31 Dec. 2014	Area before and after project completion, sq.m.	Citycon's actual gross capital investments, EUR million	Expected yield on completion when stabilised, % ¹⁾	Completion	Additional information
Kista Galleria ²⁾	Stockholm, Sweden	567.9	94,200 94,600	5.0 (tot. 10)	-	Q3/2014	Refurbishment project including the addition of a new 2,400 sq.m. digital library to the second floor of the shopping centre. A joint investment with the City of Stockholm.
Åkermyntan Centrum	Stockholm, Sweden	22.7	8,500 10,100	6.9	6.9	Q2/2013	Shopping centre modernisation project where the centre and its parking services were renovated, and energy efficiency improved. Anchor tenants: ICA, Lidl.

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

2) The property is owned in a joined venture.

ONGOING (RE)DEVELOPMENT PROJECTS

31 DEC. 2014

Target	City, country	Fair value, EUR million 31 Dec. 2014	Project area, sq.m. ¹⁾	Area before and after project completion, sq.m.	Citycon's expected net investment need, EUR million	Citycon's actual gross capital investments by 31 Dec. 2014, EUR million	Completion target	Pre-leasing rate, % ²⁾	Expected yield on completion when stabilised, % ³⁾	Additional information
Iso Omena	Helsinki area, Finland	410.2	46,000	63,300 99,000	182 (tot. 250)	36.6	Q4/2016	35	6.5-7.0	Extension project including partial (re)development of 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 fashion and a wide offering of restaurant services. The project will make Iso Omena one of Finland's largest and most attractive shopping centres. Zone 1 is carried out in 50/50 partnership with NCC PD. Anchor tenants: Library, health-care centre.
IsoKristiina ⁴⁾	Lappeenranta, Finland	55.5	32,000	22,400 34,000	56 (tot. 112)	40.3	Q4/2015	80	7.3	Complete (re)development and extension of the shopping centre. The shopping centre will be developed to meet the requirements of mainly local customers, but also Russian tourists. As a special feature, Lappeenranta City Theatre will be located inside the shopping centre's extension part. Also health care facilities, gym and cinema will be integrated. Ilmarinen is a JV partner with a 50% share in the (re)development and in the existing shopping centre. Anchor tenants: Sokos/Marks & Spencer, Anttila, Finnino, S-market, K-supermarket.
Stenungs Torg	Greater Gothenburg, Sweden	68.7	5,000	36,400 41,400	18	9.7	Phase 2 Q1/2016	Phase 1 100	7.5	An extension of about 5,000 sq.m. with retail space for new shops and a new main entrance. Phase 1 (4,500 sq.m.) was completed in November 2014 when the new main entrance and H&M opened. The second phase includes further upgrade and extension of the shopping centre. New anchor tenants: H&M and Nordic Wellness.
Kista Galleria ⁴⁾	Stockholm, Sweden	567.9	6,000	94,600 95,100	6 (tot. 12)	5.2	Q4/2015	100	-	Refurbishment project including a facelift of the northern end of the shopping centre (phase 1) and upgrade/extension of the food court (phase 2). The first phase, including new entrance and additional leisure/restaurant offering, was finalised in November 2014.

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

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).

4) The property is owned in a joint venture.

PLANNED (RE)DEVELOPMENT PROJECTS

31 DEC. 2014

(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	City, country	Fair value, EUR million 31 Dec. 2014	Estimated project area, sq.m. ¹⁾	Estimated additional sq.m.	Citycon's estimated net investment need, EUR million ²⁾	Target year of project launch	Target year of project completion	Additional information
Porin Asema-aukio	Pori, Finland	10.9	23,000	4,000	40	2015	2017	Construction of a new campus for Satakunta University of Applied Sciences in Porin Asema-aukio. The project will secure a strong, long-term tenant (20 year lease) for the non-core property and solve a large structural vacancy. Construction started in January 2015.
Mölnåls Galleria	Gothenburg, Sweden	-	25,000	25,000	120	2015	2018	Building of a new shopping centre replacing an outdated retail property. Mölnåls Galleria will be a modern urban city gallery focusing on daily necessities. The centre will have 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 Mölnådal, from which Citycon and NCC PD will acquire the plot and the existing retail property. Pre-leasing and zoning ongoing. The investment has been approved by Citycon's Board of Directors.
Tumba Centrum	Stockholm, Sweden	61.1	16,000	11,000	53	2015	2017	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	70.1	36,000	23,000	50-70	2015	2017	Extension 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 (zoning ongoing). Citycon's plans for the extension include a new library, cultural services and hypermarket.

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

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

(RE)DEVELOPMENT PROJECTS

POTENTIAL (RE)DEVELOPMENT TARGETS

31 DEC. 2014

Citycon is investigating the development and/or extension opportunities for these properties (amongst others).

No official decisions have been made.

Target	City, country	Fair value, EUR million 31 Dec. 2014	Estimated project area, sq.m. ¹⁾	Additional information
Liljeholmstorget Galleria	Stockholm, Sweden	258.1	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 ²⁾	Stockholm, Sweden	567.9	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.
Högdalen Centrum	Stockholm, Sweden	32.4	3,000	An expansion and modernisation project is being investigated including facade and entrance renovation as well as tenant alterations. Plans include applying for residential building rights.
Jakobsbergs Centrum	Stockholm, Sweden	101.5	10,000	A modernisation project is being investigated. Plans include also residential building rights.

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

2) The property is owned in a joint venture.

Key environmental indicators

Energy

TOTAL ENERGY CONSUMPTION ¹⁾ (EN4)

	2014	2013	2012	2011	2010	GRI	EPRA Code
Electricity consumption in common areas (MWh)	110,816	110,211	111,587	113,710	104,853	EN4	Elec-Abs
Tenants' Electricity purchased by landlord (MWh) ²⁾	69,672	71,745	72,571	67,984	62,200	EN4	Elec-Abs
Total Electricity consumption (MWh)	180,483	182,053	184,158	181,693	167,052	EN4	Elec-Abs
Electricity consumption in Citycon's offices and business premises (MWh)	33 ⁶⁾	72	73	86	41		Elec-Abs, own office
Non-renewable electricity (MWh)	145,786	167,512	169,800	176,737	161,085	EN4	Elec-Abs
Renewable electricity (MWh)	34,697	14,406	14,358	4,956	5,967	EN4	Elec-Abs
District heating (MWh) ³⁾	126,614	133,811	143,395	138,163	171,342	EN4	DH&C-Abs
District cooling (MWh) ³⁾	6,694	2,025	1,511	1,799	1,606	EN4	DH&C-Abs
Direct energy consumption (EN3)							
Total energy consumption from fuels (MWh)	3,279	4,590	3,810	936	0	EN3	Fuels-Abs
Primary energy (TJ)	1,889	1,917	1,966	1,910	1,927	EN3-EN4	
Intensity indicators ⁴⁾							
Building energy intensity shopping centres (kWh/m ²)	251	280	272	263	321	CRE1	Energy-Int
Building energy intensity shopping centres (kWh/visitor) ⁵⁾	1.43	1.55	1.51	1.49	1.83	CRE2	Energy-Int
Building energy intensity other retail properties (kWh/m ²)	229	235	247	239	209	CRE1	Energy-Int

The coverage of Energy and associated GHG disclosure is 99% of GLA under operative control.

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 (excluding one property in which Citycon is not responsible for energy procurement). Kista Galleria's environmental data is included in its entirety for 2014. Kista Galleria's environmental data is not included for previous years.

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. Heating consumption has not been normalised.

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 and Högdalen Centrum and Myllypuro where amount of visitors is not collected.

6) The reported consumption includes the headquarters, 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.

KEY ENVIRONMENTAL INDICATORS

ENERGY CONSUMPTION

MWh	Electricity consumption in common areas	Heat consumption	Total energy consumption ¹⁾
2010	104,853	171,342	277,801
2011	113,710	138,163	254,608
2012	111,587	143,395	260,303
2013	110,211	133,811	250,637
2014	110,816	126,614	247,402
Change-% 2014/2013	0.5	-5.4	-5.0
Change-% 2014/2010	5.7	-26.1	-10.9

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				
2010	73,156	127,478	200,634	
2011	79,227	99,320	178,548	
2012	76,994	106,966	183,960	
2013	77,309	99,319	176,629	127,183
2014	70,818	92,008	162,826	122,253
Change-% 2014/2013	-8.4	-7.4	-7.8	-3.9
Change-% 2014/2010	-3.2	-27.8	-18.8	
Sweden				
2010	25,653	38,289	65,548	
2011	25,699	34,931	62,429	
2012	23,106	32,347	56,964	
2013	21,820	30,051	53,896	44,038
2014	29,939	30,726	67,359	39,146
Change-% 2014/2013	37.2	2.2	25.0	-11.1
Change-% 2014/2010	16.7	-19.8	2.8	
Baltic Countries and New Business				
2010	6,044	5,575	11,619	
2011	8,783	3,912	13,631	
2012	11,487	4,082	19,379	
2013	11,081	4,441	20,112	2,201
2014	10,058	3,880	17,217	2,125
Change-% 2014/2013	-9.2	-12.6	-14.4	-3.5
Change-% 2014/2010	66.4	-30.4	48.2	

ENERGY CONSUMPTION BY PROPERTY TYPE

MWh	Electricity consumption in common areas	Heat consumption	Total energy consumption ¹⁾
2010			
Shopping Centres	91,596	136,142	229,217
Other Retail Properties	13,256	35,200	48,584
2011			
Shopping Centres	92,520	109,665	204,862
Other Retail Properties	21,189	28,498	49,746
2012			
Shopping Centres	92,585	115,285	213,175
Other Retail Properties	19,002	28,110	47,129
2013			
Shopping Centres	93,439	110,358	210,378
Other Retail Properties	16,771	23,453	40,259
2014			
Shopping Centres	94,618	104,778	209,335
Other Retail Properties	16,198	21,836	38,067
Change-% in SC 2014/2013	1.3	-5.1	-0.5
Change-% in other 2014/2013	-3.4	-6.9	-5.4
Change-% in SC 2014/2010	3.3	-23.0	-8.7
Change-% in other 2014/2010	22.2	-38.0	-21.6

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

MWh	Electricity consumption in common areas	Heat consumption	Total energy consumption ¹⁾
Shopping Centres			
2013	73,877	97,555	173,422
2014	70,494	90,820	163,524
Change-% 2014/2013	-4.6	-6.9	-5.7
Other Retail Properties			
2013	13,875	20,962	34,872
2014	15,485	20,997	36,515
Change-% 2014/2013	11.6	0.2	4.7

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

Carbon

GREENHOUSE GAS EMISSIONS BY SCOPES

TnCO _{2e}	2014	2013	2012	2011	2010
Scope 1, direct	650	909	755	185	0
Scope 2, indirect	77,648	71,816	73,165	69,490	67,567
Scope 3, indirect	1,240	693	689	672	871
Total	79,538	73,419	74,609	70,348	68,438

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

TnCO _{2e}	2014	2013
Scope 1, direct		
Scope 2, indirect	44,181	45,266
Scope 3, indirect	540	244
Total	44,721	45,510

TOTAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS (EN 16, EN17, EPRA GHG-DIR-ABS, DHG-INDIR-ABS)

TnCO _{2e}	2014	2013	2012	2011	2010
Electricity in common areas	20,880	20,850	21,112	21,079	17,180
Tenants' electricity supplied by the landlord ¹⁾	34,036	25,626	25,261	23,222	18,001
District heating and cooling in properties	23,365	26,196	27,484	25,314	32,335
Electricity and heat in office occupation	17	53	63	61	51
Wastewater in properties	762	225	234	239	210
Waste in properties	86	75	74	77	68
Business travel	300	317	303	275	473
Commuting	90	73	76	78	117
Paper consumption and mail	3	3	3	4	2
Total	79,538	73,419	74,612	70,347	68,439

LIKE-FOR-LIKE TOTAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS (EN 16, EN17, EPRA GHG-DIR-LFL, GHG-INDIR-LFL)

TnCO _{2e}	2014	2013
Electricity in common areas	13,389	13,976
Tenants' electricity supplied by the landlord ¹⁾	10,591	10,357
District heating and cooling in properties	20,201	20,933
Wastewater in properties	473	177
Waste in properties	67	67
Total	44,721	45,510

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

	2014	2013	2012	2011	2010
Building greenhouse gas intensity (kgCO _{2e} /m ²)	45	50	50	47	53
Building greenhouse gas intensity (kgCO _{2e} /visitor)	0.31	0.35	0.36	0.35	0.40

GREENHOUSE GAS INTENSITY FROM BUILDING ENERGY BY BUSINESS UNITS²⁾

Building greenhouse gas intensity (kgCO _{2e} /m ²)	2014	2013
Finland	58	76
Sweden	10	9
Baltic Countries and New Business	90	74

The carbon footprint is not entirely comparable between 2014 and earlier years. The emissions factors for 2014 for electricity are based on country-specific statistics gathered by the IEA consisting of five year averages (2007–2011). District heat emission factors for 2014 are based on national statistics in Finland, Sweden and Estonia. In carbon footprint calculations for 2013 and earlier years, combined electricity and heat generation emission factors by IEA were used (five year averages 2005–2009), but since then IEA has changed its reporting to include electricity only.

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, district heating and cooling as well as emissions from waste water and waste.

The coverage of Energy and associated GHG disclosure is 99% of GLA under operative control.

KEY ENVIRONMENTAL INDICATORS

Water

WATER CONSUMPTION (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⁾
2010	562,604		487,275		4.1	
2011	639,457		573,626		3.8	
2012	632,306		581,990		4.0	
2013	603,014	474,415	560,464	437,651	3.7	3.4
2014	723,423	449,765	685,898	414,196	4.3	3.3
Change-% 2014/2013	20.0	-5.2	22.4	-5.4		
Change-% 2014/2010	28.6		40.8			

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⁾
2010	277,188	226,221		2.8
2011	295,336	253,101		3.1
2012	295,927	256,281		3.1
2013	294,216	253,844	232,626	2.9
2014	280,803	245,193	237,326	3.1
Change-% 2014/2013	-4.6	-3.4	2.0	
Change-% 2014/2010	1.3	8.4		
Sweden				¹⁾
2010	245,834	221,472		6.8
2011	287,360	263,764		6.9
2012	269,635	258,965		5.8
2013	237,718	235,540	197,587	5.9
2014	378,896	376,786	169,138	6.6
Change-% 2014/2013	59.4	60.0	-14.4	
Change-% 2014/2010	54.1	70.1		
Baltic Countries and New Business				
2010	39,582	39,582		3.4
2011	56,761	56,761		3.2
2012	66,744	66,744		3.5
2013	71,080	71,080	7,438	3.5
2014	63,919	63,919	7,732	3.7
Change-% 2014/2013	-10.1	-10.1	4.0	
Change-% 2014/2010	61.5	61.5		

The coverage of Water consumption is 99% of GLA under operative control.

1) Water intensity excludes Fruängen Centrum, Högdalen Centrum and Myllypuro Centrum where amount of visitors is not collected.

Waste

TOTAL WEIGHT OF WASTE BY DISPOSAL ROUTES
(EN22, EPRA WASTE-ABS)

	2014		2013	
	t	%	t	%
Landfill waste	2,091	12.2	2,410	16.0
Incinerated waste	4,294	25.1	4,179	27.7
Composted waste	2,628	15.4	2,724	18.0
Recycled waste	7,402	43.3	5,299	35.1
Reused waste	689	4.0	485	3.2
Total	17,105	100	15,097	100

TOTAL WEIGHT OF WASTE IN LIKE-FOR-LIKE PROPERTIES
BY DISPOSAL ROUTES (EN22, EPRA WASTE-LFL)

	2014		2013	
	t	%	t	%
Landfill waste	1,874	14.0	2,040	15.2
Incinerated waste	3,664	27.4	3,654	27.3
Composted waste	2,554	19.1	2,581	19.3
Recycled waste	4,638	34.6	4,743	35.4
Reused waste	660	4.9	379	2.8
Total	13,390	100	13,397	100

TOTAL WEIGHT OF WASTE IN SHOPPING CENTRES BY TYPES

	2014		2013		2012		2011		2010	
	t	%	t	%	t	%	t	%	t	%
Non-hazardous waste										
Landfill	1,629	9.8	1,964	13.6	2,150	15.2	3,033	20.8	2,917	22.5
Energy	4,229	25.5	4,104	28.4	3,909	27.7	3,874	26.5	3,540	27.3
Paper	711	4.3	739	5.1	683	4.8	671	4.6	440	3.4
Plastic	1,915	11.5	66	0.5	56	0.4	54	0.4	44	0.3
Cardboard	4,066	24.5	3,686	25.5	3,588	25.4	3,604	24.7	3,679	28.4
Compost	2,580	15.5	2,658	18.4	2,711	19.2	2,193	15.0	1,557	12.0
Metal	221	1.3	220	1.5	145	1.0	159	1.1	128	1.0
Glass	308	1.9	377	2.6	287	2.0	384	2.6	378	2.9
Other recycled	578	3.5	432	3.0	338	2.4	370	2.5	236	1.8
Other unsorted waste	274	1.6	148	1.0	225	1.6	230	1.6	51	0.4
Hazardous	87	0.5	51	0.4	26	0.2	24	0.2	3	0.0
Total	16,599	100	14,446	100	14,118	100	14,596	100	12,973	100

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

TOTAL WASTE AMOUNT
BY BUSINESS UNITS

	t
Finland	
2010	9,314
2011	10,143
2012	9,835
2013	9,959
2014	9,780
Sweden	
2010	3,734
2011	4,379
2012	4,067
2013	4,117
2014	6,338
Baltic Countries and New Business	
2010	596
2011	839
2012	994
2013	1,021
2014	986

TOTAL WASTE AMOUNT

	t
2010	13,644
2011	15,361
2012	14,896
2013	15,097
2014	17,105
Change-% 2014/2013	13.3
Change-% 2014/2010	25.4

TOTAL WASTE AMOUNT
IN SHOPPING CENTRES

	t
2010	12,973
2011	14,596
2012	14,118
2013	14,446
2014	16,599
Change-% 2014/2013	14.9
Change-% 2014/2010	27.9

KEY ENVIRONMENTAL INDICATORS

TOTAL WEIGHT OF WASTE IN SHOPPING CENTRES BY DISPOSAL ROUTES (EN22, EPRA SUSTAINABILITY BPR 3.10)

	2014		2013		2012		2011		2010	
	t	%	t	%	t	%	t	%	t	%
Landfill waste	1,903	11.5	2,112	14.7	2,375	16.8	3,263	22.4	2,968	22.9
Incinerated waste	4,229	25.5	4,104	28.3	3,909	27.7	3,874	26.5	3,540	27.3
Composted waste	2,580	15.5	2,658	18.5	2,711	19.2	2,193	15.0	1,557	12.0
Recycled waste	7,222	43.5	5,088	35.2	4,759	33.7	4,872	33.4	4,669	36.0
Reused waste	665	4.0	484	3.4	364	2.6	394	2.7	240	1.8
Total	16,599	100	14,446	100	14,118	100	14,596	100	12,973	100

TOTAL WEIGHT OF WASTE IN LIKE-FOR-LIKE SHOPPING CENTRES BY DISPOSAL ROUTES (EN22, EPRA WASTE-LFL)

	2014		2013	
	t	%	t	%
Landfill waste	1,693	13.1	1,873	14.4
Incinerated waste	3,612	27.9	3,584	27.6
Composted waste	2,510	19.4	2,536	19.5
Recycled waste	4,475	34.6	4,607	35.5
Reused waste	635	4.9	378	2.9
Total	12,926	100	12,977	100

PROPORTION OF WASTE BY DISPOSAL ROUTE IN SHOPPING CENTRES BY BUSINESS UNITS (EN22, EPRA WASTE-ABS)

%	Baltic Countries and New Business		
	Finland	Sweden	
Landfill waste	16.3	5.0	7.8
Incinerated waste	19.5	31.3	44.6
Composted waste	22.1	7.4	6.4
Recycled waste	36.1	54.8	40.9
Reused waste	6.1	1.6	0.3
Total	100	100	100

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

	2014		2013	
	t	%	t	%
Non-hazardous waste				
Landfill	1,574	12.0	1,727	13.3
Energy	3,612	27.8	3,584	27.5
Paper	341	2.6	382	2.9
Plastic	48	0.4	57	0.5
Cardboard	3,627	27.9	3,605	27.8
Compost	2,510	18.9	2,536	19.2
Metal	188	1.5	211	1.6
Glass	271	2.3	352	2.8
Other recycled	548	4.2	327	2.9
Other unsorted waste	118	1.7	145	1.1
Hazardous	87	0.7	51	0.4
Total	12,926	100	12,977	100
Total amount change-% 2014/2013	-0.39			

RECYCLING RATE OF SHOPPING CENTRES

%	Baltic Countries and New Business			
	Total	Finland	Sweden	
2010	77.1	71.4	98.6	34.3
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	88.5	83.7	95.0	92.2

Personnel

NUMBER OF EMPLOYEES

	2014	2013	2012	2011	2010
Total number of employees 31 Dec. (LA1)					
Total	151	127	129	136	129
Kista Galleria	1	10	-	-	-
Total incl. Kista Galleria	152	137	129	136	129
Personnel by country 31 Dec. (LA1)					
Finland	92 (60.5%)	83 (60.6%)	86 (66.7%)	90 (66.2%)	84 (65.1%)
Sweden incl. Kista Galleria	48 (31.6%)	43 (31.4%)	32 (24.8%)	35 (25.7%)	37 (28.7%)
Estonia	9 (6.0%)	9 (6.6%)	9 (7.0%)	9 (6.6%)	7 (5.4%)
Lithuania*	0 (0.0%)	1 (0.7%)	1 (0.8%)	1 (0.7%)	1 (0.8%)
Netherlands	3 (2.0%)	1 (0.7%)	1 (0.8%)	1 (0.7%)	-
Personnel by business unit 31 Dec. (LA1)					
Finnish business unit	41 (27.0%)	47 (34.3%)	60 (46.5%)	58 (42.6%)	54 (41.9%)
Swedish business unit incl. Kista Galleria	41 (27.0%)	42 (30.7%)	31 (24.0%)	35 (25.7%)	37 (28.7%)
Baltic Countries and New Business business unit	9 (5.9%)	10 (7.3%)	10 (7.8%)	10 (7.4%)	10 (7.8%)
Group functions	61 (40.1%)	38 (27.7%)	28 (21.7%)	33 (24.3%)	28 (21.7%)

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

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

$$\text{Number of training days per employee} = \frac{\text{Total training days (1 Jan.-31 Dec.)}}{\text{Employees average (1 Jan.-31 Dec.)}}$$

PERSONNEL

PERSONNEL KEY FIGURES ¹⁾

	2014	2013	2012	2011	2010
Employment type 31 Dec. (LA1)					
Permanent employees/Fixed-term employees	130/21 (86.1%/13.9%)	112/15 (88.2%/11.8%)	122/7 (94.6%/5.4%)	130/6 (95.6%/4.4%)	122/7 (94.6%/5.4%)
Full-time employees/Part-time employees	145/6 (96.0%/4.0%)	120/7 (94.5%/5.5%)	125/4 (96.9%/3.1%)	134/2 (98.5%/1.5%)	129/0 (100%/0.0%)
Average age of employees and sex distribution (LA1)					
Average age, years 31 Dec.	40	41	42	42	43
Employees under age 18 during the year	0	0	0	0	0
Female/male percentage 31 Dec.	49.0/51.0	53.5/46.5	52.7/47.3	50.0/50.0	48.1/51.9
Employee turnover during the year (LA1 and LA15)					
New contracts including short-term substitutions **	52	31	28	26	29
Female/male percentage of new contracts	41.4/59.6	58.1/41.9	²⁾	²⁾	²⁾
Permanent employees left Citycon ***	20	25	28	18	13
Female/male percentage of left employees ***	35.0/65.0	52.0/48.0	²⁾	²⁾	²⁾
Return to work after parental leave, %	100	100	100	100	100
Employee performance reviews (LA12)					
Twice a year (objective), %	73.2	58.6	26.7	42.1	48.4
Once a year, %	99.0	93.1	62.9	77.2	92.6
Training days (LA10)					
Days during the year	419	516	469	563	437
Days per employee	2.9	4.2	3.6	4.3	3.6
Sick days and work-related accidents (LA7)					
Number of sick days during the year	243	220	424	409	296
Sick days per employee	1.7	1.8	3.2	3.1	2.4
The absentee rate	0.7	0.7	1.3	1.2 ³⁾	1.0 ³⁾
Work accidents resulting in absence	0	0	0	2	1
Fatalities	0	0	0	0	0

* Mandarinas in Lithuania sold

** Includes employees transferred from Kista Galleria to Citycon

*** Includes employees who left before transferred from Kista Galleria to Citycon

1) The figures do not include Kista Galleria

2) Not reported

3) Revised number

Citycon has signed a legal employment contract with all of its employees.

Economic responsibility

ECONOMIC VALUE GENERATED AND DISTRIBUTED (EC1)¹⁾

	2014	2013	2012
Direct economic value generated			
a) Revenues			
Finland	147.7	150.4	143.2
Sweden	60.5	63.3	63.1
Baltic Countries and New Business	37.2	34.9	32.8
Turnover	245.3	248.6	239.2
Revenues from sale of investment properties ²⁾	29.5	60.2	31.1
Economic value distributed			
b) Operating costs			
Finland	-38.1	-40.8	-40.7
Sweden	-15.4	-17.1	-17.3
Baltic Countries and New Business	-8.6	-8.4	-7.6
Purchases related to property operating costs	-62.1	-66.3	-65.6
Finland	-95.9	-65.1	-119.9
Sweden	-26.0	-150.2	-18.1
Baltic Countries and New Business	-0.7	-10.4	-23.0
Headquarter	-2.9	-0.4	-0.7
Investments	-125.5	-226.1	-161.7
c) Employee wages and salaries			
Finland	-2.6	-3.0	-4.3
Sweden	-2.3	-2.0	-2.5
Baltic Countries and New Business	-0.6	-0.6	-0.6
Headquarter	-5.8	-5.1	-3.5
Paid wages and salaries	-11.4	-10.7	-10.9
Finland	0.0	0.0	0.0
Sweden	0.0	0.0	-0.1
Baltic Countries and New Business	0.0	0.0	0.0
Headquarter	-0.1	0.0	0.0
Funds used for employee training	-0.1	-0.1	-0.1
d) Payments to providers of capital²⁾			
Paid dividends and return from invested unrestricted equity fund	-66.3	-49.0	-41.7
Loan repayments and proceeds	-286.1	-47.5	-17.4
Paid and received financial expenses as well as realised exchange rate losses/gains	-37.3	-88.4	-84.7
e) Payments to government			
Income taxes received/paid (directly from/ to government) ²⁾	-0.7	-0.7	-0.8
Finland	-3.8	-3.5	-3.1
Sweden	-4.8	-4.0	-3.6
Baltic Countries and New Business	-0.4	-0.5	-0.3
Property taxes (payments to government as agent, recharged to tenants)	-9.0	-7.9	-7.1

Purchases related to property maintenance totalled EUR 62.1 million (EUR 66.3 million). Services related to property maintenance always require the use of local employees. Energy was the largest cost item included in maintenance costs. In 2014, Citycon paid a total of EUR 23.2 million (EUR 25.1 million) to energy producers and suppliers. 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.

In each property (re)development project, Citycon arranges competitive bidding processes in line with the project goals. Citycon's gross capital expenditure in the year under review came to EUR 125.5 million (EUR 226.1 million), including acquisitions linked to joint ventures and investments in them for EUR 25.8 million (EUR 148.1 million), property development for EUR 95.8 million (EUR 75.5 million), and other investments for EUR 3.8 million (EUR 0.5 million).

1) The figures do not include Kista Galleria.

2) Items from the cash flow.

Reporting principles, methodology and boundaries

Reporting principles

This is Citycon's sixth integrated Annual and Sustainability Report. Reporting covers all of Citycon's operations in all operating countries. Citycon applies Global Reporting Initiative's (GRI) G3.1 reporting recommendations and GRI's construction and real-estate sector-specific (CRESS) guidelines, regarding the content and principles of sustainability reporting. Environmental responsibilities 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 G3.1 reporting recommendations is presented on pages 89–92. Based on Citycon's self-assessment, the report represents GRI Application Level B. 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 shopping centres and other properties where Citycon's ownership is at least 50% and where it has operational control. This represents 98.6% of the leasable area owned by Citycon. Environmental data covers shopping centres and other properties which were owned by Citycon on 30.12.2014. The figures are based on measured consumption, estimates are not used. Kista Galleria shopping centre, acquired in 2013, is included in the environmental data in its entirety for 2014.

Kista Galleria is not included in the reported environmental data of 2013. Kista Galleria's energy expenses are excluded from Citycon's IFRS based figures.

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 nineteen properties out of sixty, 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 lifts 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.

Primary energy use has been estimated based on country-specific energy statistics from the IEA for the year 2009.

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 emissions factors for 2014 for electricity are based on country-specific statistics gathered by the IEA consisting of five year averages (2007–2011). District heat emission factors for 2014 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 carbon footprint calculations for 2013 and earlier years, combined electricity

and heat generation emission factors by IEA were used (five year averages 2005–2009), but since then IEA has changed its reporting to include electricity only.

In calculation of greenhouse gas intensity from building energy, same principles are applied than in energy intensity calculation.

Acidifying emission factors (in SO₂-eqv.) are based on historical estimates on country specific emissions from energy production.

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

KPMG Oy AB has provided limited assurance for numerical environmental indicators. The assured indicators have been marked into the GRI and EPRA tables presented on pages 89–92. The Assurance statement can be found on the page 93.

Comparison of the Report with the Guidelines of the Global Reporting Initiative and EPRA Best Practices Recommendations on Sustainability Reporting

✓ = Reported, o = Partly reported, - = Not reported, **Bolded** indicators are core indicators, **Green** indicators have been provided with assurance (limited assurance).

Code	Content	Page	Comments
Strategy and Analysis			
1.1-1.2	CEO's statement, key impacts, risks and opportunities	✓ 16-17, 20-21, 38, 44-45, 46, 64-65	
Organisational Profile			
2.1-2.9	Organizational profile	✓ 10-13, 18-19, 22-25, 26-33, 52-53, 57-63	
2.10	Awards received in the reporting period	✓ 43	www.citycon.com/Sustainability
Report Parameters			
3.1-3.11	Report profile, scope and boundary	✓ 88	
3.12	GRI Content Index	✓ 89-92	
Governance, Commitments and Engagement			
Governance			
4.1-4.10	Governance	✓ 44, 57-63	
Commitments to External Initiatives			
4.11	Explanation of whether and how the precautionary approach or principle is addressed	✓ 64-65	
4.12	Externally developed charters, principles, or other initiatives	✓	<i>Property and Building Sector Energy Efficiency Agreement in Finland</i>
4.13	Memberships in associations and/or national/international advocacy organizations	✓ FS 81	www.citycon.com/Sustainability
Stakeholder Engagement			
4.14-4.17	List of stakeholder groups, basis for identification, approaches to stakeholder engagement, key topics raised through stakeholder engagement	✓ 46	www.citycon.com/Sustainability
Management Approach and Performance Indicators			
	Economic responsibility	✓ 20-21, 38-39, 87	www.citycon.com/Sustainability
	Environmental responsibility	✓ 45, 48-51	www.citycon.com/Sustainability
	Social Responsibility	✓ 45, 52-51	www.citycon.com/Sustainability

Code	Content	Page	Comments
Economic Performance Indicators			
Economic Performance			
EC1	Economic value generated and distributed	✓ 39, 87	<i>Further information can be found in Financial Statements.</i>
EC2	Financial implications and other risks and opportunities due to climate change and other sustainability issues.	✓ 48-49, 64-65	
EC3	Coverage of the organization's defined benefit plan obligations	✓	<i>The company acts in accordance with legislation, not reported separately.</i>
EC4	Significant financial assistance received from government	✓ 39	
Market Presence			
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	-	
EC6	Policy, practices, and proportion of spending on locally-based suppliers	✓ 87, 24-25	
EC7	Procedures for local hiring and proportion of senior management and all direct employees, contractors and sub-contractors hired from the local community	-	<i>Not material to Citycon.</i>
Indirect Economic Impacts			
EC8	Infrastructure investments and services provided primarily for public benefit	-	
EC9	Significant indirect economic impacts, including the extent of impacts	-	
Environmental Performance Indicators			
Materials			
EN1-EN2	Materials used by weight, value or volume and recycled and reused input materials	-	<i>Not material to Citycon.</i>
Energy			
EN3-EN4	Direct and indirect energy consumption by primary energy source	✓ 48-51, 79-80	
CRE1	Building energy intensity	✓ 49-50, 79	
EN5	Energy saved due to conservation and efficiency improvements	o 50, 79-80	

GRI TABLES

Code	Content	Page	Comments
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	0 79-80	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	-	
Water			
EN8	Total water withdrawal by source	✓ 50, 82	
EN9	Water sources significantly affected by withdrawal of water	✓	<i>Not material to Citycon, water comes from municipal waterworks.</i>
EN10	Percentage and total volume of water recycled and reused	✓	<i>Not material to Citycon, water comes from municipal waterworks.</i>
CRE2	Building water intensity	✓ 50-51, 82	
Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas	✓ 51	
EN12	Significant impacts of activities on biodiversity in protected areas	✓ 51	
EN13	Habitats protected or restored	-	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	-	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	-	
Emissions, Effluents, and Waste			
EN16-EN17	Total direct and indirect greenhouse gas emissions by weight	✓ 49, 81	
CRE3	Greenhouse gas emissions intensity from buildings	✓ 49, 81	
CRE4	Greenhouse gas emissions intensity from new construction and redevelopment activity	-	<i>Not material to Citycon.</i>
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	0 49-50	
EN19	Emissions of ozone-depleting substances by weight	-	
EN20	NOx, SOx, and other significant air emissions by type and weight	✓ 50	
EN21	Total water discharge by quality and destination	✓	<i>Waste water and rain water is led to municipal sewer system.</i>
EN22	Total weight of waste by type and disposal method	✓ 50-51, 83-84	
EN23	Total number and volume of significant spills	✓	<i>No such cases in 2014.</i>

Code	Content	Page	Comments
Land Degradation, Contamination and Remediation			
CRE5	Land and other assets remediated and in need of remediation for the existing or intended land use according to applicable legal designations	-	
Products and Services			
EN26	Initiatives to enhance efficiency and mitigate environmental impacts of products and services, and extent of impact mitigation	0 48-51	
EN27	Reclaimed products and packaging materials	-	<i>Not material to Citycon.</i>
Compliance			
EN28	Non-compliance with environmental laws and regulations	✓	<i>No misconducts during 2014.</i>
Transport			
EN29	Significant environmental impacts of transporting products, materials and workforce	✓ 81	<i>Citycon reports on CO2e emissions of business travel and commuting.</i>
Overall			
EN30	Total environmental protection expenditures and investments by type	-	
Social Performance Indicators			
Employment			
LA1-LA2	Total workforce by employment type, employment contract, and region, number and rate of employee turnover by age group, gender, and region	✓ 52-53, 56, 85-86	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	✓	<i>Benefits required by legislation are provided to both permanent and parttime employees in all operating countries. Other benefits, such as company phone are provided, if required in the job.</i>
LA15	Return to work and retention rates after parental leave, by gender	✓ 86	
Labor/Management Relations			
LA4	Percentage of employees covered by collective bargaining agreements	-	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	✓	<i>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.</i>

Code	Content	Page	Comments
Occupational Health and Safety			
LA6	Total workforce represented in formal joint management-worker health and safety committees	✓	<i>Co-operative occupational safety committee in Finland. Matters discussed include issues related to health and safety, and well-being in the workplace.</i>
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region and by gender	✓ 86	
CRE6	Percentage of the organization operating in verified compliance with an internationally recognized health and safety management system	-	<i>Not material to Citycon.</i>
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	-	<i>Not material to Citycon.</i>
LA9	Health and safety topics covered in formal agreements with trade unions	-	<i>Not material to Citycon.</i>
Training and Education			
LA10	Average hours of training per year per employee by gender, and by employee category	✓ 86	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	-	
LA12	Employees receiving regular performance and career development reviews, by gender	✓ 52-53, 86	<i>Company policy: Each employee has annual performance reviews.</i>
Diversity and Equal Opportunity			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership	✓ 52-53, 86	
Equal Remuneration for Women and Men			
LA14	Ratio of basic salary of men to women by employee category	-	
Investment and Procurement Practices			
HRI-HR2	Investment and procurement practices relating to human rights	0 56	<i>Citycon Code of Conduct, www.citycon.com/Sustainability.</i>
HR3	Total hours of employee training of human rights	-	
Non-Discrimination			
HR4	Total number of incidents of discrimination and corrective actions taken	✓ 56	<i>No such cases in 2014.</i>

Code	Content	Page	Comments
Freedom of Association and Collective Bargaining			
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	✓	<i>No such risks in operating areas in 2013. Citycon Code of Conduct, www.citycon.com/Sustainability.</i>
Child Labor			
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	✓ 56, 65	<i>Citycon Code of Conduct, www.citycon.com/Sustainability.</i>
Forced and Compulsory Labor			
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	✓ 56, 65	<i>Citycon Code of Conduct, www.citycon.com/Sustainability.</i>
Security Practices			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning relevant aspects of human rights	-	<i>Citycon does not employ directly security personnel.</i>
Indigenous Rights			
HR9	Violations involving rights of indigenous people and actions taken	-	<i>Citycon's operation area does not reach the areas of indigenous people.</i>
Assessment			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	-	
Remediation			
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	✓	<i>No such cases in 2014.</i>
Local Communities			
SO1	Impacts of operations on communities, including entering, operating, and exiting	0 16-17, 22-23, 38, 54-55	
SO9	Operations with significant potential or actual negative and positive impacts on local communities	0 22-23, 38, 54-55	
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	0 22-23, 38, 54-55	
CRE7	Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project	-	<i>Not material to Citycon.</i>

GRI TABLES

Code	Content	Page	Comments
Corruption			
S02	Percentage and total number of business units analyzed for risks related to corruption	✓ 56	<i>Citycon Code of Conduct, www.citycon.com/Sustainability.</i>
S03	Percentage of employees trained organization's anti-corruption policies and procedures	✓ 56	<i>Citycon Code of Conduct, www.citycon.com/Sustainability.</i>
S04	Actions taken in response to incidents of corruption	✓ 56	<i>No such cases in 2014.</i>
Public Policy			
S05	Public policy positions and participation in public policy development and lobbying	✓ 56	
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	✓ 56	
Anti-Competitive Behavior			
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	✓	<i>No such cases in 2014.</i>
Compliance			
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	✓	<i>No such cases in 2014.</i>
Customer Health and Safety			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement	-	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services	✓	<i>No such cases in 2014.</i>
Product and Service Labeling			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	-	
CRE8	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment	✓ 51	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling	✓	<i>No such cases in 2014.</i>
PR5	Practices related to customer satisfaction	✓ 26, 28–29, 40, 46, 54	

Code	Content	Page	Comments
Marketing Communications			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications	✓	<i>In its marketing communications, Citycon complies with the law and good practice. Citycon's marketing targets both tenants and consumer customers.</i>
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications	✓	<i>No such cases in 2014.</i>
Customer Privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	✓	<i>No such cases in 2014.</i>
Compliance			
PR9	Significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	✓	<i>No such cases in 2014.</i>

EPRA SUSTAINABILITY PERFORMANCE MEASURES

Code	Page	Coverage sq.m., %	Assurance
Elec-Abs	79–80	99	Limited assurance
Elec-LfL	79–80	100	Limited assurance
DH&C-Abs	79–80	99	Limited assurance
DH&C-LfL	79–80	100	Limited assurance
Fuels-Abs	79	100	Limited assurance
Fuels-LfL	Not applicable		
Energy-Int	79	99	Limited assurance
GHG-Dir-Abs	81	99	Limited assurance
GHG-Indir-Abs	81	99	Limited assurance
GHG-Dir-LfL	81	100	Limited assurance
GHG-Indir-LfL	81	100	Limited assurance
GHG-Int	81	99	Limited assurance
Water-Abs	82	99	Limited assurance
Water-LfL	82	100	Limited assurance
Water-Int	82	99*	Limited assurance
Waste-Abs	83	95**	Limited assurance
Waste-LfL	83	95**	Limited assurance
Cert-Tot	51; www.citycon.fi/sustainability/	100	Limited assurance

* Water intensity is reported from 99% of the properties where amount of visitors is collected.

** 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 per cent of the leasable area owned by Citycon.

Independent Assurance Report

To the Management of Citycon Oyj

We have been engaged by the Management of Citycon Oyj (hereafter Citycon) to provide limited assurance on environmental numerical data presented for the reporting period 1.1.–31.12.2014 in Citycon's Annual and Sustainability Report 2014 (hereafter Corporate Responsibility Information).

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 G3.1 and EPRAs (European Public Real Estate Association) Best Practices Recommendations on Sustainability Reporting (2nd Edition)*.

Our responsibility is to carry out a limited assurance engagement and to express an independent conclusion on the information subject to the assurance. We have conducted the engagement in accordance with the Finnish Institute of Authorised Public Accountants' Standard 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information*. We do not accept or assume responsibility to anyone other than Citycon for our work, for this assurance report, or for the conclusions we have reached.

Limitations of the Engagement

Data and information related to sustainability are subject to inherent

limitations applying to data accuracy and completeness, which are to be taken into account when reading our assurance report. The presented Corporate Responsibility Information is to be considered in connection with the explanatory information on data collection, consolidation and assessments provided by Citycon. Our assurance report is not intended for use in evaluating Citycon's performance in executing the corporate responsibility principles Citycon has defined. To assess the financial state and performance of Citycon, Citycon's audited Financial Statement for the year ended 31 December 2014 is to be consulted.

The Work Performed in the Engagement

Our assurance procedures are designed to obtain limited assurance on whether the Sustainability Information is presented in accordance with the *Global Reporting Initiative (GRI) Sustainability Reporting Guidelines G3.1 and EPRAs (European Public Real Estate Association) Best Practices Recommendations on Sustainability Reporting (2nd Edition)* in all material respects. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Corporate Responsibility Information, and applying analytical and other evidence gathering procedures, as appropriate. The evidence gathering procedures mentioned above

are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

In our engagement we have performed the following procedures:

- Interview with one member of the management to reassert our understanding of the connection between Citycon's corporate responsibility procedures and Citycon's business strategy and operations as well as corporate responsibility objectives;
- An assessment of the Corporate Responsibility Information's conformity with the principles of the GRI G3.1 guidelines for defining content and reporting quality as well as requirements of EPRAs (European Public Real Estate Association) Best Practices Recommendations on Sustainability Reporting (2nd Edition);
- An assessment of coverage of the material aspects selected for the Responsibility Report Information and the definition of reporting boundaries in the context of Citycon's business operations and sector;
- A review of the performance data and assertions presented in the Corporate Responsibility Information, and testing of data accuracy and completeness through samples from Citycon's information systems;

- An assessment of data management processes, information systems and working methods used to gather and consolidate the presented Corporate Responsibility Information;
- Comparison of the presented Corporate Responsibility Information to underlying rules of procedure, management and reporting systems as well as documentation;
- Visit to one Citycon site selected on the basis of a risk analysis taking into account both qualitative and quantitative information.

Based on the assurance procedures performed, nothing has come to our attention that causes us to believe that the information subject to the limited assurance engagement is not presented in accordance with the *Global Reporting Initiative (GRI) Sustainability Reporting Guidelines G3.1 and EPRAs (European Public Real Estate Association) Best Practices Recommendations on Sustainability Reporting (2nd Edition)* in all material respects.

Helsinki, 10 February 2015
KPMG OY AB

Tomas Otterström
Partner

Niina Turri
Senior Manager,
Advisory

CITYCON OYJ

Financial

Statements 2014

KISTA
GALLERIA



Table of contents

Report by the Board of Directors	2	14. Investment properties	40	Parent company cash flow statement, FAS	64
EPRA performance measures	16	15. Investments in joint ventures	42	Notes to the parent company's financial statements, FAS	65
CITYCON OYJ'S CONSOLIDATED FINANCIAL STATEMENTS FOR 1 JANUARY-31 DECEMBER 2014	22	16. Business combinations and acquisition of non-controlling interests.....	43	1. Accounting policies.....	65
Consolidated statement of comprehensive income, IFRS	22	17. Intangible assets.....	43	2. Turnover	65
Consolidated statement of financial position, IFRS	23	18. Property, plant and equipment.....	43	3. Other expenses from leasing operations..	65
Consolidated cash flow statement, IFRS	24	19. Deferred tax assets and liabilities	44	4. Personnel expenses.....	65
Consolidated statement of changes in shareholders' equity, IFRS	25	20. Classification of financial instruments.....	45	5. Depreciation and amortisation and impairments.....	65
Notes to the consolidated financial statements	26	21. Derivative financial instruments.....	46	6. Other operating income and expenses.....	65
1. Accounting policies	26	22. Investment properties held for sale.....	46	7. Net financial income and expenses	66
2. Key estimates and assumptions, and accounting policies requiring judgment ...	32	23. Trade and other receivables	47	8. Income tax expense.....	66
3. Gross rental income.....	34	24. Cash and cash equivalents	47	9. Intangible assets	66
4. Segment information.....	34	25. Shareholders' equity	47	10. Tangible assets.....	66
5. Property operating expenses	37	26. Loans	48	11. Shares in subsidiaries	66
6. Other expenses from leasing operations..	37	27. Trade and other payables.....	52	12. Other investments.....	66
7. Administrative expenses	37	28. Employee benefits	52	13. Subsidiaries and associated companies..	66
8. Personnel expenses.....	38	29. Cash generated from operations.....	54	14. Long- and short-term receivables	66
9. Depreciation and amortisation.....	38	30. Commitments and contingent liabilities..	54	15. Shareholders' equity	67
10. Other operating income and expenses.....	38	31. Related party transactions	55	16. Liabilities	67
11. Net financial income and expenses	38	32. Changes in group structure in 2014.....	58	17. Contingent liabilities	67
12. Income taxes	39	33. Post balance sheet date events	58	Shareholders and shares	68
13. Earnings per share.....	39	Key figures and ratios	59	Signatures to the financial statements	70
		1. Consolidated key figures and ratios for five years.....	59	Auditors' report	71
		2. Five year segment information.....	60	Property list	72
		3. Other expenses from leasing operations.....	60	Valuation statement	76
		Formulas for key figures and ratios	61		
		Parent company income statement, FAS	62		
		Parent company balance sheet, FAS	63		

Report by the board of directors

In 2014, Citycon's operational results developed positively, with like-for-like net rental income growing by 2.9% and occupancy rate increasing by 0.6 %-points to 96.3%. The year was characterised by successful recycling of capital including divestments of non-core assets, investments in accretive (re)development projects and acquisition of full ownership of Iso Omena. Citycon's financing position was strengthened through substantial equity and debt financing transactions. All these efforts contributed to an EPRA Earnings increase of 14.9%.

Summary of the Fourth Quarter of 2014 Compared with the Previous Quarter

- Turnover decreased to EUR 60.8 million (EUR 61.4 million) mainly due to the weaker Swedish krona and lower turnover rents.
- Net rental income decreased by EUR 2.7 million, or 6.1%, to EUR 41.3 million (EUR 44.0 million), mainly as a result of higher property operating expenses reflecting normal seasonal variation.
- EPRA Operating profit decreased by EUR 5.4 million, or 13.4%, to EUR 34.8 million (EUR 40.2 million), mainly due to lower net rental income and higher direct administrative expenses.
- EPRA Earnings decreased to EUR 24.1 million (EUR 29.4 million) mainly due to lower EPRA Operating profit and higher direct financial expenses due to non-recurring expenses related to the write-off of unamortised arrangement fees of the prepaid debt. EPRA Earnings per share (basic) decreased to EUR 0.041

(EUR 0.050) mainly due to lower Earnings as well as higher number of shares resulting from the share issuances in June–July.

- The fair value change in investment properties was EUR 2.2 million (EUR 0.1 million), and the fair value of investment properties totalled EUR 2,769.1 million (EUR 2,759.0 million). The weighted average net yield requirement for investment properties decreased to 6.1% (6.2%).

Summary of 2014 Compared with 2013

Citycon met its financial targets for 2014. The company specified its guidance twice during the year. In the Q3 interim report, the company stated that it expects its turnover to change by EUR -4–2 million, EPRA Operating profit to change by EUR -2–4 million and EPRA Earnings to change by EUR 8–14 million in 2014 compared to 2013, and that it forecasted an EPRA Earnings per share of EUR 0.18–0.19. In 2014 turnover decreased by EUR 3.3 million, while EPRA Operating profit increased by EUR 0.6 million and EPRA Earnings increased by EUR 13.0 million compared to 2013. EPRA Earnings per share was EUR 0.191, slightly exceeding the company guidance.

- The Board of Directors proposes a return of equity from invested unrestricted equity fund of EUR 0.15 per share and that no dividend will be paid.
- Turnover decreased to EUR 245.3 million (EUR 248.6 million) mainly due to divestments and a weaker Swedish krona.
- Despite the disposal of EUR 29.9 million of non-core assets, net rental income increased by EUR 0.5 million, or 0.3%, to EUR 169.4 million (EUR 168.9 million) mainly due to strict property operating expenses

management supported by mild winter conditions in the first half of the year. Net rental income of like-for-like properties increased by EUR 3.8 million, or 2.9%, excluding the impact of the weaker Swedish krona, while the completion of (re)development projects increased net rental income by EUR 1.9 million.

- Earnings per share were EUR 0.16 (EUR 0.22) mainly as a result of fair value changes, change in deferred taxes and higher number of shares.
- EPRA Earnings increased by EUR 13.0 million, or 14.9% mainly as a result of higher net rental income and lower financing expenses. EPRA Earnings per share (basic) was EUR 0.191 (EUR 0.203).
- Net cash from operating activities per share came to EUR 0.13 (EUR 0.14).

Main Events in 2014

- On 18 December Citycon signed a EUR 500 million committed syndicated revolving credit facility agreement with a Nordic bank group.
- Citycon acquired GIC's 40% stake in the Iso Omena shopping centre on 16 October. After the transaction, Citycon owns 100% of the existing shopping centre.
- Citycon placed a EUR 350 million 10-year Eurobond on 22 September. The guaranteed euro-denominated bond carries a fixed annual interest of 2.50%. The bond offering was oversubscribed and allocated to a broad base of international investors.
- On 9 September Citycon announced that it has signed a joint venture agreement with NCC Property Development for the (re)development of Mölndals Galleria in

Gothenburg. Citycon's total investment will be approximately EUR 120 million.

- Citycon's two investment grade long-term corporate credit ratings were upgraded in July. On 8 July Standard & Poor's upgraded Citycon's credit rating to BBB (previous BBB-) and on 30 July Moody's upgraded Citycon's credit rating to Baa2 (previous Baa3). The outlook for both ratings is stable.
- In June-July Citycon carried out a directed share issue and a consecutive rights issue, whereby the company raised approximately EUR 400 million of new equity capital. The directed share issue of EUR 206.4 million to CPP Investment Board European Holdings S.à.r.l. ("CPPIBEH") was executed on 9 June and the rights issue of EUR 196.5 million was executed on 8 July.
- Jurn Hoeksema started as Citycon's Chief Operating Officer and a member of the Corporate Management Committee as of 1 June.

CEO's Comment

Comments from Citycon Oyj's Chief Executive Officer Marcel Kokkeel on the Financial Year:

2014 was a good year for Citycon despite a challenging retail environment, especially in Finland. Our actions continued to deliver solid financial performance. Operationally, we were able to improve the quality of our portfolio and to produce like-for-like net rental income growth of 2.9%. With strong leasing efforts we also managed to increase our occupancy rate to 96.3%. The results clearly demonstrate Citycon's resilient business model and capacity to manage real growth.

The quality of the property portfolio was further enhanced through continued focus on improved operations in a more systematic 'One Citycon' way and as a result of our efforts to recycle capital accretively. Since the strategy update in July 2011 we have successfully divested 26 non-core assets for a total value of approximately EUR 111 million. The significant growth in investment activity seen in the Nordics creates good momentum to continue the sell-off of the remaining non-core portfolio of approximately EUR 300 million. During the year, we also strengthened our development pipeline and introduced a new larger project, Mölndals Galleria in Gothenburg. The extension of Iso Omena progressed well and, after the buy-out of GIC's 40% stake, we have full ownership of one of the most desirable shopping centres in Finland.

The year was characterised by substantial financing transactions and the introduction of another globally recognised real estate investor, CPPIBEH, as a strategic shareholder. Our substantially stronger balance sheet with modest Loan to Value provides us with the capacity to exploit further growth opportunities within our current portfolio as well as through selective acquisitions.

Events after the Financial Year

On 16 January Citycon announced that Harri Holmström, Citycon Oyj's Chief Commercial Officer (CCO) and member of the Corporate Management Committee would leave the company at the end of January 2015.

On 28 January the company announced that it has signed an agreement with TK Development regarding the forward purchase

KEY FIGURES

IFRS based key figures	Q4/2014	Q4/2013	Q3/2014	2014	2013	Change-% ¹⁾
Turnover, EUR million	60.8	62.0	61.4	245.3	248.6	-1.3
Net rental income, EUR million	41.3	41.9	44.0	169.4	168.9	0.3
Profit/loss attributable to parent company shareholders, EUR million	23.2	42.8	20.1	84.5	94.9	-10.9
Earnings per share (basic), EUR ²⁾	0.04	0.10	0.03	0.16	0.22	-27.1
Net cash from operating activities per share, EUR ³⁾	0.00	0.13	0.06	0.13	0.14	-7.0
Fair value of investment properties, EUR million	2,769.1	2,733.5	2,759.0	2,769.1	2,733.5	1.3
Equity ratio, % ⁴⁾	54.6	43.2	54.9	54.6	43.2	-
Loan to Value (LTV), % ⁴⁾⁵⁾	38.6	49.3	36.7	38.6	49.3	-
EPRA based key figures	Q4/2014	Q4/2013	Q3/2014	2014	2013	Change-% ¹⁾
EPRA Operating profit, EUR million	34.8	36.5	40.2	149.8	149.1	0.4
% of turnover	57.3	58.8	65.5	61.0	60.0	-
EPRA Earnings, EUR million	24.1	22.1	29.4	99.7	86.7	14.9
EPRA Earnings per share (basic), EUR ²⁾	0.041	0.050	0.050	0.191	0.203	-5.9
EPRA Cost Ratio (including direct vacancy costs) (%) ⁶⁾	19.6	25.0	15.0	19.4	22.4	-
EPRA Cost Ratio (excluding direct vacancy costs) (%) ⁶⁾	19.0	22.6	13.1	17.7	20.0	-
EPRA NAV per share, EUR	3.01	3.13	3.01	3.01	3.13	-3.7
EPRA NNNNAV per share, EUR	2.63	2.78	2.65	2.63	2.78	-5.4

1) Change-% is calculated from exact figures and refers to the change between 2014 and 2013.

2) Result per share key figures have been calculated with the issue-adjusted number of shares resulting from the directed share issue executed in June 2014 and rights issue executed in July 2014.

3) Citycon changed the reporting of cash flows in the first quarter of 2014. Realised exchange rate gains and losses have been moved from net cash flow from operating activities to net cash flow from financing activities. The change has been applied also to the comparison periods.

4) Citycon amended its accounting policy regarding deferred taxes in the third quarter of 2014 which impacts both equity ratio and LTV. The change has been applied also to comparison figures.

5) Citycon changed the reporting of LTV in the period by including also 'Investments in joint ventures' in the investment properties. The change has been applied also to the comparison periods.

6) Citycon made an adjustment to its reporting of parking income during the year 2014. Previously Citycon reported parking income within service charge income, but starting from current year part of gross rental income. The change affects the calculation of EPRA Cost Ratios. The change has been applied also to the comparison periods.

of Straedet, a shopping centre to be built in Køge in the greater Copenhagen area. The purchase price is estimated to be approximately EUR 75 million and will be paid at completion in 2017.

Outlook

In 2015, Citycon gives guidance on three key metrics: EPRA Operating profit, EPRA Earnings and EPRA Earnings per share. Citycon will not give guidance on turnover going forward due to prediction uncertainties relating to e.g. currency fluctuations. Citycon expects its EPRA Operating profit to change by EUR -8 to 0 million and EPRA Earnings to change by EUR 6 to 14 million in 2015 compared with the previous year. The company forecasts an EPRA Earnings per share (basic) of EUR 0.175–0.195.

These estimates are based on the existing property portfolio as well as on the prevailing level of inflation, the euro-krona exchange rate, and current interest rates. Premises taken offline for planned or ongoing (re)development projects reduce net rental income during the year.

Business Environment

Market conditions continued to be challenging in Finland during 2014 while the Swedish economy showed strong signs of recovery. According to the European Commission (forecast), GDP growth in 2014 was 0.8% in the Euro area, -0.4% in Finland, 2.0% in Sweden, 1.9% in Estonia and 0.8% in Denmark.

In 2015 the European Commission forecasts Euro area GDP growth to reach 1.1%, with Sweden (2.4%), Estonia (2.0%) and Denmark (1.7%) showing stronger growth figures. The GDP growth for Finland (0.6%) is expected to remain modest for a fourth year in a row

and is dependent on both the recovery of the European export markets as well as domestic demand.

During the reporting period, consumer confidence levels have stayed relatively stable in Citycon's operating countries. The consumer confidence levels in the Nordics remain positive, while the consumer confidence in Estonia is slightly negative. In general the Euro area still struggles with negative consumer confidence. Consumer prices have continued to increase modestly in Finland and Denmark, while Sweden, Estonia and Euro area are facing slightly negative inflation. (Sources: Statistics Finland/Sweden/Estonia/Denmark) The unemployment rates are substantially below the Euro area average (11.4%) in all Citycon's operating countries. (Source: Eurostat)

In 2014 retail sales growth has been strong in Estonia (6.0%) and Sweden (3.4%), but negative in Finland (-1.0%) and Denmark (-2.1%). (Sources: Statistics Finland/Sweden/Estonia/Denmark) Year-on-year prime shopping centre rents decreased slightly in Finland, while increasing approximately 2.0% in Sweden. In Estonia prime shopping centre rents increased 1.5–3.0% due to indexation and increases in turnover rents. In Finland the weak outlook for retail sales limits the rental growth potential going forward. In Estonia prime rental growth is expected to remain flat in 2015 as demand for large units is limited and smaller units are already close to their maximum rental potential. In Sweden prime rental growth is expected to continue, however, being slightly limited by increased competition. Prime retail rents will perform better than secondary retail rents in terms of growth. (Source: JLL)

Investment activity has remained positive during the year and peaked in the fourth quarter. The demand for prime assets remains strong. Accordingly, increased investor demand and the limited supply of prime shopping centres has resulted in the compression of prime yields. In Finland the total retail transaction volume far exceeded the previous year. In Sweden the total transaction volume was record high, while the retail transaction volume was at the level of the previous year. In Finland yields are expected to remain stable in 2015 and in Sweden a minor decrease is expected for prime shopping centre yields. In Estonia the continued investment activity and improved market conditions has resulted in yields coming under pressure and yields are expected to come down slightly in 2015. (Source: JLL)

The figures shown in the following sections are for the period January–December, and the figures in brackets are the reference figures for the corresponding period in 2013, unless otherwise indicated.

Changes in the Property Portfolio

At the end of December, the fair value of Citycon's property portfolio totalled EUR 2,769.1 million (31 December 2013: EUR 2,733.5 million), of which 61% (61%) comes from properties in Finland, 26% (26%) from Sweden and 13% (13%) from Baltic Countries and New Business. Of the fair value of the total property portfolio 92% (92%) comes from shopping centres and 8% (8%) from other retail properties.

Citycon has defined other retail properties (supermarkets and shops) as non-core

properties and announced its intention to divest these properties within the next few years, after the completion of value enhancing activities.

The fair value change of investment properties amounted to EUR 15.7 million (EUR 26.1 million). The company recorded a total value increase of EUR 64.9 million (EUR 61.2 million) and a total value decrease of EUR 49.3 million (EUR 35.2 million). Fair value gain of the shopping centres was EUR 21.4 million and the fair value loss of the supermarket and shop properties was EUR 5.7 million.

On 31 December 2014, the average net yield requirement defined by JLL for Citycon's entire property portfolio was 6.1% (31 December 2013: 6.3%). The average net yield requirement for properties in Finland, Sweden and the Baltic Countries and New Business was 6.1%, 5.7% and 7.2% respectively.

The weighted average market rent used for the valuation decreased to EUR 25.2/sq.m. (31 December 2013: EUR 25.3/sq.m.). (cf. Note 14: Investment Property). JLL's Valuation Statement for the period-end can be found on the company's website at www.citycon.com/valuation.

Citycon's gross capital expenditure (including acquisitions) for the period totalled EUR 125.5 million (EUR 226.1 million). Gross capital expenditure in the corresponding period includes acquisition of Kista Galleria (Q1/2013).

Acquisitions and divestments

During the reporting period, Citycon acquired GIC's minority stake in Iso Omena and the plot of shopping centre Arabia as well as divested 12 non-core properties. In addition, on 30

June Citycon sold Espagalleria Oy to Mutual Pension Insurance Company Ilmarinen and terminated the asset management agreement regarding shopping centre Galleria Esplanad.

Since the publication of its strategy update in July 2011, the company has divested 26 non-core properties and 3 residential portfolios for a total value of approximately EUR 111 million.

(Re)development projects

At the end of the period, the company had two major (re)development projects underway: the Iso Omena extension and (re)development project in Espoo, and the IsoKristiina extension and (re)development project in Lappeenranta.

The estimated investment for the Iso Omena extension project, including partial (re)development of the existing shopping centre, has been increased to approximately EUR 250 million (previously reported figure EUR 175 million). The renewed plans include the construction of an additional extension to the shopping centre and creating a new mall corridor in the existing part of the centre. The changes improve the commercial concept substantially by creating better circulation in the centre, more functioning retail units as well as larger cinema and leisure area. The first phase of the project, covering a EUR 120 million investment, will be carried out in a 50/50 partnership with NCC Property Development. The amount of preleased space in the area of the extension stood at approximately 35% at the end of the reporting period.

The total investment for the IsoKristiina extension and (re)development project is

estimated to be approximately EUR 110 million. Mutual Pension Insurance Company Ilmarinen owns 50% of the shopping centre, and will provide its 50% share of the project financing. The amount of preleased space in the area of the extension stood at approximately 80% at the end of the reporting period.

One of the (re)development projects in Kista Galleria was finalized in August when the new digital library opened.

In addition to the ongoing projects listed in the table beside, Citycon has made investment decisions on two (re)development projects:

- In December, Citycon announced that it will start the construction of a new campus for the Satakunta University of Applied Sciences (SAMK) in its Asemakio premises in Pori. The project, worth approximately EUR 40 million, will secure a strong, long-term tenant for the property and solve the considerable vacancy the property has had in recent years. The construction work started in January 2015.
- In September, Citycon announced that it has signed a joint venture agreement with NCC Property Development for the (re)development of Mölndals Galleria in Gothenburg. Citycon's total investment will be approximately EUR 120 million. The construction of the new shopping centre is expected to start during 2015.

Further information on the company's completed, ongoing and planned (re)-developments can be found in the upcoming Annual and Sustainability Report 2014.

The changes in Group structure during 2014 are presented on page 58 of the Financial Statements.

(RE)DEVELOPMENT PROJECTS COMPLETED IN 2014 AND IN PROGRESS ON 31 DECEMBER 2014

	Location	Area before and after project completion, sq.m.	Citycon's (expected) gross investment need, EUR million	Actual gross investments by 31 December 2014, EUR million	Completion
Iso Omena	Helsinki area, Finland	63 300/99 000	182.0	36.6	Q4/2016
IsoKristiina	Lappeenranta, Finland	22 400/34 000	56.0	40.3	Q4/2015
Stenungs Torg	Gothenburg area, Sweden	36 400/41 400	18.0	9.7	Q1/2016
Kista Galleria	Stockholm, Sweden	94 600/95 100	6.0	5.2	Q4/2015
Kista Galleria	Stockholm, Sweden	94 200/94 600	5.0	5.0	Completed Q3/2014

Leasing Activity

The economic occupancy rate for Citycon's portfolio totalled 96.3% (95.7%). The increase in the occupancy rate was mainly due to decreased vacancy in supermarkets and shops in Finland and in the Swedish shopping centre portfolio. The economic occupancy rate for shopping centres was 96.2% (96.3%) and for supermarkets and shops 96.6% (91.6%).

The gross leasable area decreased by 3.0% to 933,040 square metres. The decrease was due to divestments. At the period-end, Citycon had a total of 3,158 (3,287) leases. The average remaining length of the lease portfolio decreased to 3.2 (3.5) years.

The average rent increased from EUR 21.5/sq.m. to EUR 21.6/sq.m. mainly due to index increments and divestments.

The rolling twelve-month occupancy cost ratio for like-for-like shopping centre properties was 8.6%.

Tenants' sales and footfall in Citycon's shopping centres

Total sales in Citycon's shopping centres remained the same while footfall decreased -2%, year-on-year. The decrease in footfall derived mainly from ongoing (re)developments. Like-for-like (LFL) shopping centre sales and footfall decreased -1% and -2% respectively.

LEASE PORTFOLIO SUMMARY

	Q4/2014	Q4/2013	Q3/2014	2014	2013	Change-%
Number of properties at the end of the period	59	71	66	59	71	-16.9
Gross leasable area, sq.m.	933,040	961,790	949,230	933,040	961,790	-3.0
Annualised potential rental value, EUR million ¹⁾	243.1	246.1	246.2	243.1	246.1	-1.2
Average rent (EUR/sq.m.)	21.6	21.5	21.7	21.6	21.5	0.5
Number of leases started during the period	184	163	139	595	611	-2.6
Total area of leases started, sq.m. ²⁾	34,168	52,697	27,999	122,568	150,013	-18.3
Average rent of leases started (EUR/sq.m.) ²⁾	22.1	17.5	18.1	19.9	18.8	5.9
Number of leases ended during the period	222	458	166	724	1,117	-35.2
Total area of leases ended, sq.m. ²⁾	47,826	66,260	28,711	144,880	186,567	-22.3
Average rent of leases ended (EUR/sq.m.) ²⁾	20.1	18.3	21.6	21.0	18.6	12.9
Occupancy rate at end of the period (economic), %	96.3	95.7	95.7	96.3	95.7	-
Average remaining length of lease portfolio at the end of the period, years	3.2	3.5	3.3	3.2	3.5	-8.6
Net rental yield, % ³⁾	6.3	6.4	6.3	6.3	6.4	-
Net rental yield, like-for-like properties, %	6.1	6.1	6.1	6.1	6.1	-

1) Annualised potential rental value for the portfolio includes annualised gross rent 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) Includes the value of unused building rights.

Financing

During the reporting period, Citycon has completed several actions to strengthen its balance sheet and financial position, to reduce the cost of debt and to extend the debt maturities.

In December, Citycon signed a EUR 500 million unsecured committed multicurrency revolving credit facility agreement with a Nordic bank group. The loan period is five years and the loan terms include two one-year extension options that can extend the maturity to seven years subject to bank approval. The borrower is Citycon Treasury B.V. and the credit facility is guaranteed by Citycon Oyj. The credit facility was used to refinance approximately EUR 100 million of term loans and additionally to replace a total of EUR 380 million of unutilized existing revolving credit facilities. As a result, Citycon's average debt maturity was extended to 5.9 years, the average cost of debt reduced to 3.3% and unutilized lines of credit increased to EUR 397.5 million.

In September, Citycon placed a EUR 350 million 10-year Eurobond. The issuer of the bond was Citycon Treasury B.V. and the guarantor was Citycon Oyj. The 10-year guaranteed euro-denominated bond matures on 1.10.2024 and carries fixed annual interest at the rate of 2.50%, payable annually on 1.10. The bond was allocated to a broad base of international investors and the bond offering was oversubscribed within a few hours which is a sign of the strength of Citycon's credit profile. The bond has been rated BBB by Standard & Poor's and Baa2 by Moody's, in line with Citycon's corporate credit ratings. The bond proceeds were to a large extent

used to prepay existing debt in order to extend average debt maturities and decrease the average cost of debt. The floating to fixed interest rate swaps hedging the loans that were repaid during October were closed and the negative fair values realized as indirect financial expenses.

In June-July Citycon carried out a directed share issue and a consecutive rights issue, whereby the company raised approximately EUR 400 million of new capital. The directed share issue of EUR 206.4 million to CPPIBEH was executed on 9 June and the rights issue of EUR 196.5 million was executed on 8 July. Please see section "Shares, Share Capital and Shareholders" for further details on the share issuances.

The proceeds of the share issuances were used to make approximately EUR 300 million of debt prepayments in June and July and the remaining EUR 100 million has been used for acquisitions and (re)developments. The equity transactions clearly strengthened the company's balance sheet and thus the credit profile and as a result Citycon's two investment grade long-term corporate credit ratings were upgraded in July. On 8 July Standard & Poor's upgraded Citycon's credit rating to BBB (previous BBB-) and on 30 July Moody's upgraded Citycon's credit rating to Baa2 (previous Baa3). The outlook for both ratings is stable.

Net financial expenses for January-December decreased by EUR 12.6 million compared to the corresponding period last year to EUR 77.5 million (EUR 90.1 million). Financial expenses decreased mainly as a result of a lower amount of debt, weaker Swedish krona and a lower average interest rate.

The financial expenses for the period include EUR 26.5 million non-recurring indirect realised financial expenses from unwinding of interest rate swaps related to debt prepayments in June-July and October, as well as EUR 2.8 million of direct non-recurring expenses related to the write-off of unamortised arrangement fees of the prepaid debt.

Citycon uses interest rate swaps to hedge the floating interest rate risk exposure and applies hedge accounting when marking these swaps to market in the balance sheet. Changes in fair values are reported under other comprehensive income, taking the tax effect into account. Due to mark to market valuation, the swap unwinding has no major impact on equity nor total comprehensive income, as the unwinding loss is largely offset by a gain under other comprehensive income. The losses of the swaps that were realised were booked from other comprehensive income/ loss to financial expenses, taking the tax effect into account. The debt prepayments and the unwinding of related swaps will reduce Citycon's future interest expenses and increase headroom under the interest cover ratio covenant.

Interest-bearing debt showed a year-on-year decrease of EUR 284.7 million to EUR 1,177.7 million. The fair value of interest-bearing debt decreased year-on-year by EUR 282.9 million to EUR 1,188.4 million. Cash and cash equivalents decreased year-on-year by EUR 3.6 million to EUR 34.4 million. The average loan maturity, weighted for the amount of the loans' principal increased to 5.9 years, following

the refinancing and longer maturities of the new debt.

The period-end weighted average interest rate, including interest rate swaps was 3.28% which is clearly lower than in previous quarter and last year's corresponding level. The year-to-date weighted average interest rate for interest-bearing debt, including interest rate swaps was 3.91% which is slightly lower than previous year.

Financial Performance

Turnover

Citycon's turnover came to EUR 245.3 million (EUR 248.6 million). Turnover decreased by EUR 3.3 million, or 1.3%, with divestments reducing the turnover by EUR 4.8 million and the weaker Swedish krona by EUR 3.1 million. Like-for-like gross rental income increased by EUR 2.4 million, or 1.3%.

Property operating expenses

Property operating expenses decreased by EUR 4.0 million, i.e. 5.1% from EUR 78.4 million to EUR 74.4 million. Like-for-like property operating expenses decreased by EUR 0.9 million, mainly due to lower heating and electricity expenses resulting mainly from favourable weather conditions in the first half of the year (cf. Note 5: Property Operating Expenses).

Other expenses from leasing operations

Other expenses from leasing operations, consisting of tenant improvements and credit losses, totalled EUR 1.6 million (EUR 1.3 million). The increase was mainly attributable to higher credit losses and credit loss provision.

NET RENTAL INCOME AND TURNOVER BY SEGMENT AND PROPERTY PORTFOLIO

Net Rental Income						Turnover
EUR million	Finland	Sweden	Baltic Countries and New Business	Other	Total	Total
2012	98.2	39.2	24.6	-	162.0	239.2
Acquisitions	0.5	-	0.7	-	1.2	2.9
(Re)development projects	0.8	-0.3	0.2	-	0.6	1.8
Divestments	-0.1	-1.0	-	-	-1.1	-2.3
Like-for-like properties	4.1	1.2	0.2	-	5.5	6.6
Other (incl. exchange rate diff.)	-	0.6	0.0	0.0	0.6	0.4
2013	103.5	39.7	25.6	0.0	168.9	248.6
Acquisitions	-	-	-0.4	-	-0.4	-0.1
(Re)development projects	-1.0	0.8	2.1	-	1.9	1.8
Divestments	-2.1	-0.5	0.0	-	-2.6	-4.8
Like-for-like properties	2.5	1.2	0.1	-	3.8	3.1
Other (incl. exchange rate diff.)	-	-2.3	-	-	-2.3	-3.1
2014	103.0	38.9	27.5	0.0	169.4	245.3

Net rental income

Citycon's net rental income increased by EUR 0.5 million or 0.3% and was EUR 169.4 million (EUR 168.9 million). Like-for-like net rental income grew by EUR 3.8 million, or 2.9%. Like-for-like net rental income in shopping centres increased by 3.2% and in supermarkets and shops by 0.1%. Larger shopping centres, such as Iso Omena and Liljeholmstorget Galleria contributed to the positive development in like-for-like net rental income of shopping centres. (Re)development projects increased net

rental income by EUR 1.9 million while divestments reduced net rental income by EUR 2.6 million.

The above table shows like-for-like net rental income growth by segment. Like-for-like properties are properties held by Citycon throughout two full preceding periods, excluding properties under (re)development or extension and undeveloped plots. 74.3% of like-for-like properties are located in Finland, measured in net rental income.

REPORT BY THE BOARD OF DIRECTORS

Administrative expenses

Administrative expenses were relatively flat compared to previous year and totalled EUR 20.7 million (EUR 20.6 million).

At the end of December, Citycon Group employed a total of 151 (127) persons, of whom 92 worked in Finland, 47 in Sweden, 9 in Estonia and 3 in the Netherlands.

In all, Citycon Group paid EUR 12.2 million (EUR 11.5 million) in salaries and other remuneration, of which the Group's CEO's salaries and other remuneration consisted of EUR 0.8 million (EUR 0.9 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 6.9 million (EUR 5.8 million) in salaries and other remuneration, of which the CEO's salary and other compensation accounted for EUR 0.8 million (EUR 0.9 million) and those of the Board of Directors came to EUR 0.8 million (EUR 0.8 million).

Net gains/losses on fair value and sale of investment properties

Net fair value gains on investment properties totalled EUR 15.7 million (EUR 26.1 million). Net loss on the sale of investment properties totalled EUR 0.3 million (gain on sale of EUR 0.8 million).

Operating profit

Operating profit came to EUR 165.0 million (EUR 176.0 million), being lower than in the corresponding period previous year mainly due to decrease in net fair value gains on investment property.

Net financial expenses

Net financial expenses for January–December decreased by EUR 12.6 million compared to the corresponding period last year to EUR 77.5 million (EUR 90.1 million). Financial expenses decreased mainly as a result of a lower amount of debt, weaker Swedish krona and a lower average interest rate.

Share of profit of joint ventures

The share of profit of joint ventures totalled EUR 14.9 million (EUR 1.7 million). The growth came mainly from the positive fair value change of the Kista Galleria shopping centre out of which Citycon's share amounted to EUR 18.6 million.

Income taxes

Current tax expense for the period was EUR 0.3 million (EUR 0.7 million). Change in deferred taxes amounted to EUR -12.4 million (EUR 15.1 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.

Citycon amended its accounting policy regarding deferred taxes in the third quarter of 2014. The change has been applied also to comparison figures.

Profit for the period

Profit for the period came to EUR 89.7 million (EUR 102.0 million). Compared to previous year profit for the period was decreased by negative change in deferred taxes.

THREE-YEAR KEY FIGURES – PERSONNEL

	2014	2013	2012
Average number of personnel	145	123	132
Salaries and other remuneration, EUR million	12.2	11.5	11.6

Statement of Financial Position

Investment properties

The fair value of investment properties increased by EUR 35.6 million to EUR 2,769.1 million from the end of 2013 (31 December 2013: EUR 2,733.5 million) due to gross capital expenditure of EUR 95.9 million, offset by divestments totalling EUR 27.7 million and transfers of certain residential units in Sweden and Finland into the 'Investment Property Held for Sale' -category, amounting to EUR 7.2 million. In addition, net fair value gains on investment properties increased the value of investment properties by EUR 15.7 million. Exchange rate changes decreased the fair value of investments properties by EUR 40.9 million.

Shareholders' equity

At the period-end, the shareholders' equity attributable to Citycon Group's parent company's shareholders was EUR 1,650.7 million. This figure increased from the end of 2013 (31 December 2013: EUR 1,236.2 million) by EUR 414.5 million, mainly due to the directed share issue and rights issue, the combined net proceeds of which amounted to EUR 401.1 million in addition

to the profit of EUR 84.5 million for the reporting period attributable to parent company's shareholders. On the other hand, the shareholders' equity was decreased by the dividend payments and equity returns of EUR 66.2 million and the acquisition of non-controlling interest by EUR 11.3 million. Citycon applies hedge accounting, which means that fair value changes of applicable interest derivatives are recorded under Other Items of Comprehensive Income, which affects shareholders' equity. A gain on the fair value of interest derivatives of EUR 19.0 million was recorded for the period, taking into account their tax effect (a gain of EUR 36.7 million) (cf. Note 21: Derivative Contracts).

Due to the aforementioned items and the increased amount of shares resulting from the share issuances, equity per share decreased to EUR 2.78 (31 December 2013: EUR 2.80). The equity ratio increased to 54.6% (31 December 2013: 43.2%). The company's equity ratio, as defined in the loan agreement covenants, increased to 54.8% (31 December 2013: 45.2%).

Details of the company's share capital, the number of shares, and related matters can be found in the Financial Statements, in the section on Shareholders and shares.

Liabilities

Liabilities totalled EUR 1,384.8 million (EUR 1,694.2 million), with short-term liabilities accounting for EUR 154.1 million (EUR 231.6 million).

Interest-bearing debt showed a year-on-year decrease of EUR 284.7 million to EUR 1,177.7 million. The fair value of interest-bearing debt decreased year-on-year by EUR 282.9 million to EUR 1,188.4 million.

Cash Flow Statement

Net cash from operating activities totalled EUR 66.0 million (EUR 58.1 million) in the reporting period. Net cash used in investing activities totalled EUR 101.5 million (EUR 168.4 million). Capital expenditure related to investment properties, shares in joint ventures and tangible and intangible assets totalled EUR 131.0 million (EUR 226.6 million). Negative cash flow from investing activities was partly offset by sales of investment properties totalling EUR 29.5 million (EUR 60.2 million). Net cash from financing activities was EUR 33.0 million (EUR 97.9 million).

Citycon changed the reporting of cash flow statement in the period by transferring the realised exchange rate gains and losses from net cash flow from operating activities to net cash flow from financing activities. The change has been applied also to the comparison period.

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.

Financial Performance of Business Units

Citycon's business operations are divided into three business units: Finland, Sweden and Baltic Countries and New Business. The business units are further subdivided into clusters. The Finnish unit is composed of 4 clusters, the Swedish unit of 3 and Baltic Countries and New Business unit of 1 cluster.

Finland

Citycon's net rental income from Finnish operations during the period totalled EUR 103.0 million (EUR 103.5 million). Like-for-like properties increased net rental income in Finland by EUR 2.5 million, or 2.5% which was mainly attributable to good performance of the shopping centres. Divestments and (re)development projects reduced net rental income by EUR 3.1 million. The business unit accounted for 60.8% (61.3%) of Citycon's total net rental income. Net rental yield was 6.2% (6.4%).

At period-end, the Finnish property portfolio accounted for a total gross leasable area of 546,140 square metres (571,890 sq.m.). The gross leasable area decreased due to property divestments. The annualised potential rental value decreased to EUR 148.7 million, due to divestment of one non-core shopping centre and 10 supermarket and shop properties.

Lease agreements started during the period applied to a GLA of 87,433 square metres (110,292 sq.m.) and the ended lease

KEY FIGURES, FINLAND

	Q4/2014	Q4/2013	Q3/2014	2014	2013	Change-%
Number of properties at the end of the period	44	55	50	44	55	-20.0
Gross leasable area, sq.m.	546,140	571,890	558,830	546,140	571,890	-4.5
Annualised potential rental value, EUR million ¹⁾	148.7	150.5	150.3	148.7	150.5	-1.2
Average rent (EUR/sq.m.)	22.6	22.4	22.5	22.6	22.4	0.9
Number of leases started during the period	126	109	95	408	390	4.6
Total area of leases started, sq.m. ²⁾	22,453	40,954	20,366	87,433	110,292	-20.7
Average rent of leases started (EUR/sq.m.) ²⁾	21.7	17.5	16.6	19.0	18.8	1.1
Number of leases ended during the period	103	163	124	472	498	-5.2
Total area of leases ended, sq.m. ²⁾	31,623	53,036	22,956	109,133	133,770	-18.4
Average rent of leases ended (EUR/sq.m.) ²⁾	20.2	18.6	20.5	20.9	19.0	10.0
Occupancy rate at end of the period (economic), %	95.6	95.1	94.7	95.6	95.1	-
Average remaining length of lease portfolio at the end of the period, years	3.4	3.9	3.5	3.4	3.9	-12.8
Gross rental income, EUR million ³⁾	34.7	35.7	35.4	141.3	144.4	-2.2
Turnover, EUR million	36.3	37.4	37.0	147.7	150.4	-1.8
Net rental income, EUR million	25.8	26.3	26.7	103.0	103.5	-0.5
Net rental yield, % ⁴⁾	6.2	6.4	6.3	6.2	6.4	-
Net rental yield, like-for-like properties, %	6.4	6.3	6.4	6.4	6.3	-
Fair value of investment properties, EUR million	1,710.0	1,671.2	1,690.3	1,710.0	1,671.2	2.3

1) Annualised potential rental value for the portfolio includes annualised gross rent 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) Citycon made an adjustment to its accounting policy related to parking income during the year 2014. Previously Citycon reported parking income within service charge income, but starting from current year part of gross rental income. The change has been applied also to the 2013 comparison figures.

4) Includes the value of unused building rights.

KEY FIGURES, SWEDEN

	Q4/2014	Q4/2013	Q3/2014	2014	2013	Change-%
Number of properties at the end of the period	11	11	11	11	11	0.0
Gross leasable area, sq.m.	259,300	254,500	254,900	259,300	254,500	1.9
Annualised potential rental value, EUR million ¹⁾	62.4	63.5	61.6	62.4	63.5	-1.7
Average rent (EUR/sq.m.)	20.0	20.8	20.1	20.0	20.8	-3.8
Number of leases started during the period	46	39	35	142	133	6.8
Total area of leases started, sq.m. ²⁾	9,362	5,416	6,569	28,809	16,780	71.7
Average rent of leases started (EUR/sq.m.) ²⁾	23.1	19.8	17.7	20.5	21.3	-3.8
Number of leases ended during the period	43	285	33	138	529	-73.9
Total area of leases ended, sq.m. ²⁾	4,730	9,809	4,814	19,997	34,597	-42.2
Average rent of leases ended (EUR/sq.m.) ²⁾	30.3	16.4	23.0	22.4	16.6	34.9
Occupancy rate at end of the period (economic), %	96.1	95.1	95.9	96.1	95.1	-
Average remaining length of lease portfolio at the end of the period, years	3.0	2.8	2.9	3.0	2.8	7.1
Gross rental income, EUR million ³⁾	14.7	14.7	14.3	57.9	60.5	-4.3
Turnover, EUR million	15.3	15.4	15.0	60.5	63.3	-4.4
Net rental income, EUR million	9.1	9.0	10.2	38.9	39.7	-2.1
Net rental yield, % ⁴⁾	5.6	5.6	5.5	5.6	5.6	-
Net rental yield, like-for-like properties, %	5.4	5.5	5.4	5.4	5.5	-
Fair value of investment properties, EUR million	709.7	720.1	713.6	709.7	720.1	-1.4

1) Annualised potential rental value for the portfolio includes annualised gross rent 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) Citycon made an adjustment to its accounting policy related to parking income during the year 2014. Previously Citycon reported parking income within service charge income, but starting from current year part of gross rental income. The change has been applied also to the 2013 comparison figures.

4) Includes the value of unused building rights.

agreements applied to 109,133 square metres (133,770 sq.m.). The average rent for new lease agreements was lower than the average rent for the ended leases, mainly due to new storage leases and new leases concerning large retail units while the ended leases consisted of smaller retail units. Also leases were renewed at lower levels. The average rent rose from EUR 22.4/sq.m. to EUR 22.6/sq.m., mainly thanks to index increments and divestments. The economic occupancy rate increased to 95.6% (95.1%) due to decreased vacancy in supermarkets and shops.

Sweden

The company's net rental income from Swedish operations decreased by EUR 0.8 million or 2.1% to EUR 38.9 million (EUR 39.7 million). Excluding the impact of the weakened Swedish krona, net rental income from the Swedish operations increased by EUR 1.1 million compared to corresponding period in 2013. Net rental income from like-for-like properties grew by EUR 1.2 million, or 3.8%. On the other hand, divestments reduced net rental income by EUR 0.5 million. The business unit accounted for 23.0% (23.5%) of Citycon's total net rental income. Net rental yield was 5.6% (5.6%).

At period-end, the Swedish property portfolio accounted for a total gross leasable area of 259,300 square metres (254,500 sq.m.). The gross leasable area increased due to the extension of shopping centre Stenungs Torg. The annualised potential rental value decreased to EUR 62.4 million due to the weakened Swedish krona.

Lease agreements started during the period applied to a GLA of 28,809 square metres (16,780 sq.m.) and ended lease agreements applied to 19,997 square metres (34,597 sq.m.). The average rent level for new lease agreements was lower than the average rent level for ended lease agreements due to new short term retail leases started during the third quarter of the year and one new retail lease concerning a large unit in the fourth quarter.

The average rent decreased to EUR 20.0/sq.m. due to the weakened Swedish krona. The economic occupancy rate increased to 96.1% (95.1%) due to improved occupancy rate e.g. in Liljeholmstorget Galleria and Högdalen Centrum.

Baltic Countries and New Business

Net rental income from the Baltic Countries and New Business operations increased by EUR 1.9 million, or 7.3%, to EUR 27.5 million (EUR 25.6 million), mainly due to completions of the (re)development projects in shopping centres Rocca al Mare and Kristiine. The business unit accounted for 16.2% (15.2%) of Citycon's total net rental income. Net rental yield was 8.2% (8.2%).

At the period-end, the property portfolio in Baltic Countries and New Business accounted for a total gross leasable area of 127,600 square metres (135,400 sq.m.). The gross leasable area decreased due to the divestment of one non-core shopping centre. The annualised potential rental value decreased slightly to EUR 32.0 million due the divestment of shopping centre Mandarinas in Lithuania offset by index

KEY FIGURES, BALTIC COUNTRIES AND NEW BUSINESS

	Q4/2014	Q4/2013	Q3/2014	2014	2013	Change-%
Number of properties at the end of the period	4	5	5	4	5	-
Gross leasable area, sq.m.	127,600	135,400	135,500	127,600	135,400	-5.8
Annualised potential rental value, EUR million ¹⁾	32.0	32.1	34.3	32.0	32.1	-0.3
Average rent (EUR/sq.m.)	21.0	19.8	21.3	21.0	19.8	6.1
Number of leases started during the period	12	15	9	45	88	-48.9
Total area of leases started, sq.m. ²⁾	2,354	6,327	1,064	6,326	22,941	-72.4
Average rent of leases started (EUR/sq.m.) ²⁾	22.1	15.6	49.6	29.3	16.7	75.4
Number of leases ended during the period	76	10	9	114	90	26.7
Total area of leases ended, sq.m. ²⁾	11,473	3,415	942	15,750	18,200	-13.5
Average rent of leases ended (EUR/sq.m.) ²⁾	15.7	19.2	39.4	19.9	19.0	4.7
Occupancy rate at end of the period (economic), %	99.3	99.7	99.1	99.3	99.7	-
Average remaining length of lease portfolio at the end of the period, years	3.0	3.3	3.4	3.0	3.3	-9.1
Gross rental income, EUR million	8.0	7.9	8.4	32.8	30.4	7.9
Turnover, EUR million	9.3	9.2	9.4	37.2	34.9	6.5
Net rental income, EUR million	6.4	6.6	7.1	27.5	25.6	7.3
Net rental yield, %	8.2	8.2	8.3	8.2	8.2	-
Net rental yield, like-for-like properties, %	8.7	8.7	9.0	8.7	8.7	-
Fair value of investment properties, EUR million	349.4	342.2	355.0	349.4	342.2	2.1

1) Annualised potential rental value for the portfolio includes annualised gross rent 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.

increments in other shopping centre properties. The average rent increased to EUR 21.0/sq.m., mostly due to indexation, new lease agreements and divestments.

Lease agreements started during the period applied to a GLA of 6,326 square metres (22,941 sq.m.) and ended lease agreements applied to 15,750 square metres (18,200 sq.m.). The average rent level for new lease agreements was higher than average rent for the ended lease agreements mostly due to the divestment of Mandarinas and new retail leases started in the third quarter of 2014. The economic occupancy rate decreased to 99.3% (99.7%).

Environmental Responsibility

Citycon's strategy is to be among the forerunners in sustainable shopping centre management. The location of Citycon's shopping centres in urban environments in growing cities and directly connected to public transportation, means that they are well positioned to face the demands of sustainable development.

Citycon's sustainability strategy was updated in 2014 to better reflect company's priorities and effects on the surrounding community. The renewed strategy and targets are presented in the upcoming Annual and Sustainability Report 2014.

At its annual conference in September 2014, the European Public Real Estate Association (EPRA) acclaimed Citycon's Annual and Sustainability Report 2013 as one of the best in the industry. Citycon won the gold-level award in the sustainability Best Practices series for the third time now. Citycon was honored also with Green Star status in the Global Real Estate Sustainability Benchmark (GRESB) assessment. Citycon received this recognition for the third year in a row for its outstanding management and implementation of key sustainability issues.

Environmental indicators

- Citycon's total energy consumption (incl. electricity consumption in common areas, heating and cooling) amounted to 247 gigawatt hours (251 GWh). Total energy consumption in like-for-like shopping centres decreased by 6% (target 2–3%).
- In 2014, the carbon footprint totalled 80 thousand tonnes of carbon dioxide equivalent (73 1000tCO_{2e}). The carbon

footprint of like-for-like shopping centres decreased by 2% compared to previous year (target 2–3%).

- The total water consumption in all shopping centres and retail properties owned by Citycon was 723,423 cubic metres (603,014 m³) in 2014. In 2014, water consumption per visitor in shopping centres was 4.3 litres and 3.3 litres in like-for-like shopping centres (target 3,7 litres per visitor).
- The recycling rate in shopping centres improved over 3 percentage points compared to the previous year and was 89% (target 80%).

Citycon's reported environmental data 2014 covers shopping centres owned by Citycon and other properties where Citycon's share of ownership is at least 50%. Kista Galleria's environmental data is reported in its entirety. Kista Galleria is not included in the reported environmental data of 2013.

Citycon continuously improves the energy efficiency of its shopping centres. The objective is to continue to invest in measures that generate savings in consumption and costs, such as renewing lighting and lighting control solutions, or the greater use of frequency transformers and control in ventilation systems. Furthermore, Citycon ensures the continuous optimisation of adjustments and temperature settings for technical systems, in order to meet consumption and cost saving targets. Energy costs related to electricity and heating, 23.2 EUR million (25.1 EUR million), decreased compared to 2013.

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. Extensive results and indicators for environmental responsibility are presented in the upcoming Annual and Sustainability Report 2014.

Risks and Uncertainties

The company's core risks and uncertainties, along with its main risk management actions and principles, have been described in detail on pages 49–51 of the Financial Statements 2014 and in the upcoming Annual and Sustainability Report 2014.

Citycon's Board of Directors believes there have been no material changes to the risks during 2014. The main risks are associated with property development projects, weaker demand for retail premises, rising operating expenses, environment and human related risks, decreasing fair values of investment properties and availability and cost of funding.

Governance

Annual General Meeting 2014

Citycon's Annual General Meeting (AGM) was held in Helsinki on 19 March 2014. The meeting was opened by Bernd Knobloch, the Deputy Chairman of the Board, and chaired by Manne Airaksinen, Attorney-at-Law. A total of 325 shareholders attended the AGM either personally or through a proxy representative, representing 76.1% of shares and votes in the company.

The AGM adopted the company's Financial Statements for the financial year 2013 and discharged the members of the Board of Directors and the Chief Executive Officer from liability. The AGM decided on a dividend of

EUR 0.03 per share for the financial year 2013 and an equity return of EUR 0.12 per share from the invested unrestricted equity reserve. The record date for the dividend pay-out and equity return was 24 March 2014, and the dividend and equity returns totalling EUR 66.2 million were paid on 31 March 2014.

The other decisions made by the AGM are reported on the company's website at www.citycon.com/agm2014. The AGM minutes are also available on this website.

Extraordinary General Meeting 2014

The Extraordinary General Meeting (EGM) of Citycon took place in Helsinki on 6 June 2014. The EGM decided to authorize the Board of Directors to decide on the issuance of shares for the purposes of the directed share issue and the rights issue and to elect Andrea Orlandi and Arnold de Haan as new Board members of the company conditional upon the completion of the directed share issue. 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.

The EGM decisions are further reported on the company's website at www.citycon.com/egm2014. Also the EGM minutes are available on this website.

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 at a time. Amendments to the Articles of Association may be made only by the General Meeting and require a 2/3 majority vote.

In 2014, the Board of Directors had ten members: Ronen Ashkenazi, Chaim Katzman, Bernd Knobloch, Arnold de Haan (since 10 June 2014), Kirsi Komi, Karine Ohana, Andrea Orlandi (since 10 June 2014), Claes Ottosson, Per-Anders Ovin and Ariella Zochovitzky. Jorma Sonninen and Yuval Yanai resigned from the Board of Directors as of 10 June 2014.

Chaim Katzman was the Chairman of the Board of Directors in 2014, 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 has designated Authorised Public Accountant Eija Niemi-Nikkola (until 19 March 2014) and Authorised Public Accountant Mikko Ryttilähti (since 19 March 2014) to act as the responsible auditor of Citycon.

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 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 on page 56–57 of the Financial Statements.

Shares, Share Capital and Shareholders

Citycon Oyj has been listed on the NASDAQ OMX Helsinki Ltd (Helsinki Stock Exchange)

since November 1988. In 2014 Citycon was a Mid Cap company in the Financials sector, sub-industry Real Estate Operating Companies (since 2 January 2015, the company is a Large Cap company). Its trading code is CTY1S and its shares are traded in euros. The ISIN code used in international securities clearing is F10009002471.

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.

During the year 2014, there were no changes in the company's share capital. Following the directed share issue, the number of the company's share increased by 77,874,355 shares on 10 June 2014, and following the rights issue, the number of the company's shares increased by 74,166,052 shares on 9 July 2014. At the end of December 2014, the total number of shares outstanding in the company was 593,328,419.

At the end of December 2014, Citycon had a total of 7,657 (8,820) registered shareholders, of which nine were account managers of nominee-registered shares. Holders of the nominee-registered shares held 408.5 million (343.4 million) shares, or 68.9% (77.8%) of shares and voting rights in the company. Details of the most significant shareholders of the company and of the distribution of ownership can be found on page 69 of the Financial Statements.

Board authorisations

At the year-end 2014, the Board of Directors of the company had two authorisations granted by the General Meeting:

SHARES AND SHARE CAPITAL

	2014	2013
Share price, transactions, EUR		
Low	2.29	2.12
High	2.92	2.67
Average	2.65	2.44
Latest	2.58	2.56
Market value of shares at year-end (EUR million)	1,530.8	1,129.7
Share trading development		
Number of traded shares (million)	88.8	104.5
Value of traded shares (EUR million)	234.9	255.0
Share capital and shares		
Share capital at year-start (EUR million)	259.6	259.6
Share capital at year-end (EUR million)	259.6	259.6
Number of shares at year-start (million)	441.3	326.9
Number of shares at year-end (million)	593.3	441.3

- Board of Directors may decide on an issuance of a maximum of 10 million shares or special rights entitling to shares referred to in Chapter 10 Section 1 of the FCLA, which corresponded to approximately 1.69% of all the shares in the company at the year-end. The authorisation will be valid until the close of the next Annual General Meeting, however, no longer than until 30 June 2015.
- 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 20 million shares,

which corresponded to approximately 3.37% of all the shares in the company at the year-end. The authorisation will be valid until the close of the next Annual General Meeting, however, no longer than until 30 June 2015.

During the year 2014, the Board of Directors had also two authorisations granted by the EGM held on 6 June 2014 to decide on the directed share issue of a maximum of 77,874,355 new shares to CPPIBEH and the rights issue of a maximum of 74,166,052 new shares. The Board of Directors exercised these authorisations when it decided on the directed share issue and rights issue in June 2014.

REPORT BY THE BOARD OF DIRECTORS

Own shares

During the year 2014, the company or its subsidiaries held no shares in the company.

Share-Related Events

Directed share issue

On 8 June 2014, Citycon's Board of Directors decided on a directed share issue and offered 77,874,355 new shares to CPPIBEH at a subscription price of EUR 2.65, pursuant to an authorisation granted by the EGM on 6 June 2014. The subscribed 77,874,355 shares were entered in the Finnish Trade Register on 10 June 2014 and trading in the new shares commenced on 11 June 2014. The directed issue shares represented approximately 17.6% of the total number of shares and voting rights in the company prior to the directed share issue, and approximately 15.0% of the total number of shares and voting rights in the company after the directed share issue. More information on the directed share issue is available in the stock exchange releases issued by the company in May and June 2014.

Rights issue

On 8 June 2014, Citycon's Board of Directors decided on a share issue and offered a maximum of 74,166,052 new shares based on shareholders' pre-emptive subscription right at a price of EUR 2.65 per share, pursuant to an authorisation granted by the EGM on 6 June 2014. The offered shares represented approximately 14.3% of the total shares and voting rights in the company prior to the rights issue and approximately 12.5% of the total shares and voting rights in the company after the rights issue. The subscription period

began on 17 June and ended on 2 July 2014. All the offered 74,166,052 shares were subscribed for in the rights issue. The new shares were entered in the Finnish Trade Register on 9 July 2014 and public trading in the new shares commenced on 10 July 2014. More information on the rights issue is available in the stock exchange releases issued by the company in May, June and July 2014.

Flagging notices

During the year 2014, the company received two flagging notices from CPPIBEH and Canada Pension Plan Investment Board. More information on the flagging notices can be found on page 69 of the Financial Statements.

Shareholder agreements

Gazit-Globe Ltd. and 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

OPTION RIGHTS OF THE CORPORATE MANAGEMENT COMMITTEE (CMC) ON 31 DECEMBER 2014

	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)	Total
Other CMC members	412,500	452,500	452,500	452,500	1,770,000

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 five 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 twenty 20% of Citycon shares, directly or indirectly, for more than 30 consecutive days.

More information on the agreement between Gazit-Globe Ltd. and CPPIBEH is available in the stock exchange release published by the company on 13 May 2014 and on the company's website at www.citycon.fi/for_investors/shares/shareholder_agreements.

The company has no knowledge of any other shareholder agreements.

Stock Option Plan 2011

Citycon's Board of Directors decided on 3 May 2011, by virtue of an authorisation granted by the AGM held on 13 March 2007, to issue stock options to the key personnel of the company and its subsidiaries.

The maximum total number of stock options which can be issued is 7,250,000. As a consequence of the rights issue carried out in June–July 2014, 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 are effective as of 9 July 2014. At the year-end 2014, the subscription ratio of the stock options was 1.3446 (1.1765), thus, the stock options entitled their owners to subscribe for a maximum total of 9,748,350 (8,529,625) new shares in the company or existing shares held by the company. The stock options are marked with the symbols 2011A(I), 2011A(II) and 2011A(III); 2011B(I), 2011B(II) and 2011B(III); 2011C(I), 2011C(II) and 2011C(III); and 2011D(I), 2011D(II) and 2011D(III). Upon the distribution of stock options the Board of Directors decides on how the stock options are divided into sub-categories. Shares subscribed based on the Stock Option Plan 2011 may correspond to a maximum of 1.6% of all shares and votes in the company after the potential share subscription, if new shares are issued in the share subscription.

The subscription ratios and subscription prices of Stock Option Plan 2011 as well as the subscription periods of the Stock Options 2011 are available on pages 52–54 of the Financial Statements.

Granted stock options

At the year-end 2014, 2011A–D(I), 2011A–D(II) and 2011A–D(III) stock options were held by 15 key personnel of the group. On 31 December 2014 there were 6,185,000 outstanding options, entitling holders to subscribe 8,316,351 shares in 2012–2018.

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

A share ownership obligation, under which the 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 Stock Options 2011. The acquisition obligation will remain in force until a 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 on pages 52–54 of the Financial Statements. The terms and conditions of Stock Options 2011 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 (CMC)

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 1,023,580 company shares on 31 December 2014.

These shareholdings represent 0.17% of the company's total shares and total voting rights.

The number of Stock Options 2011 held by the CEO and other Corporate Management Committee members at the year-end 2014 are presented in the table above. The maximum number of shares that they can subscribe for by exercising these outstanding Stock Options 2011 amounts to 3,724,542 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 2015
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.

Since 2006, Citycon has been applying the best practices policy recommendations of EPRA for financial reporting. In 2011, Citycon started to follow EPRA best practice policy recommendations 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

	2014	2013
EPRA Earnings, EUR million	99.7	86.7
EPRA Earnings per share (basic), EUR ¹⁾	0.191	0.203
EPRA Cost Ratio (including direct vacancy costs) (%) ²⁾	19.4	22.4
EPRA Cost Ratio (excluding direct vacancy costs) (%) ²⁾	17.7	20.0
EPRA NAV per share, EUR	3.01	3.13
EPRA NNNAV per share, EUR	2.63	2.78
EPRA Net Initial Yield (NIY) (%)	6.1	6.2
EPRA 'topped-up' NIY (%)	6.1	6.3
EPRA vacancy rate (%)	3.7	4.3

1) Result per share key figures have been calculated with the issue-adjusted number of shares resulting from the directed share issue executed in June 2014 and rights issue executed in July 2014.

2) Citycon made an adjustment to its reporting of parking income during the year 2014. Previously Citycon reported parking income within service charge income, but starting from current year part of gross rental income. The change affects the calculation of EPRA Cost Ratios. The change has been applied also to the comparison periods.

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 dividends and equity return for the financial year 2013. For the financial statements 2014, the Board of Directors

proposes that no dividend be paid for financial year 2014, and that the shareholders are paid an equity repayment of EUR 0.15 per share from the invested unrestricted equity fund, totalling approximately EUR 89.0 million.

EPRA Earnings can also be calculated from the statement of comprehensive income from top to bottom. Below please find the EPRA Earnings calculation with this different method, which also presents the EPRA Operating profit.

	2014			2013		
	EUR million	Average number of shares (1,000) ¹⁾	per share, EUR	EUR million	Average number of shares (1,000) ¹⁾	per share, EUR
Earnings in IFRS Consolidated Statement of Comprehensive Income	84.5	521,526.0	0.163	94.9	426,788.4	0.222
-/+ Net fair value gains/losses on investment property	-15.7	521,526.0	-0.030	-26.1	426,788.4	-0.061
-/+ Net losses/gains on disposal of investment property	0.3	521,526.0	0.001	-0.8	426,788.4	-0.002
+ Transaction costs related to investment property disposals	0.1	521,526.0	-	-	426,788.4	-
Indirect other operating income and expenses						
-/+ Fair value gains/losses of financial instruments	26.5	521,526.0	0.051	27.0	426,788.4	0.063
-/+ Fair value gains/losses of joint ventures	-12.8	521,526.0	-0.025	1.4	426,788.4	0.003
+/- Change in deferred taxes arising from the items above	13.2	521,526.0	0.025	-15.0	426,788.4	-0.035
+/- Non-controlling interest arising from the items above	3.5	521,526.0	0.007	5.3	426,788.4	0.012
EPRA Earnings (basic)	99.7	521,526.0	0.191	86.7	426,788.4	0.203

1) Calculation of the number of shares is presented in Note 13. Earnings per share. Result per share key figures have been calculated with the issue-adjusted number of shares resulting from the directed share issue executed in June 2014 and rights issue executed in July 2014.

	2014			2013		
	EUR million	Average number of shares (1,000) ¹⁾	per share, EUR	EUR million	Average number of shares (1,000) ¹⁾	per share, EUR
Net rental income	169.4	521,526.0	0.325	168.9	426,788.4	0.396
Direct administrative expenses	-20.6	521,526.0	-0.040	-20.6	426,788.4	-0.048
Direct other operating income and expenses	1.0	521,526.0	0.002	0.9	426,788.4	0.002
EPRA Operating profit	149.8	521,526.0	0.287	149.1	426,788.4	0.349
Direct net financial income and expenses	-51.0	521,526.0	-0.098	-63.0	426,788.4	-0.148
Direct share of profit/loss of joint ventures	2.1	521,526.0	0.004	3.1	426,788.4	0.007
Direct current taxes	-0.3	521,526.0	-0.001	-0.7	426,788.4	-0.002
Change in direct deferred taxes	0.9	521,526.0	0.002	0.1	426,788.4	0.000
Direct non-controlling interest	-1.6	521,526.0	-0.003	-1.9	426,788.4	-0.004
EPRA Earnings (basic)	99.7	521,526.0	0.191	86.7	426,788.4	0.203

1) Calculation of the number of shares is presented in Note 13. Earnings per share. Result per share key figures have been calculated with the issue-adjusted number of shares resulting from the directed share issue executed in June 2014 and rights issue executed in July 2014.

CFO's comment on the development of EPRA Earnings:

EPRA earnings increased by EUR 13.0 million to EUR 99.7 million in 2014 from EUR 86.7 million in 2013. The increase was a result of NRI growth through (re)development projects and positive like-for-like growth, higher other operating income and especially lower direct financial expenses following the equity raises and refinancing. EPRA Earnings per share (basic) decreased to EUR 0.191 compared to EUR 0.203 in 2013 due to substantially higher number of shares and stronger balance sheet resulting from the share issuances in June–July 2014.

EPRA PERFORMANCE MEASURES

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:

Citycon started to report EPRA Cost Ratios at year-end 2013. These cost ratios, as defined by EPRA, facilitate the comparison of cost levels of real estate companies. Citycon's EPRA Costs Ratios improved compared to previous year. Citycon's EPRA Cost Ratio including direct vacancy costs was 19.4% in 2014, compared with 22.4% in 2013. The improvement in the cost ratio resulted mainly from lower property operating expenses and net service charge costs. EPRA Cost Ratio excluding direct vacancy costs was 17.7% compared with 20.0% a year earlier. The improvement was mainly due to above mentioned reasons and higher occupancy rate.

EUR million	2014	2013
Include:		
Administrative expenses ¹⁾	20.7	20.6
Property operating expenses and other expenses from leasing operations less service charge costs	51.2	53.0
Net service charge costs/fees ²⁾	16.3	18.2
Management fees less actual/estimated profit element	-2.0	-0.9
Other operating income/recharges intended to cover costs less any related profit	-4.9	-4.7
Share of joint venture expenses	6.4	10.2
Exclude:		
Ground rent costs	-1.8	-1.8
Service charge costs recovered through rents but not separately invoiced	-42.6	-42.8
Share of joint venture investment property depreciation, ground rent costs and service charge costs recovered through rents but not separately invoiced	-3.5	-4.6
EPRA Costs (including direct vacancy costs) (A)	39.9	47.3
Direct vacancy costs	-3.6	-5.0
EPRA Costs (excluding direct vacancy costs) (B)	36.3	42.3
Gross rental income less ground rent costs	230.2	233.6
Less: service fee and service charge cost components of Gross Rental Income	-42.6	-42.8
Add: share of joint ventures (Gross rental income less ground rent costs less service fees in GRI)	17.5	20.3
Gross Rental Income (C) ²⁾	205.1	211.1
EPRA Cost Ratio (including direct vacancy costs) (A/C, %)	19.4	22.4
EPRA Cost Ratio (excluding direct vacancy costs) (B/C, %)	17.7	20.0

1) Administrative expenses are net of costs capitalised of EUR 1.5 million in 2014 and EUR 1.0 million in 2013. Citycon's policy is to capitalise, for example, expenses related to property development projects and major software development projects.

2) Citycon changed the reporting of certain parking income in the first quarter of 2014. Parking income has been previously partly reported in service income but now all parking income has been classified as gross rental income. The change has been applied also to the 2013 comparison figures.

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 share price of Citycon was 2.58 EUR/share on 31 December, 2014.

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 either 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 0.11 to EUR 3.01 (31 December 2013: EUR 3.13) mainly due to a higher number of shares as a result of two share issues. EPRA NNNAV per share decreased by EUR 0.15 to EUR 2.63 (31 December 2013: EUR 2.78), due mainly to the reason mentioned above and the increased difference between the secondary market price and fair value of bonds following lower interest rates.

	2014			2013		
	EUR million	Number of shares on the balance sheet date (1,000)	per share, EUR	EUR million	Number of shares on the balance sheet date (1,000)	per share, EUR
Equity attributable to parent company shareholders	1,650.7	593,328.4	2.78	1,236.2	441,288.0	2.80
Deferred taxes from the difference between the fair value and fiscal value of investment properties ¹⁾	128.7	593,328.4	0.22	120.1	441,288.0	0.27
Fair value of financial instruments	7.1	593,328.4	0.01	22.8	441,288.0	0.05
Net asset value (EPRA NAV)	1,786.5	593,328.4	3.01	1,379.1	441,288.0	3.13
Deferred taxes from the difference between the fair value and fiscal value of investment properties ¹⁾	-128.7	593,328.4	-0.22	-120.1	441,288.0	-0.27
Difference between the secondary market price and fair value of bonds and capital loans ²⁾	-91.2	593,328.4	-0.15	-9.6	441,288.0	-0.02
Fair value of financial instruments	-7.1	593,328.4	-0.01	-22.8	441,288.0	-0.05
EPRA NNNAV	1,559.5	593,328.4	2.63	1,226.6	441,288.0	2.78

1) Citycon amended its accounting policy regarding deferred taxes in the third quarter of 2014. The change has been applied also to comparison figures.

2) 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 bond 1/2012, bond 1/2013 and bond 1/2014 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 107.38% (104.68%) and for bond 1/2013 111.66% (100.33%) and for bond 1/2014 102.75% as of 31 December 2014. The difference between the secondary market price and the fair value of the bonds was EUR 91.2 million (EUR 9.6 million) as of 31 December 2014.

EPRA PERFORMANCE MEASURES

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, lots, 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.

EUR million	31 Dec. 2014	31 Dec. 2013
Fair value of investment properties determined by the external appraiser	2,763.0	2,729.6
Less (re)development properties, unused building rights and properties which valuation is based on the value of the building right	-160.7	-136.4
Completed property portfolio	2,602.3	2,593.2
Plus the estimated purchasers' transaction costs	59.0	58.6
Gross value of completed property portfolio (A)	2,661.3	2,651.8
Annualised gross rents for completed property portfolio	221.9	226.3
Property portfolio's operating expenses	-60.0	-60.9
Annualised net rents (B)	161.9	165.4
Plus the notional rent expiration of rent free periods or other lease incentives	1.6	2.4
Topped-up annualised net rents (C)	163.5	167.8
EPRA Net Initial Yield (NIY) (%) (B/A)	6.1	6.2
EPRA 'topped-up' NIY (%) (C/A)	6.1	6.3

CFO's comment on the development of EPRA NIY and EPRA 'TOPPED-UP' NIY:

EPRA initial yields decreased due to non-core property disposals resulting in lower net rental income, while the fair value of the completed property portfolio increased due to lower yield requirements. It is worth to note that EPRA NIY and EPRA 'topped-up' NIY at the end of the year 2014 and 2013 are not fully comparable due to changes in the completed property portfolio (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 technical occupancy rate, which Citycon also discloses, presents the proportion of square meters leased out of total GLA.

The EPRA vacancy rate is calculated by dividing the estimated rental value of vacant premises by the estimated rental value of the whole 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.

EUR million	31 Dec. 2014	31 Dec. 2013
Annualised potential rental value of vacant premises	8.6	10.2
./ Annualised potential rental value for the whole portfolio	230.1	237.6
EPRA vacancy rate (%)	3.7	4.3

CFO's comment on the development of the EPRA vacancy rate:

The EPRA vacancy rate at the end of 2014 for the entire property portfolio decreased mainly due to decreased vacancy in the Finnish supermarkets and shops portfolio and in the Swedish shopping centre portfolio.

PROPERTY RELATED CAPEX

	31 Dec. 2014	31 Dec. 2013
Acquisitions	0.3	3.1
(Re)development	33.6	28.6
Like-for-like portfolio	58.5	43.1
Capex on disposed assets	0.2	0.1
Other incl. capitalised interest	3.2	2.6
Capital expenditure	95.9	77.6

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 14. 'Investment Properties'. Investments include both income producing and maintenance capex.

EPRA PERFORMANCE MEASURES FOR FIVE YEARS

	2014	2013	2012	2011	2010
EPRA Earnings, EUR million	99.7	86.7	63.9	53.3	47.3
EPRA Earnings per share (basic), EUR ¹⁾	0.191	0.203	0.199	0.183	0.185
EPRA Cost Ratio (including direct vacancy costs) (%)	19.4	22.4	26.2	30.3	30.9
EPRA Cost Ratio (excluding direct vacancy costs) (%)	17.7	20.0	23.3	26.9	27.4
EPRA NAV per share, EUR	3.01	3.13	3.31	3.47	3.63
EPRA NNAV per share, EUR	2.63	2.78	2.91	3.14	3.33
EPRA Net Initial Yield (NIY) (%)	6.1	6.2	6.0	6.2	6.3
EPRA 'topped-up' NIY (%)	6.1	6.3	6.1	6.3	6.4
EPRA vacancy rate (%)	3.7	4.3	4.3	4.5	4.9

1) Result per share key figures have been calculated with the issue-adjusted number of shares resulting from the directed share issue executed in June 2014 and rights issue executed in July 2014.

EPRA EARNINGS FOR FIVE YEARS

EUR million	2014	2013	2012	2011	2010
Earnings in IFRS Consolidated Statement of Comprehensive Income	84.5	94.9	63.4	11.5	79.9
-/+ Net fair value gains/losses on investment property	-15.7	-26.1	-23.6	35.3	-50.8
-/+ Net losses/gains on disposal of investment property ¹⁾	0.3	-0.8	-4.2	-0.3	-1.9
+ Transaction costs related to investment property disposals ¹⁾	0.1	-	-	0.7	-
-/+ Fair value gains/losses of financial instruments	26.5	27.0	-	-	-0.2
-/+ Fair value gains/losses of joint ventures	-12.8	1.4	-0.3	-0.3	-
+/- Current taxes arising from the items above	0.0	-	-	0.5	-
+/- Change in deferred taxes arising from the items above	13.2	-15.0	23.0	1.6	12.1
+/- Non-controlling interest arising from the items above	3.5	5.3	5.6	4.4	8.2
EPRA Earnings (basic)	99.7	86.7	63.9	53.2	47.3
Issue-adjusted average number of shares, million ²⁾	521.5	426.8	322.2	291.5	256.0
EPRA Earnings per share (basic), EUR ²⁾	0.191	0.203	0.198	0.183	0.185

1) Citycon has made an adjustment to its accounting policies related to the treatment of transaction costs arising from the investment property disposals in 2012. Previously Citycon reported transaction costs from the property disposals within the administrative expenses, but in the financial statements 2012, Citycon has netted the transaction costs from the successful property disposals against the net gains on sale of investment properties. The adjustment doesn't impact the EPRA Earnings.

2) Result per share key figures have been calculated with the issue-adjusted number of shares resulting from the directed share issue executed in June 2014 and rights issue executed in July 2014.

EPRA Earnings can also be calculated from the statement of comprehensive income from top to bottom. Below please find the EPRA Earnings calculation with this different method, which also presents the EPRA Operating profit.

EUR million	2014	2013	2012	2011	2010
Net rental income	169.4	168.9	162.0	144.3	127.2
Direct administrative expenses	-20.6	-20.6	-26.5	-27.1	-22.5
Direct other operating income and expenses	1.0	0.9	0.2	0.2	0.3
EPRA operating profit	149.8	149.1	135.7	117.4	105.0
Direct net financial income and expenses	-51.0	-63.0	-68.1	-62.4	-55.1
Direct share of profit/loss of joint ventures	2.1	3.1	0.0	-	-
Direct current taxes	-0.3	-0.7	-1.4	-0.4	-0.6
Change in direct deferred taxes	0.9	0.1	0.0	0.3	-0.3
Direct non-controlling interest	-1.6	-1.9	-2.2	-1.7	-1.8
EPRA Earnings	99.7	86.7	63.9	53.2	47.3
Average number of shares (1,000) ¹⁾	521.5	426.8	322.2	291.5	256.0
EPRA Earnings per share (basic), EUR ¹⁾	0.191	0.203	0.198	0.183	0.185

1) Result per share key figures have been calculated with the issue-adjusted number of shares resulting from the directed share issue executed in June 2014 and rights issue executed in July 2014.

Citycon Oyj's consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR million	Note	1 Jan.–31 Dec. 2014	1 Jan.–31 Dec. 2013
Gross rental income ¹⁾	3	232.0	235.4
Service charge income ¹⁾		13.3	13.2
Turnover	4	245.3	248.6
Property operating expenses	5	74.4	78.4
Other expenses from leasing operations	6	1.6	1.3
Net rental income		169.4	168.9
Administrative expenses	7, 8, 9	20.7	20.6
Other operating income and expenses	10	1.0	0.9
Net fair value gains/losses on investment property	14	15.7	26.1
Net losses on sale of investment property	14, 22	-0.3	0.8
Operating profit		165.0	176.0
Financial income		55.3	33.0
Financial expenses		-132.8	-123.1
Net financial income and expenses	11	-77.5	-90.1
Share of profit of joint ventures ²⁾	15	14.9	1.7
Profit before taxes		102.4	87.6
Current taxes		-0.3	-0.7
Change in deferred taxes ²⁾		-12.4	15.1
Income taxes	12, 19	-12.7	14.4
Profit for the period		89.7	102.0
Profit attributable to			
Parent company shareholders		84.5	94.9
Non-controlling interest		5.2	7.1
Earnings per share attributable to parent company shareholders:			
Earnings per share (basic), EUR ³⁾	13	0.16	0.22
Earnings per share (diluted), EUR ³⁾	13	0.16	0.22
Other comprehensive expenses/income			
Items that may be reclassified subsequently to profit or loss			
Net gains/losses on cash flow hedges	11	23.7	49.4
Income taxes relating to cash flow hedges	12, 19	-4.7	-12.8
Share of other comprehensive income of joint ventures		-3.3	0.3
Exchange losses on translating foreign operations		-9.7	-3.0
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		6.0	33.9
Other comprehensive expenses for the period, net of tax		6.0	33.9
Total comprehensive profit/loss for the period		95.7	136.0
Total comprehensive profit/loss attributable to			
Parent company shareholders		90.7	129.0
Non-controlling interest		5.0	7.0

1) Citycon made an adjustment to its reporting of parking income during the year 2014. Previously Citycon reported parking income within service charge income, but starting from 2014 part of gross rental income. The change has been applied also to the 2013 comparison periods.

2) Citycon amended its accounting policy regarding deferred taxes in the third quarter of 2014. The change has been applied also to comparison figures.

3) Result per share key figures have been calculated with the issue-adjusted number of shares resulting from the directed share issue executed in June 2014 and rights issue executed in July 2014.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

EUR million	Note	31 Dec. 2014	31 Dec. 2013	1 Jan. 2013
ASSETS				
Non-current assets				
Investment properties	14	2,769.1	2,733.5	2,714.2
Investments in joint ventures	15	182.8	150.7	0.9
Intangible assets	17	5.3	2.1	1.7
Property, plant and equipment	18	0.7	0.8	1.4
Deferred tax assets	19	5.7	9.1	19.5
Derivative financial instruments and other non-current assets	22, 23	1.7	-	-
Total non-current assets		2,965.2	2,896.2	2,737.6
Investment properties held for sale	22	7.2	2.3	5.4
Current assets				
Derivative financial instruments	20, 21	0.2	2.4	-
Current tax receivables	12	0.4	0.2	0.0
Trade and other receivables	20, 23	29.8	33.8	24.5
Cash and cash equivalents	24	34.4	38.0	51.0
Total current assets		64.8	74.5	75.5
Total assets		3,037.2	2,973.0	2,818.5

EUR million	Note	31 Dec. 2014	31 Dec. 2013	1 Jan. 2013
LIABILITIES AND SHAREHOLDERS' EQUITY				
Equity attributable to parent company shareholders				
Share capital	25	259.6	259.6	259.6
Share premium fund		131.1	131.1	131.1
Fair value reserve		-7.1	-22.8	-59.8
Invested unrestricted equity fund		841.2	493.0	333.0
Translation reserve		-19.7	-10.3	-6.1
Retained earnings		445.7	385.6	302.0
Total equity attributable to parent company shareholders		1,650.7	1,236.2	959.8
Non-controlling interest		1.8	42.6	35.6
Total shareholders' equity		1,652.5	1,278.8	995.4
LIABILITIES				
Long-term liabilities				
Loans	20, 26	1,094.5	1,317.5	1,406.3
Derivative financial instruments	20, 21	6.0	27.1	75.6
Deferred tax liabilities ¹⁾	19	129.6	117.1	130.5
Other liabilities	20	0.6	0.8	1.0
Total long-term liabilities		1,230.7	1,462.5	1,613.4
Short-term liabilities				
Loans	20, 26	83.1	144.9	126.8
Derivative financial instruments	20, 21	2.2	5.2	0.7
Current tax liabilities	12	0.8	1.0	0.8
Trade and other payables	20, 27	67.9	80.5	81.4
Total short-term liabilities		154.1	231.6	209.7
Total liabilities		1,384.8	1,694.2	1,823.1
Total liabilities and shareholders' equity		3,037.2	2,973.0	2,818.5

1) Citycon amended its accounting policy regarding deferred taxes in the third quarter of 2014. The change has been applied also to comparison figures.

CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR million	Note	1 Jan.–31 Dec. 2014	1 Jan.–31 Dec. 2013
Cash flow from operating activities			
Profit before taxes		102.4	87.6
Adjustments:			
Depreciation and amortisation	9, 29	0.8	0.9
Net fair value gains/losses on investment property	14, 29	-15.7	-26.1
Losses on disposal of investment property	22, 29	0.3	-0.8
Financial income	11, 29	-55.3	-33.0
Financial expenses	11, 29	132.8	123.1
Share of profit of joint ventures and other adjustments	29	-14.7	-1.5
Cash flow before change in working capital		150.7	150.2
Change in working capital	29	-5.3	-4.5
Cash generated from operations ¹⁾		145.4	145.6
Interest expenses and other financial expenses paid		-78.7	-87.0
Interest income and other financial income received		0.0	0.2
Taxes paid/received		-0.7	-0.7
Net cash from operating activities ¹⁾		66.0	58.1
Cash flow from investing activities			
Acquisition of subsidiaries, less cash acquired	14	-	-2.0
Capital expenditure on investment properties	14	-97.8	-75.6
Capital expenditure on investments in joint ventures, intangible assets and PP&E	15, 17, 18	-33.3	-151.0
Sale of investment properties	14, 22	29.5	60.2
Net cash used in investing activities		-101.5	-168.4
Cash flow from financing activities			
Proceeds from rights and share issue	25	401.1	196.0
Proceeds from short-term loans	26	271.3	96.7
Repayments of short-term loans	26	-203.2	-228.9
Proceeds from long-term loans	26	446.9	612.4
Repayments of long-term loans	26	-801.1	-527.7
Acquisition of non-controlling interests	25	-57.0	-
Dividends and return from the invested unrestricted equity fund		-66.3	-49.0
Realised exchange rate profit/loss		41.4	-1.5
Net cash from/used in financing activities ¹⁾		33.0	97.9
Net change in cash and cash equivalents		-2.6	-12.3
Cash and cash equivalents at period-start	24	38.0	51.0
Effects of exchange rate changes		-1.0	-0.6
Cash and cash equivalents at period-end	24	34.4	38.0

1) Citycon changed the reporting of cash flows in the first quarter of 2014. Realised exchange rate gains and losses have been moved from net cash flow from operating activities to net cash flow from financing activities. The change has been applied also to comparison figures.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS

EUR million	Equity attributable to parent company shareholders							Total	Non-controlling interest	Total shareholders' equity
	Share capital	Share issue	Share premium fund	Fair value reserve	Invested unrestricted equity fund	Translation reserve	Retained earnings			
Balance at 31 Dec. 2012	259.6	-	131.1	-59.8	333.0	-5.5	357.4	1,015.8	44.2	1,060.0
IAS 12 amendment impact	-	-	-	-	-	-1.7	-54.2	-55.9	-8.6	-64.6
Balance at 31 Dec. 2012 amended ¹⁾	259.6	-	131.1	-59.8	333.0	-7.3	303.2	959.9	35.6	995.4
Profit for the period							94.9	94.9	7.1	102.0
Net losses/gains on cash flow hedges, net of tax (Notes 11, 12 and 19)				36.7				36.7		36.7
Share of other comprehensive income of joint ventures				0.3				0.3		0.3
Exchange gains/losses on translating foreign operations						-3.0		-3.0	-0.1	-3.1
Total other comprehensive expenses/ income for the period, net of tax				37.0		-3.0		34.0	-0.1	33.8
Total comprehensive loss/profit for the period				37.0		-3.0	94.9	128.8	7.0	135.8
Rights issue (Note 25)					200.2			200.2		200.2
Arrangement fee for rights issue					-4.2			-4.2		-4.2
Dividends and return from the invested unrestricted equity fund (Note 25)					-36.0		-13.1	-49.0		-49.0
Share-based payments (Notes 25 and 28)							0.6	0.6		0.6
Balance at 31 Dec. 2013 ¹⁾	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 11, 12 and 19)				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 25)					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 25)					-53.0		-13.2	-66.2		-66.2
Share-based payments (Notes 25 and 28)							0.3	0.3		0.3
Acquisition of non-controlling-interests							-11.3	-11.3	-45.7	-57.0
Balance at 31 Dec. 2014	259.6	-	131.1	-7.1	841.2	-19.7	445.7	1,650.7	1.8	1,652.5

1) Citycon amended its accounting policy regarding deferred taxes in the third quarter of 2014. The change has been applied also to comparison figures.

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 largely in the Helsinki Metropolitan Area and Finland's major regional centres as well as in Sweden, the Baltic Countries and Denmark. 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 on 10 February 2015. 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 IFRS/IAS standards, effective as of 31 December 2014, which refer to the approved applicable standards and their interpretations under European Union Regulation No. 1606/2002. Notes to the consolidated financial statements are also in compliance with Finnish accounting legislation and community legislation.

Citycon has used IFRS as the primary basis of its financial statements preparation from the beginning of 2005. Available-for-

sale financial assets, derivative contracts and investment properties, are measured at fair value following their initial recognition. In other respects, the consolidated financial statements are prepared at historical cost. The financial statements are shown in millions of euros 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 2014

The following new standards as well as amendments and interpretations to the

existing standards have been adopted in the financial statements 2014.

- **IAS 32** Financial Assets and Financial liabilities (amendment),
- **IAS 36** Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets (amendment),
- **IAS 39** Novation of Derivatives and continuation of hedge accounting (amendment),
- **IFRS 10** Consolidated Financial Statements (amendment),
- **IFRS 12** Disclosures of Interest in Other Entities (amendment),
- **IAS 27** Separate Financial Statements (amendment),
- **Annual Improvement to IFRSs 2010–2012 Cycle: IFRS 13** Short term receivables and payables (amendment),
- **Annual Improvement to IFRSs 2011–2013 Cycle: IFRS 1** – Meaning of effective IFRSs.

IAS 32 Financial Assets and Financial Liabilities. Clarify the meaning of "currently has a legally enforceable right set-off" and criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. The amendment had no impact on Group Financial Statements.

IAS 36 Impairment of Assets. Require an entity to disclose the recoverable amount of an individual asset (including goodwill) or a cash-generating unit for which the entity has recognized or reversed an impairment loss during the reporting period and require to disclose additional information about the fair value less costs of disposal of an individual asset, including goodwill, or a cash-generating unit for which an impairment loss has been recognized or reversed during the reporting

period. The amendment did not change Citycon's Financial Statements.

IAS 39 Novation of derivatives and continuation of hedge accounting. Provide relief from continuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. The amendment did not change Citycon's Financial Statements.

IFRS 10, IFRS 12 and IAS 27 Investment entities. Exception to consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities account for subsidiaries at fair value through profit or loss. The amendment had no impact on Group Financial Statements.

Annual improvements 2010–2012 Cycle, IFRS 13 Fair Value Measurement. Clarifies in the basis for conclusions that short term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discontinuing is immaterial. The amendment had no impact on Group Financial Statements.

Annual improvements 2011–2013 cycle IFRS 1. Clarifies the basis for Conclusion that an entity may choose to apply either current standard or a new standard that is not yet mandatory, but permits early application. The amendment had no impact on Group Financial Statements.

Citycon amended its accounting policy regarding deferred tax assets according to IFRS Interpretations Committee decision 15–16 July 2014 in the third quarter 2014. Deferred tax assets and liabilities are calculated from

difference between properties fair value and tax residual value of the underlying assets.

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 are mandatory for the Group's accounting periods beginning on or 1 January 2015 or later periods, but the Group has not early adopted them. These are those that Citycon reasonably expects to 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 (2014),
- **IFRIC 21** will be adopted as 1 of January 2015,
- **IFRS 2** Share – based payment,
- **IFRS 3** Business combinations,
- **IFRS 8** Operating segments,
- **IFRS 15** Revenue from contracts with customers,
- **IFRS 11** Joint Arrangements: Accounting for Acquisitions of Interest (amendment),
- Annual Improvement to IFRSs 2011–2013 cycle **IFRS 3** Business combinations,
- **IFRS 13** Fair Value Measurement (amendment),
- **IAS 40** Investment Property.

The Group is currently assessing the impact of the above mentioned new standards, amendments and interpretations.

IFRIC 21 Levies clarifies that an entity recognizes a liability for a levy when activity that triggers payment, as identified by relevant legislation, occurs. For that levy is

triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specific minimum threshold is reached. Retrospective application is required for IFRIC 21. Citycon will apply the interpretation as 1 January 2015. The interpretation may impact the way company reports property taxes in the interim reports.

The following standards and amendments and interpretations to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2015 or later periods, but the group has not early adopted them. These are not relevant to Citycon, because according to the company's current view, they will not significantly change its accounting policies nor presentation of the accounts.

- **IFRS 14** Regulatory Deferral Account,
- **IAS 16** Property, Plant and Equipment and **IAS 38** Intangible Assets,
- **IAS 24** Related Party Disclosures.

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.

Citycon has no associated companies as referred to in IFRS, since all mutual real estate companies, also those in which the ownership is less than 50%, are treated as joint operations, as described above.

1.4.1.3 Joint ventures

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 joint ventures with the equity method. The Group presents the aggregate share of profit or loss from the joint ventures on the face of its statement of comprehensive income in line "Share of profit of joint ventures". In the Note 15 "Investments in joint ventures" the assets and liabilities of 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.

All investment properties are categorised within the fair value hierarchy, described below. Categorization is based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets
- Level 2 – Valuation inputs which are other than quoted market prices (level 1 observations) and are directly or indirectly observable

- Level 3 – Valuation inputs which are unobservable

Transfers between levels in the hierarchy 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.

Using International Valuation Standards (IVS), an external independent professional appraiser conducts the valuation of the company's properties at least once a year. During 2014 and 2013, 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 i.e. investment properties under construction (IPUC) are also determined at fair value. The valuation is based on a cash flow analysis, where 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. Citycon takes into account the (re)development projects in its fair value valuation 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 2014, Citycon valued two properties (2 properties on 31 December 2013) as (re)development projects.

All potential development projects 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 is calculated as: 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 14. 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 2014 or 31 December 2013.

1.4.6 Property, plant and equipment

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

PPEs are depreciated on a straight-line basis over the asset's expected useful economic life. The asset's useful economic life and estimated residual values are reviewed on an annual basis. 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

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 mainly software. They 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 calculated. 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

As required by IAS 39, financial assets are classified into the following categories for measurement purposes:

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 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 2014 and 31 December 2013, 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 2014 or 31 December 2013, 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. loans, borrowings and payables.

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 2014 and 31 December 2013, financial liabilities at amortised cost include the items "Loans", "Other liabilities" and "Trade payables and other payables". On 31 December 2014 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 to the majority of its interest rate swaps, under IAS 39, according to which the amount of financial instruments' fair value change stemming from effective hedging is recognised under other comprehensive income, whereas the amount stemming from ineffective hedging is recognised in the statement of comprehensive income under financial income and expenses. The amount in the fair value reserve is recognised in the statement of comprehensive income during the period when the cash flow from the hedged item is realised and affects earnings. If the criteria for hedge accounting are not met, changes in fair value are recognised in full through profit or loss.

Interest payments based on interest rate swaps are included in interest expenses. Changes in "fair value through profit or loss" are recognised as financial expenses or income, 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 2014 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.

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 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.

The company'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 lessor

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

Defined benefit schemes' assets are measured at fair value, their obligations at discounted present value and any net surplus or deficit is recognised in the statement of financial position. Actuarial gains and losses are charged or credited to equity through other comprehensive income in the period in which they arise. Service cost is spread systematically over the working life. Professional actuaries perform these calculations using the projected credit method.

1.4.18 Share-based payments

Citycon has applied 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 Annual 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 14. 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 must be 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 and lots, 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 costs resulting from a property's management, maintenance, heating, electricity, water supply etc. 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 vacancy duration of unleased 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 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 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 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 12. Income Taxes and Note 19. Deferred Tax Assets and Liabilities.

2.2 Accounting policies requiring judgment

Citycon must use judgement 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 acquisition. Acquisitions are treated as business acquisitions when significant set of activities is acquired in addition to the property. The significance of activities is assessed in accordance with the definition of ancillary services (e.g. maintenance, cleaning, security, book-keeping, etc.) of IAS 40. Citycon did not have any business acquisitions in 2014 and 2013.

2.2.3 Sale of investment properties

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 2014 or 31 December 2013.

3. GROSS RENTAL INCOME

A) Breakdown of gross rental income

EUR million	2014	2013
Straight-lining of lease incentives	0.6	0.0
Temporary rental discounts	-1.9	-2.4
Additional rent from turnover based rental agreements	4.6	3.1
Gross rental income (excl. items above)	228.7	234.6
Total	232.0	235.4

B) General description of Citycon's lease agreements

In accordance with the table presented below, Citycon had 3,158 lease agreements on 31 December 2014 (3,287 agreements on 31 December 2013). The decrease in the number of lease agreements was due to divestment of 12 non-core properties of which 11 were in Finland and one in Lithuania. In the majority, i.e. in 89% (89% on 31 Dec. 2013) of Citycon's leases the rent is divided into base rent and maintenance charge. 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 charge, charged separately from the lessee, are used for covering operating expenses incurred by the property owner due to property maintenance.

Part of Citycon's lease agreements also contain a turnover-linked component in addition to rent revision. At the end of 2014, turnover based lease agreements accounted for roughly 53% (52% on 31 Dec. 2013) of Citycon's lease portfolio. The additional rent received from turnover based lease agreements is presented in Note 3. A) Breakdown of gross rental income.

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 chiefly leases with contingent rent payments in accordance with IAS 17.4.

Number of lease agreements at the end of the financial year	2014	2013
Finland	1,631	1,695
Sweden	1,082	1,078
Baltic Countries and New Business	445	514
Total	3,158	3,287

In accordance with the table presented below, the average remaining length of Citycon's lease portfolio was 3.2 years on 31 December 2014 (3.5 years on 31 December 2013). 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 chiefly negotiated for a term of 3 to 5 years.

Citycon mainly seeks to prepare fixed-term leases. Apartments, storage facilities and individual parking spaces form the main exception to this. Fixed-term leases represented around 81% of Citycon's lease portfolio on 31 December 2014 (80% on 31 December 2013) and initially fixed-term leases 11% on 31 December 2014 (11% on 31 December 2013). The rest of the lease agreements are leases in effect until further notice (8% out of all leases on 31 December 2014 and 9% on 31 December 2013).

Average remaining length of the lease portfolio at the end of the financial year, years	2014	2013
Finland	3.4	3.9
Sweden	3.0	2.8
Baltic Countries and New Business	3.0	3.3
Average	3.2	3.5

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.

EUR million	2014	2013
Not later than 1 year	60.9	54.0
1–5 years	113.2	118.8
Over 5 years	47.7	53.9
Total	221.8	226.7

4. SEGMENT INFORMATION

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

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 management and 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 management and Board of Directors assess the business units' performance on the basis of net rental income and EPRA operating profit. Fair value changes are also reported to Citycon's management and Board of Directors, by business unit. In addition to geographical business units, Citycon's management and Board of Directors monitor cluster and property-specific net rental income.

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 exceeds 10%. 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 Dec. 2014 and at 31 Dec. 2013

A) Segment information

The geographical segments are Finland, Sweden and the Baltic Countries and New Business. 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 21 shopping centres and 23 other properties in Finland. Of the Finnish properties 20 are located in the Helsinki Metropolitan Area and 24 elsewhere in Finland.

Sweden

Citycon has nine shopping centres and two other retail properties in Sweden. Eight of the properties in Sweden are located in the Greater Stockholm Area, one in the Greater Gothenburg Area and two in Umeå.

Baltic Countries and New Business

Citycon owns three shopping centres in Estonia. In addition Citycon owns one shopping centre in Denmark.

1 JAN.-31 DEC. 2014 EUR million	Finland	Sweden	Baltic Countries and New Business	Other	Total segments	Re- conciliation to IFRS	Total IFRS	Sweden IFRS
Gross rental income	141.3	96.4	32.8	-	270.5	-38.5	232.0	57.9
Service charge income	6.4	6.5	4.3	-	17.2	-3.9	13.3	2.5
Turnover	147.7	102.9	37.2	-	287.8	-42.4	245.3	60.5
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
EPRA operating profit	100.1	64.3	26.1	-12.8	177.7	-29.4	149.7	36.3
Indirect administrative expenses								
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	
Share of profit/loss of jointly controlled entities							14.9	
Income tax expense							-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	
Derivative financial instruments					0.2	-	0.2	
Assets	1,720.7	1,299.7	351.0	81.8	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	
Deferred tax liabilities					129.6	-	129.6	
Derivative financial instruments					8.2	-	8.2	
Other unallocated liabilities					19.4		19.4	
Liabilities	20.5	46.6	4.6	-3.7	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 JAN.–31 DEC. 2013 EUR million	Finland	Sweden	Baltic Countries and New Business	Other	Total segments	Re- conciliation to IFRS	Total IFRS	Sweden IFRS
Gross rental income	144.4	102.6	30.4	-	277.5	-42.1	235.4	60.5
Service charge income	6.0	5.2	4.5	-	15.6	-2.4	13.2	2.7
Turnover	150.4	107.8	34.9	-	293.1	-44.5	248.6	63.3
Property operating expenses	46.5	35.2	9.1	-	90.8	-12.4	78.4	22.8
Other expenses from leasing operations	0.4	0.9	0.1	-	1.5	-0.2	1.3	0.8
Net rental income	103.5	71.7	25.6	-	200.9	-32.0	168.9	39.7
Direct administrative expenses	4.0	6.3	0.8	12.0	23.0	-2.4	20.6	3.9
Other operating income and expenses	0.7	0.1	0.0	-	0.9	-	0.9	0.1
EPRA operating profit	100.3	65.6	24.8	-12.0	178.7	-29.6	149.1	36.0
Net fair value gains/losses on investment property	2.3	10.9	15.8	-	28.9	-2.8	26.1	8.1
Losses on disposal of investment property	-0.2	1.1	-	-	1.0	-0.1	0.8	1.1
Operating profit/loss	102.4	77.5	40.6	-12.0	208.4	-32.4	176.0	45.1
Net financial income and expenses							-90.1	
Share of profit/loss of jointly controlled entities							1.7	
Income tax expense							14.4	
Profit for the period							102.0	
Allocated assets								
Investment properties	1,671.2	1,255.3	342.2	-	3,268.7	-535.2	2,733.5	720.1
Investment properties held for sale	2.3	-	-	-	2.3	-	2.3	-
Other allocated assets	12.8	15.9	1.1	59.0	88.8	143.0	225.7	15.9
Unallocated assets								
Deferred tax assets					9.1	-	9.1	
Derivative financial instruments					2.4	-	2.4	
Assets	1,686.3	1,271.2	343.2	59.0	3,371.3	-392.2	2,973.0	736.0
Allocated liabilities								
Trade and other payables	15.5	49.3	21.0	-5.3	80.5	-17.5	63.0	31.8
Unallocated liabilities								
Interest-bearing liabilities					1,462.4	-	1,462.4	
Deferred tax liabilities					117.1	-	117.1	
Derivative financial instruments					32.3	-	32.3	
Other unallocated liabilities					19.4		19.4	
Liabilities	15.5	49.3	21.0	-5.3	1,711.7	-17.5	1,694.2	31.8
Capital expenditure	65.1	547.9	10.4	0.4	623.8	-397.7	226.1	150.2

B) Turnover by property type

EUR million	2014	2013
Shopping centres	219.5	221.3
Supermarkets and shops	25.8	27.3
Total	245.3	248.6

C) Major tenants

31 Dec. 2014	Proportion of gross rental income, % ¹⁾	Segment
Kesko	15.4	Finland
S Group	6.0	Finland and Baltic Countries and New Business
ICA Gruppen AB	4.1	Finland, Sweden and Baltic Countries and New Business
Stockmann	2.8	Finland, Sweden and Baltic Countries and New Business
H&M	2.1	Finland, Sweden and Baltic Countries and New Business
Total	30.3	

1) Proportion of gross rental income is based on the rent roll on 31 Dec. 2014.

31 Dec. 2013	Proportion of gross rental income, % ¹⁾	Segment
Kesko	16.1	Finland
S Group	5.7	Finland and Baltic Countries and New Business
ICA Gruppen AB	4.2	Finland, Sweden and Baltic Countries and New Business
Stockmann	2.7	Finland, Sweden and Baltic Countries and New Business
Tokmanni	2.0	Finland
Total	30.6	

1) Proportion of gross rental income is based on the rent roll on 31 Dec. 2013.

5. PROPERTY OPERATING EXPENSES

EUR million	2014	2013
Heating and electricity	23.2	25.1
Maintenance expenses	23.9	25.4
Land lease fees and other rents	1.8	1.8
Property personnel expenses	2.5	2.7
Administrative and management fees	2.5	3.1
Marketing expenses	5.6	5.6
Property insurances	0.5	0.5
Property taxes	7.4	7.1
Repair expenses	6.1	6.7
Other property operating expenses	0.9	0.5
Total	74.4	78.4

Two properties generated no income during the year 2014 (in 2013 two properties), while these generated expenses of EUR 0.1 million (EUR 0.2 million)

6. OTHER EXPENSES FROM LEASING OPERATIONS

EUR million	2014	2013
Tenant improvement expenses and commissions	0.3	0.4
Credit losses	1.2	0.9
Total	1.6	1.3

Significant tenant improvements are recognised as investments. Credit losses include increase of EUR 0.3 million in credit loss provisions (decrease of EUR 0.3 million) in the consolidated statement of comprehensive income. Credit loss provisions in the statement of financial position are presented in Note 23. Trade and other receivables.

7. ADMINISTRATIVE EXPENSES

EUR million	2014	2013
Personnel expenses	14.9	14.5
Non-recurring personnel expenses arising from employment terminations	0.3	0.1
Consultancy and advisory fees as well as external services	2.9	3.1
Office and other administrative expenses	1.7	2.1
Depreciation and amortisation	0.8	0.9
Total	20.7	20.6

Non-recurring personnel expenses arising from employment terminations include one-off compensations (incl. pension and social charges) payable to 4 persons in 2014 (to 3 persons in 2013).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

EUR million	2014	2013
Audit fees	0.3	0.4
Other advisory services	0.2	0.2
Total	0.5	0.5

8. PERSONNEL EXPENSES

EUR million	2014	2013
Wages and salaries of management		
CEO	0.8	0.9
Management committee	1.4	1.4
Board	0.8	0.8
Other wages and salaries	9.2	8.4
Pension charges: defined contribution plans	1.8	1.7
Social charges	1.5	1.3
Expense of share based payments	0.3	0.6
Total	15.8	15.0

Personnel expenses of EUR 2.5 million (EUR 2.7 million) are included in property operating expenses and EUR 13.3 million (EUR 12.3 million) in administrative expenses.

The share-based payment plans are described in Note 28. "Employee benefits".

Information on management benefits is presented in Note 31. "Related party transactions".

Average Group headcount by Business Units during the period	2014	2013
Finland	44	48
Sweden	37	30
Baltic Countries and New Business	10	10
Group functions	54	35
Total	145	123

9. DEPRECIATION AND AMORTISATION

Depreciation and amortisation of EUR 0.8 million (EUR 0.9 million) on machinery and equipment, as well as on intangible assets, is included in administrative expenses.

10. OTHER OPERATING INCOME AND EXPENSES

EUR million	2014	2013
Other operating income	2.0	0.9
Other operating expenses	-1.0	0.0
Total	1.0	0.9

11. NET FINANCIAL INCOME AND EXPENSES

A) Recognised in the income statement

EUR million	2014	2013
Interest income	7.2	6.5
Foreign exchange gains	48.2	26.5
Other financial income	0.0	0.0
Financial income, total	55.3	33.0
Interest expenses	55.5	66.8
Foreign exchange losses	48.1	26.5
Fair value loss from derivatives	26.5	23.0
Development interest capitalised	-4.5	-2.5
Other financial expenses	7.3	9.2
Financial expenses, total	132.8	123.1
Net financial income and expenses	77.5	90.1
Of which attributable to financial instrument categories:		
Interest-bearing loans and receivables	38.1	54.6
Finance lease liabilities	0.0	0.0
Derivative financial instruments	39.4	35.4
Other liabilities and receivables	0.0	0.0
Net financial income and expenses	77.5	90.1

In 2014, foreign exchange loss of EUR 1.6 million (2013: gains of EUR 7.2 million) were recognised in the statement of comprehensive income from foreign exchange derivative agreements.

Interest on development expenditure is capitalised at a rate of 4.33% as at 31 December 2014 (4.39% as at 31 December 2013).

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 "21. Derivative Financial Instruments".

B) Recognised in the other comprehensive income

EUR million	2014	2013
Gains/losses arising during the period from cash flow hedges	14.7	31.2
Less: interest expenses recognised in the income statement on cash flow hedges	9.0	18.2
Net gains/losses on cash flow hedges	23.7	49.4

12. INCOME TAXES

EUR million	2014	2013
Current tax	0.4	0.7
Tax for prior periods	-0.1	0.0
Deferred tax expense/benefit ¹⁾	12.4	-15.1
Income tax expense	12.7	-14.4

1) Citycon amended its accounting policy regarding deferred taxes in the third quarter of 2014. The change has been applied also to comparison figures.

Citycon did not recognise any current taxes directly in the equity during 2014 and 2013.

Reconciliation between tax charge and Group tax at the Finnish tax rate (20.0%):

EUR million	2014	2013
Profit/loss before taxes	102.4	87.6
Taxes at Finnish tax rate	20.5	21.5
Change in tax rate	-	-12.6
Fair value gains and losses from investment properties ¹⁾	14.5	-12.4
Difference in foreign subsidiaries' tax rate	-3.6	-3.9
Unrecognised tax receivables from losses	-1.4	6.2
Utilisation of previously unrecognised tax losses	-3.4	-2.6
Depreciation and amortisation deducted in taxation	-10.1	-3.4
Tax free income deducted by non-deductible expenses	-3.9	-6.9
Other	0.1	-0.3
Income taxes	12.7	-14.4
Effective tax rate, %	12.4	-16.4

1) Citycon amended its accounting policy regarding deferred taxes in the third quarter of 2014. The change has been applied also to comparison figures.

13. 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.

	2014	2013
Earnings per share, basic		
Profit/loss attributable to parent company shareholders (EUR million)	84.5	94.9
Issue-adjusted average number of shares (1,000) ¹⁾	521,526.0	426,788.4
Earnings per share (basic) (EUR)	0.16	0.22
Earnings per share, diluted		
Profit/loss attributable to parent company shareholders (EUR million)	84.5	94.9
Expenses from convertible capital loan, the tax effect deducted (EUR million)	-	1.3
Profit/loss used in the calculation of diluted earnings per share (EUR million)	84.5	96.2
Issue-adjusted average number of shares (1,000) ¹⁾	521,526.0	426,788.4
Convertible capital loan impact, (1,000)	-	6,029.6
Adjustment for stock options (1,000)	1,069.9	-
Average number of shares used in the calculation of diluted Earnings per share (1,000)	522,595.9	432,818.0
Earnings per share (diluted) (EUR)	0.16	0.22

1) Result per share key figures have been calculated with the issue-adjusted number of shares resulting from the directed share issue executed in June 2014 and rights issue executed in July 2014.

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 had two categories of dilutive shares in place: convertible capital loan and stock options.

- The convertible capital loan 1/2006 was matured and repaid in full in August 2013. During the comparison period the holder of the convertible loan had the right, during 12 September 2006–27 July 2013, to convert the loan nominal amount into company shares.
- 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 Jan. 2014	160	442,713,372
10 June 2014	29	520,587,727
9 July 2014	176	593,328,419
Weighted average (daily) number of shares	365	521,525,987

14. INVESTMENT PROPERTIES

Citycon divides its investment properties into two categories: Investment Properties Under Construction (IPUC) and Operative Investment Properties. On 31 December 2014, the first mentioned category included IsoKristiina in Finland, as well as Stenungs Torg in Sweden. On 31 December 2013, the first mentioned category included IsoKristiina in Finland, as well as Stenungs Torg 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 30. B) Pledges and other contingent liabilities.

31 Dec. 2014 EUR million	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

31 Dec. 2013 EUR million	Investment properties under construction	Operative investment properties	Investment properties total
At period-start	195.7	2,518.5	2,714.2
Acquisitions during the period	1.5	0.5	2.0
Investments during the period	8.3	64.6	72.9
Disposals during the period	-18.3	-18.7	-37.0
Capitalised interest	0.2	2.5	2.6
Fair value gains on investment property	0.3	61.0	61.2
Fair value losses on investment property	-0.4	-34.8	-35.2
Exchange differences	-0.6	-22.5	-23.1
Transfer between IPUC and operative investment properties and transfer into investment properties held for sale	-92.2	68.0	-24.2
At period-end	94.4	2,639.0	2,733.5

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, vacancy rate, operating expenses and yield requirement 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 2014 and 2013. The resulting fixed fees based on the 2014 valuations totalled EUR 0.2 million (EUR 0.2 million in 2013).

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.

EUR million	31 Dec. 2014	31 Dec. 2013
Fair value of investment properties determined by the external appraiser per 31 Dec.	2,763.0	2,729.6
Capital expenditure on development projects	7.9	6.1
Transfer into investment properties held for sale	-1.8	-2.3
Fair value of investment properties per 31 Dec.	2,769.1	2,733.5

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, EUR million	31 Dec. 2014	31 Dec. 2013
Quoted prices (Level 1)	-	-
Observable inputs (Level 2)	-	-
Unobservable inputs (Level 3)	2,763.0	2,729.6
Total	2,763.0	2,729.6

The segments' inputs used by the external appraisers in the cash flow analysis per 31 December 2014 and 31 December 2013 are presented in the tables below. In Finland the weighted average yield requirement decreased mainly due to divested properties and due to stronger investor demand for prime properties. In Sweden, the weighted average yield requirement decreased due to improved market conditions and strong investor demand for prime shopping centres. Due to the limited supply of prime properties the investor demand for secondary shopping centres has also increased. In Baltic Countries and New Business the weighted average yield requirement decreased mainly due to more favorable market conditions in Estonia. The weighted average market rent for the whole property portfolio decreased from 25.3EUR/sq.m. per 31 December 2013 to 25.2 EUR/sq.m. per 31 December 2014 e.g. due to the weakened Swedish crown. The weighted average vacancy assumption for the cash flow period decreased by 40bps to 4.3% (4.7% 31 Dec. 2013), mostly due to decreased vacancy in Finland.

Inputs

31 Dec. 2014 EUR million	Finland	Sweden	Baltic Countries and New Business	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	-

31 Dec. 2013 EUR million	Finland	Sweden	Baltic Countries and New Business	Average
Yield requirement (%)	6.2	5.9	7.3	6.3
Market rents (EUR/sq.m.)	26.4	25.3	20.4	25.3
Operating expenses (EUR/sq.m.)	6.1	7.0	3.5	6.0
Vacancy during the cash flow period (%)	4.9	5.5	2.1	4.7
Market rent growth assumption (%)	2.0	1.8	1.0	-
Operating expense growth assumption (%)	2.0	1.8	2.7	-

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 2,763.0 million defined by the external appraiser at 31 December 2014 as the starting value. Sensitivity analysis indicates that the market value is most sensitive to the 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.

Change %	Value of properties (EUR million)				
	-10%	-5%	±0%	+5%	+10%
Yield requirement	3,070.0	2,908.5	2,763.0	2,631.5	2,511.8
Market rents	2,390.4	2,576.7	2,763.0	2,949.3	3,135.6
Operating expenses	2,864.6	2,813.8	2,763.0	2,712.3	2,661.5
Change, percentage points	-2	-1	±0	1	2
Vacancy	2,845.8	2,804.4	2,763.0	2,721.7	2,680.3

15. INVESTMENTS IN JOINT VENTURES

Kista Galleria shopping centre

In 2013, the Group acquired a 50% interest in Kista Galleria KB, the company owning and operating the Kista Galleria shopping centre in Sweden. The remaining 50% is held by a Canadian partner. 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. The remaining 50% of both companies is held by the same partner. 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 93.9 million in the development project as of 31 December, 2014. 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.

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.

EUR million	2014			2013		
	Kista Galleria Group	Other joint ventures total	Joint ventures total	Kista Galleria Group	Other joint ventures total	Joint ventures total
Investment property	567.9	-	567.9	535.2	0.0	535.2
Other non-current assets	1.9	70.0	71.9	1.1	27.3	28.5
Cash and cash equivalents	9.3	-	9.3	18.6	0.6	19.2
Other current assets	6.9	0.0	6.9	6.1	0.2	6.4
Long-term loans	450.5	70.0	520.6	463.4	26.9	490.3
Deferred tax liabilities	15.6	-	15.6	4.8	-	4.8
Other long-term liabilities	7.7	-	7.7	0.2	-	0.2
Other short-term liabilities	30.2	0.1	30.3	29.7	0.4	30.1
Equity	82.5	0.0	82.6	63.0	0.9	63.9
Portion of the Group's ownership, %	50	50		50	50	
Share of joint venture's equity	41.3	0.0	41.3	31.5	0.4	31.9
Share of loans of joint ventures	105.5	36.1	141.6	105.4	13.4	118.8
Investments in joint ventures	146.7	36.1	182.9	136.9	13.8	150.7
Turnover	42.5	3.6	46.1	44.5	8.2	52.8
Net rental income	30.3	-0.2	30.0	32.0	-0.1	31.9
Asset management fee of the property	-1.3	0.1	-1.2	-	0.3	0.3
Profit on valuation of investment property	37.1	-0.2	37.0	2.8	-0.9	1.9
Operating profit	65.1	-0.5	64.6	32.4	-0.8	31.6
Financial income	0.1	0.0	0.1	0.1	0.0	0.1
Financial expenses	-23.7	0.0	-23.7	23.4	0.0	23.4
Change in deferred taxes ¹⁾	-11.5	0.0	-11.5	4.9	0.0	0.0
Profit/loss for the period	30.0	-0.2	29.8	4.2	-0.8	3.4
Other comprehensive income for the period, net of tax ¹⁾	-6.6	-	-6.6	0.6	-	0.6
Total comprehensive profit/loss for the period	23.4	-0.2	23.2	4.8	-0.8	4.0
Share of profit/loss of joint ventures	15.0	-0.1	14.9	2.1	-0.4	1.7

¹⁾ Citycon amended its accounting policy regarding deferred taxes in the third quarter of 2014. The change has been applied also to comparison figures.

16. BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS**Iso Omena shopping centre**

Until 16 October 2014 the Group had a 60% interest in Iso Omena shopping centre in the Helsinki region. The remaining 40% was held by investor GIC. On 16 October 2014 Citycon acquired GIC's 40% stake in the Iso Omena shopping centre. After this transaction, Citycon owns 100% of the existing shopping centre.

Acquisition of non-controlling interests impact to equity attributable to parent company shareholders was EUR -11,3 million.

EUR million	2014	2013
Investment property	-	388.1
Other non-current assets	-	0.1
Cash and cash equivalents	-	3.3
Other current assets	-	3.8
Long-term loans	-	266.1
Other short-term liabilities	-	9.9
Equity	-	98.7
Equity attributable to parent company shareholders	-	59.1
Equity attributable to non-controlling interest	-	39.6
Turnover	-	26.3
Net rental income	-	20.2
Asset management fee of the property	-	-1.5
Profit on valuation of investment property	-	14.5
Operating profit	-	33.1
Financial expenses	-	-14.6
Income tax expenses ¹⁾	-	-0.6
Profit/loss for the period	-	19.1
Profit attributable to parent company shareholders	-	11.4
Profit attributable to non-controlling interest	-	7.6

1) Citycon amended its accounting policy regarding deferred taxes in the third quarter of 2014. The change has been applied also to comparison figures.

17. INTANGIBLE ASSETS

EUR million	2014	2013
Acquisition cost Jan. 1	5.1	4.3
Additions during the period	3.7	0.8
Accumulated acquisition cost Dec. 31.	8.8	5.1
Accumulated depreciation and impairment losses, Jan. 1	3.0	2.6
Depreciation during the period	0.5	0.4
Accumulated depreciation and impairment losses, Dec 31.	3.5	3.0
Net carrying amount Jan 1.	2.1	1.7
Net carrying amount Dec 31.	5.3	2.1

Intangible assets consisted mainly of computer software and licenses.

18. PROPERTY, PLANT AND EQUIPMENT

EUR million	2014	2013
Acquisition cost Jan. 1	4.4	4.5
Additions during the period	0.0	-0.1
Accumulated acquisition cost Dec. 31.	4.3	4.4
Accumulated depreciation and impairment losses, Jan. 1	3.6	3.0
Depreciation during the period	0.1	0.5
Accumulated depreciation and impairment losses, Dec 31.	3.7	3.6
Net carrying amount Jan 1.	0.8	1.4
Net carrying amount Dec 31.	0.7	0.8

Property, plant and equipment consisted mainly of machinery and equipment. Machinery and equipment acquired through financial leases amounted to EUR 0.1 million (EUR 0.2 million).

19. DEFERRED TAX ASSETS AND LIABILITIES

Changes in deferred tax assets and liabilities in 2014:

Deferred tax assets, EUR million	1 Jan. 2014	Recognised in income statement	Recognised in other comprehensive income	31 Dec. 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.

Deferred tax assets, EUR million	1 Jan. 2013	Recognised in income statement	Recognised in other comprehensive income	31 Dec. 2013
Tax losses	1.0	2.3	-	3.3
Measurement of interest-rate swaps at fair value	18.5	-	-12.8	5.8
Deferred tax assets, total	19.5	2.3	-12.8	9.1
Deferred tax liabilities				
Measurement of investment property at fair value	128.4	-13.1	-	115.4
Temporary difference in financial expenses	2.1	-0.3	-	1.8
Deferred tax liabilities, total	130.5	-13.4	-	117.1

The change in deferred tax liabilities related to investment properties includes EUR 0.6 million of translation difference.

Citycon's deferred taxes mainly arise from changes in the fair value of investment properties. In 2014, deferred tax expense resulting from the changes in the investment properties' fair value recognised in the income statement totalled EUR 12.2 million (income of EUR 12.5 million). The fair value of an investment property reflects the market price that would be paid for the property on the date of measurement, while deferred taxes refer to taxes imposed on any gain on sale if the property were to be sold.

Citycon amended its accounting policy regarding deferred taxes according to IFRS Interpretations Committee decision 15-16 July 2014 in the third quarter of 2014. Deferred tax assets and liabilities are calculated from the difference between the properties' fair value and residual tax value of the underlying asset (previous policy was based on mostly likely method of disposal, i.e. by selling the shares of the assets and accounting for the deferred taxes accordingly). 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. The change has been applied also to comparison figures. The impact of the change on deferred tax liabilities was EUR 59.4 million, on total shareholders' equity EUR -64.0 million and on profit for the period EUR 4.6 million on investment properties as at 31.12.2013. The impact of the change on deferred tax liabilities was EUR 64.4 million and on total shareholders' equity was EUR -64.4 million on investment properties as at 1.1.2013.

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

The fair value of investment properties is measured in accordance with IFRS.

On 31 December 2014, Group companies had confirmed losses for which tax assets of EUR 15.0 million (EUR 22.7 million in 2013) 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.

20. CLASSIFICATION OF FINANCIAL INSTRUMENTS

A) Classification of financial instruments and their carrying amounts and fair values

EUR million	Note	Carrying amount 2014	Fair value 2014	Carrying amount 2013	Fair value 2013
Financial assets					
I Loans and other receivables					
Trade and other receivables	23	29.8	29.8	34.0	34.0
Cash and cash equivalents	24	34.4	34.4	38.0	38.0
II Financial assets at fair value through profit and loss					
Derivative financial instruments	21	1.9	1.9	-	-
III Derivative contracts under hedge accounting					
Derivative financial instruments	21	-	-	2.4	2.4
Financial liabilities					
Financial liabilities amortised at cost					
I.I Loans					
Loans from financial institutions	26	199.9	199.9	806.1	809.6
Bond 1/2009	26	-	-	23.0	23.1
Bond 1/2012	26	138.1	138.4	138.0	138.4
Bond 1/2013	26	495.7	500.0	495.0	500.0
Bond 1/2014	26	343.9	350.0	-	-
Finance lease liabilities	26	0.1	0.1	0.2	0.2
I.II Other liabilities					
Other liabilities	27	0.6	0.6	0.8	0.8
Trade and other payables	27	67.9	67.9	81.5	81.5
II Financial liabilities at fair value through profit and loss					
Derivative financial instruments	21	3.0	3.0	3.4	3.4
III Derivative contracts under hedge accounting					
Derivative financial instruments	21	5.2	5.2	28.9	28.9

B) The principles for determining the fair values of financial instruments

Citycon applies IFRS valuation principles when determining 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 a forward agreement is based on the difference between the exchange rate of the agreement and the prevailing exchange rate fixing on each balance-sheet date. The fair value of derivative financial instruments is the estimated amount that the Group would receive or pay to settle the related agreements.

Fair value of interest rate derivative financial instruments is determined by the counterparty banks based on customary valuation techniques used by market participants in the OTC derivative market. 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 according to IFRS13.72-90.

Loans from financial institutions

Citycon's loans from financial institutions are floating rate loans which have a fair value and carrying value equal to the nominal amount of the loan. The fair value of loans from financial institutions corresponds to level 2 according to IFRS13.72-90.

Bonds 1/2012, 1/2013 and bond 1/2014

The bonds 1/2012, 1/2013 and 1/2014 are fixed rate 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 and 1/2014 bonds also the unamortised reoffer discount. The fair value of the bonds corresponds to level 2. according to IFRS13.72-90. In accordance with Citycon's accounting policies, the carrying amount and fair value of bonds are different from secondary market price. The difference between the secondary market price and the fair value of the bonds was EUR 91.2 million (EUR 9.6 million) as of 31 December 2014.

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.

21. DERIVATIVE FINANCIAL INSTRUMENTS

A) Nominal amounts and fair values of derivative financial instruments

EUR million	Nominal amount 2014	Fair value 2014	Nominal amount 2013	Fair value 2013
Interest rate derivatives				
Interest rate swaps				
Maturity:				
less than 1 year	-	-	108.0	-1.8
1-2 years	-	-	65.0	-2.6
2-3 years	58.6	-5.2	162.1	-9.4
3-4 years	-	-	140.3	-9.1
4-5 years	-	-	100.7	-6.1
over 5 years	-	-	-	-
Subtotal	58.6	-5.2	576.1	-28.9
Cross-currency swaps				
Maturity:				
over 5 years	150.0	0.8	-	-
Foreign exchange derivatives				
Forward agreements				
Maturity:				
less than 1 year	312.6	-2.0	421.9	-0.9
Total	521.2	-6.3	997.9	-29.8

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 2014 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 loss of EUR 0.7 million (loss of EUR 0.6 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, which have a nominal amount of EUR 58.6 million (EUR 576.1 million).

The average fixed interest rate of the interest rate swaps as at 31 December 2014 was 3.35% (2.88%).

B) Cash flow hedging with derivatives

Cash flow hedging

Interest rate derivatives EUR million	Assets 2014	Liabilities 2014	Assets 2013	Liabilities 2013
Fair value	-	-5.2	-	-28.9

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 and short term floating rate debt, which is expected to be refinanced upon maturity on similar terms.

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

The cash flow from all hedged liabilities over time is the basis for determining the gain and loss on the effective portions of derivatives 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 forecast cash flows affect the statement of comprehensive income.

At 31 December 2014 and at 31 December 2013, interest rate derivatives assigned as cash flow hedges were assessed as highly effective. The fair values (net of taxes) of these derivatives were EUR -4.1 million (EUR -23.1 million) and the change of these fair values (net of taxes) EUR 19.0 million (EUR 36.7million) is recognised under other comprehensive income, taking the tax effect into account. In addition, EUR -3.3 million (EUR 0.3 million) have been recognised in 'Share of other comprehensive income of joint ventures' from interest rate swaps hedging the Kista Galleria loan.

22. INVESTMENT PROPERTIES HELD FOR SALE

On 31 December 2014, the Investment Properties Held for Sale comprised residential units in Stenungs Torg in Sweden and one residential property in Finland. These transactions are expected to be finalised during first quarter in 2015. On 31 December 2013, the Investment Properties Held for Sale comprised one property located in Finland. This transaction was finalised in February 2014.

EUR million	2014	2013
Acquisition cost Jan. 1	2.3	5.4
Disposals	-0.3	-15.2
Exchange differences	0.0	-
Transfers from investment properties	5.2	12.1
Accumulated acquisition cost Dec. 31	7.2	2.3

23. TRADE AND OTHER RECEIVABLES

EUR million	2014	2013
Trade receivables	6.5	8.9
Credit loss provision	-2.3	-2.0
Trade receivables (net)	4.1	6.9
Accrued income and prepaid expenses	17.0	16.9
Tax receivables (incl. VAT-receivables)	5.2	7.6
Other receivables	3.4	2.7
Total	29.8	34.0

Ageing structure of trade receivables:

EUR million	2014	2013
NOT past due nor impaired	1.0	1.3
Past due, less than 1 month	1.4	3.3
Past due, 1-3 months	1.0	0.6
Past due, 3-6 months	0.6	0.8
Past due, 6-12 months	1.0	0.7
Past due, 1-5 years	1.4	2.1
Total	6.5	8.9

Movement in credit loss provisions

EUR million	2014	2013
At the beginning of the year	-2.0	-1.8
Exchange difference	-	-
Charge for the year	-0.5	-0.7
Utilised	0.1	0.4
Unused amounts reversed	0.0	0.1
Credit loss provision at the end of the year	-2.3	-2.0

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.

24. CASH AND CASH EQUIVALENTS

EUR million	2014	2013
Cash in hand and at bank	34.4	38.0
Other bank deposits	0.0	0.0
Total	34.4	38.0

Cash and cash equivalents in the cash flow statement comprise the items presented above. Other bank deposits consists of pledged cash accounts related to rental guarantees.

25. 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 (EUR million)	Share premium fund (EUR million)	Invested unrestricted equity fund (EUR million)	Total (EUR million)
1 Jan. 2013	326,880,012	-	259.6	131.1	333.0	723.7
Rights issue	114,408,000	-	-	-	196.0	196.0
Return from the invested unrestricted equity fund	-	-	-	-	-36.0	-36.0
31 Dec. 2013	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 Dec. 2014	593,328,419	-	259.6	131.1	841.2	1,231.9

1) All outstanding shares were fully-paid on 31 December 2014 and 31 December 2013.

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 2014 and 2013, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

C) Board proposal for dividends and return from the invested unrestricted equity fund

To the Annual General Meeting to be held on 19 March 2015, the Board of Directors of Citycon proposes 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, totalling approximately EUR 89.0 million. The proposal for dividends and equity return from the invested unrestricted equity fund has not been recognised in the consolidated financial statements on 31 December 2014.

26. LOANS

All Citycon loans were interest-bearing liabilities on 31 December 2014 and 2013. These interest-bearing loans are explained here in detail.

A) Breakdown of interest-bearing liabilities

EUR million	Effective interest rate (%)	Carrying amount 2014	Carrying amount 2013
Long-term interest-bearing liabilities			
Bonds			
Bond 1/2012	4.344	138.1	138.0
Bond 1/2013	3.934	495.7	495.0
Bond 1/2014	2.638	343.9	-
Syndicated term loans			
EUR 220 million term loan facility	Reference rate + 1.300	0.0	211.4
EUR 190 million term loan facility	EURIBOR + 2.100/STIBOR + 2.450	0.0	184.4
Syndicated revolving credit facilities			
EUR 500 million revolving credit facility	Reference rate + 0.90	103.9	-
Bilateral bank loans			
EUR 75 million bank loan	EURIBOR + 1.450	0.0	64.0
EUR 50 million bank loan	EURIBOR + 1.500	0.0	50.0
EUR 30 million bank loan	EURIBOR + 0.750	12.5	17.5
EUR 25 million bank loan	EURIBOR + 2.55	0.0	21.9
Finance lease liabilities	-	0.0	0.1
Other interest-bearing liabilities	-	0.5	135.1
Total long-term interest-bearing liabilities		1,094.5	1,317.5
Short-term interest-bearing liabilities			
Bond 1/2009	5.474	-	23.0
Short-term syndicated and bank loans and revolving credit facilities	-	9.7	99.9
Current portion of interest-bearing liabilities	-	5.0	21.0
Commercial papers	-	68.4	-
Cash pool overdrafts	-	0.0	0.9
Finance lease liabilities	-	0.1	0.1
Total short-term interest-bearing liabilities		83.1	144.9

The carrying amounts of syndicated loan facilities, bond 1/2012, bond 1/2013 and bond 1/2014 are stated at amortised cost, using the effective yield method. The fair values of liabilities are shown in Note "20. Classification of Financial Instruments".

Maturity of long-term interest-bearing liabilities

EUR million	2014	2013
1-2 years	5.5	62.5
2-3 years	143.1	229.5
3-4 years	2.5	261.0
4-5 years	103.9	269.6
over 5 years	839.6	494.9
Total	1,094.5	1,317.5

Long-term interest-bearing liabilities by currency

EUR million	2014	2013
EUR	841.4	1,029.3
SEK	253.1	279.6
LTL	-	8.6
Total	1,094.5	1,317.5

Currency split including cross-currency swaps.

Short-term interest-bearing liabilities by currency

EUR million	2014	2013
EUR	73.5	134.3
SEK	9.7	10.4
LTL	-	0.2
Total	83.1	144.9

B) Breakdown of finance lease liabilities

EUR million	2014	2013
Maturity of finance lease liabilities:		
Finance lease liabilities – minimum lease payments		
Not later than 1 year	0.1	0.1
1-5 years	0.0	0.1
Total	0.1	0.2
Finance lease liabilities – present value of minimum lease payments		
Not later than 1 year	0.1	0.1
1-5 years	0.0	0.1
Total	0.1	0.2
Future finance charges on finance leases	0.0	0.0
Total finance lease liabilities	0.1	0.2

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. The Board of Directors has approved the company's risk management guidelines specifying risk management principles, which are subject to updating in order to take account of changes in business operations.

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 business unit function reporting the potentially realised risks during the previous year, and mitigation plans put into effect during the period. Risk data is inputted into one group-wide risk register, from which business unit function risk reports are prepared for the Board of Directors and Audit and Governance Committee. Risk reports to the Board of Directors and Audit and Governance Committee are prepared 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 of Directors and 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 2014 is depicted by the fact that a one-percentage point rise in money market interest rates would increase its interest expenses for 2014 by EUR 1.2 million, while a fall of one-percentage point in such rates would decrease them by EUR 1.2 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

EUR million	2014	2013
EUR	0.7	0.6
SEK	0.5	0.5
Other currencies	0.0	0.1
Total	1.2	1.1

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

EUR million	2014	2013
EUR	0.0	7.3
SEK	1.3	4.4
Total	1.3	11.8

Liquidity risk

Given that Citycon's strategy is to expand in the Nordic and Baltic countries, the company will need both equity capital and borrowings. 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 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 2014, unused committed credit limits amounted to EUR 397.5 million, in addition Citycon had unused cash pool limits of EUR 17.9 million and cash and cash equivalents of EUR 34.4 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.

EUR million	Less than 1 month	1 to 12 months	1-5 years	Over 5 years	Total
31 Dec. 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	28.0	0.9	0.0	51.7

31 Dec. 2013					
Loans from financial institutions	2.4	139.9	738.4	-	880.7
Bond 1/2009	-	24.3	-	-	24.3
Bond 1/2012	-	5.9	156.0	-	161.9
Bond 1/2013	-	18.8	75.0	537.5	631.3
Finance lease liabilities	-	0.1	0.1	-	0.2
Derivative financial instruments	1.2	11.3	17.6	-	30.0
Trade and other payables (excl. interest liabilities)	44.6	1.3	8.2	9.9	64.1

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.

EUR million	Less than 1 month	1 to 12 months	1-5 years	Over 5 years	Total
31 Dec. 2014					
Undrawn committed credit facilities	-	-	397.5	-	397.5
31 Dec. 2013					
Undrawn committed credit facilities	-	-	330.0	50.0	380.0

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 "23. 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 krona exchange rate.

Foreign exchange sensitivity

The following table shows the sensitivity in the statement of comprehensive income to a five percent change in foreign exchange rates, assuming 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 per cent change in foreign exchange rates on net financial expenses

EUR million	2014	2013
SEK	0.1	0.4
LTL	-	0.0
Total	0.1	0.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

D) Capital management

The objective of the company's capital management is to support the growth strategy, maximise shareholder value, comply with loan agreement provisions and ensure the company's ability to pay dividends. 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 LTV (Loan-to-value). 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 2014, the company's equity ratio stood at 54.6% and the equity ratio as defined in the loan agreement was around 54.8%.

The formulas for calculating the equity ratio and LTV can be found on page 61 in the consolidated financial statements.

Equity ratio:

EUR million	2014	2013
Total shareholders' equity (A)	1,652.5	1,340.6
Total assets	3,037.2	2,975.4
Less advances received	12.4	13.3
./. (Total assets - advances received) (B)	3,024.8	2,962.1
Equity ratio, % (A/B)	54.6	45.3

LTV (Loan-to-value) -%:

EUR million	2014	2013
Interest-bearing debt total (Note 26)	1,177.7	1,462.4
Less cash and cash equivalents (Note 24)	34.4	38.0
Interest-bearing net debt (A)	1,143.3	1,424.4
Fair value of investment properties including properties held for sale (Note 14) and investments in joint ventures (Note 15) (B)	2,959.1	2,886.5
LTV, % (A/B)	38.6	49.3

Equity ratio improved considerably in 2014 due to the equity raises, the profit of the period and a less negative fair value of interest rate derivatives under hedge accounting, which led to higher equity as a proportion of total assets. The LTV improved in 2014 both as a result of a higher fair value of investment properties as well as the share issue and the profit of the period, which resulted in a lower net interest-bearing debt.

27. TRADE AND OTHER PAYABLES

EUR million	2014	2013
Trade payables	12.4	11.6
Short-term advances received	11.8	12.4
Interest liabilities	16.7	17.5
Other liabilities	21.6	19.1
Accrued expenses total	38.3	36.6
VAT-liabilities	5.4	7.0
Other short-term payables	0.0	13.8
Other short-term payables total	5.4	20.8
Total	67.9	81.5

Due dates of future payments of trade and other payables:

EUR million	2014	2013
Due in less than 1 month	22.8	45.8
Due in 1–3 months	29.3	7.8
Due in 3–6 months	1.1	9.1
Due in 6–12 months	13.8	0.6
Due in 1–2 years	0.6	1.0
Due in 2–5 years	0.3	7.2
Due in over 5 years	0.0	9.9
Total	67.9	81.5

28. 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. The purpose of the stock options is also to commit the key personnel to the company.

The maximum total number of stock options that can be issued is 7,250,000, and they entitle their owners to subscribe for a maximum total of 9,748,350 new shares or treasury shares. The stock options will be 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. If an employee leaves the Group, (s)he will forfeit his/her stock options for which the share subscription period has not begun on the date of the termination of his/her employment/executive contract.

However, the Board of Directors can specifically decide that the stock-option holder retains his/her stock options or some of them. The Board of Directors shall also decide upon the re-distribution of the stock options returned to the company.

At the end of 2014, stock options 2011A-D(I), 2011A-D(II) and 2011A-D(III) were held by 15 key employees within the Group. The amount of outstanding stock options was 6,185,000 on 31 December 2014. These option rights entitle their holders to subscribe for 8,316,351 shares in 2012–2018.

Citycon uses the Black & Scholes option-pricing model to measure the fair value of stock options at the grant date and reports them under personnel expenses in the statement of comprehensive income allocated over the instrument's vesting period. In 2014, the expense recognised in the statement of comprehensive income totalled EUR 0.3 million (EUR 0.6 million in 2013). 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 Oyj decided on 8 June 2014 and 8 July 2014, due to rights issue arranged in June-July 2014, 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 February-March 2013, to adjust 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)	2.7820 (2.8009)	1.3446 (1.1765)
2011A-D(II)	2.8862 (2.9199)	1.3446 (1.1765)
2011A-D(III)	2.3804 (2.3419)	1.3446 (1.1765)

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	Stock options 2011A-D(I)	Stock options 2011A-D(II)	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, EUR (as from 9 July 2014)	2.7820 (2.8009)	2.8862 (2.9199)	2.3804 (2.3419)
Adjusted subscription ratio (as from 9 July 2014)	1.3446 (1.1765)	1.3446 (1.1765)	1.3446 (1.1765)
Vesting period as per option terms (No. of days) ¹⁾	332-1427	332-1427	172-1267
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 (No. of days) ¹⁾	1095-2190	1095-2190	1095-2190
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:

	2014		2013	
	Exercise price, weighted average, EUR/share	No. of stock options	Exercise price, weighted average, EUR/share	No. of stock options
At period-start	2.69	6,305,000	2.87	6,505,000
New stock options granted	-	-	2.34	120,000
Forfeited stock options	2.72	120,000	2.78	320,000
Redistributed stock options	-	-	-	-
Exercised stock options	-	-	-	-
Lapsed stock options	-	-	-	-
At period-end	2.68	6,185,000	2.69	6,305,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Exercisable stock options at period-end

The company had 4,727,500 exercisable 2011A–C(I–III) stock options at period-end. No stock options were exercised during 2014.

The subscription prices of outstanding stock options were 2.7820 (2011A–D(I)), 2.8862 (2011A–D(II)) and 2.3804 (2011A–D(III)) and the subscription ratio 1.3446 at the period-end.

The lapse year is the year 2018 of the outstanding stock options.

B) Long-term share-based incentive plan

Citycon has no valid long-term share-based incentive plan. The incentives earned through the previous long-term share-based incentive plan have been granted to the key persons of the Group during the years 2008–2012.

29. CASH GENERATED FROM OPERATIONS

	2014	2013
Profit before taxes	102.4	87.6
Adjustments for:		
Depreciation and amortisation (Note 9)	0.8	0.9
Net fair value gains(-)/losses(+) on investment property (Note 14)	-15.7	-26.1
Losses(+)/profit(-) on disposal of investment property (Notes 14 and 22)	0.3	-0.8
Share-based payments (Note 28)	0.3	0.5
Share of profit of joint ventures and other non-cash income	-15.0	-2.1
Foreign exchange gains(-)/losses(+) in financing expenses (Note 11)	-0.1	0.0
Interest and other financing income (Note 11)	-7.2	-6.5
Interest and other financing expenses (Note 11)	84.8	96.6
Changes in working capital		
Trade and other receivables (Note 23)	2.9	0.3
Trade and other payables (Note 27)	-8.1	-4.8
Cash generated from operations	145.4	145.6

30. COMMITMENTS AND CONTINGENT LIABILITIES

A) Other leases – Group as lessee

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

EUR million	2014	2013
Not later than 1 year	2.4	2.4
1–5 years	6.5	9.4
Over 5 years	3.2	19.5
Total¹⁾	12.2	31.3

1) Citycon reports land lease fees as a part of commitments and contingent liabilities as of 31 December 2014. The change has been applied also to the 2013 comparison figures.

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. During the reporting period, Citycon acquired one leased land lot, which decreases land lease commitments compared to previous year.

Lease payments recognised as expenses during the period were EUR 0.8 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

EUR million	2014	2013
Loans, for which mortgages are given in security and shares pledged		
Loans from financial institutions	-	2.5
Contingent liabilities for loans		
Mortgages on land and buildings	-	10.3
Bank guarantees	66.2	79.5
Capital commitments	244.7	213.8
VAT refund liabilities	94.9	80.0

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 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, 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 2014 stood at around 54.8% and interest coverage ratio at around 3.1 (2013: equity ratio was around 45.2% and interest coverage ratio around 2.4).

Under a commitment given in the terms of the Trust Deeds regarding the eurobonds issued in 2013 and 2014, Citycon undertakes to maintain its 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 2014 stood at around 0.38 (2013: 0.48) and the secured solvency ratio at around 0.00 (2013: 0.01).

31. RELATED PARTY TRANSACTIONS

A) Related parties

Citycon Group's related parties comprise the parent company Citycon Oyj and its subsidiaries, jointly controlled entities, associated companies and minority companies; Board members; CEO and other Corporate Management Committee members and Gazit-Globe Ltd., whose shareholding in Citycon Oyj accounted for 42.8% on 31 December 2014 (31 December 2013: 49.3%).

Group companies on 31 December 2014	Country	Group holding, %	Parent company holding, %
Parent company: Citycon Oyj	Finland		
1 Albertslund Centrum ApS	Denmark	100.0	-
2 Asematie 3 Koy	Finland	100.0	-
3 Big Apple Top Oy	Finland	100.0	-
4 Citycon AB	Sweden	100.0	100.0
5 Citycon Denmark ApS	Denmark	100.0	100.0
6 Citycon Development AB	Sweden	100.0	-
7 Citycon Estonian Investments B.V.	The Netherlands	100.0	-
8 Citycon Finland Oy	Finland	100.0	100.0

Group companies on 31 December 2014	Country	Group holding, %	Parent company holding, %
9 Citycon Högdalen Centrum AB	Sweden	100.0	-
10 Citycon Jakobsbergs Centrum AB	Sweden	100.0	-
11 Citycon Liljeholmstorget Galleria AB	Sweden	100.0	-
12 Citycon Services AB	Sweden	100.0	-
13 Citycon Shopping Centers AB	Sweden	100.0	-
14 Citycon Shopping Centers Shelf 6 AB	Sweden	100.0	-
15 Citycon Shopping Centers Vinden AB	Sweden	100.0	-
16 Citycon Treasury B.V.	The Netherlands	100.0	100.0
17 Citycon Tumba Centrumfastigheter AB	Sweden	100.0	-
18 Espoon Asemakuja 2 Koy	Finland	100.0	-
19 Etelä-Suomen Kauppakiinteistö Oy	Finland	100.0	-
20 Euro Montalbas B.V.	The Netherlands	100.0	-
21 Helsingin Hämeentie 109-111 Koy	Finland	100.0	-
22 Jyväskylän Forum Koy	Finland	100.0	-
23 Jyväskylän Kauppakatu 31 Koy	Finland	100.0	-
24 Kaarinan Liiketalo Koy	Finland	100.0	-
25 Karjaan Ratakatu 59 Koy	Finland	100.0	-
26 Kauppakeskus Columbus Koy	Finland	100.0	-
27 Kauppakeskus Isokarhu Oy	Finland	100.0	-
28 Kivensilmänkuja 1 Koy	Finland	100.0	-
29 Kotkan Keskuskatu 11 Koy	Finland	100.0	-
30 Kristiina Management Oy	Finland	100.0	-
31 Kristiine Keskus Oü	Estonia	100.0	-
32 Kuopion Kauppakatu 41 Koy	Finland	100.0	-
33 Lahden Hansa Koy	Finland	100.0	-
34 Lahden Kauppakatu 13 Koy	Finland	100.0	-
35 Lentolan Perusyhtiö Oy	Finland	100.0	-
36 Liljeholmstorget Development Services AB	Sweden	100.0	-
37 Lillinkulma Koy	Finland	100.0	-
38 Lintulankulma Koy	Finland	100.0	-
39 Lippulaiva Koy	Finland	100.0	-
40 Magistral Kaubanduskeskuse Oü	Estonia	100.0	-
41 Manhattan Acquisition Oy	Finland	100.0	-
42 Martinlaakson Kivivuorentie 4 Koy	Finland	100.0	-
43 Minkkikuja 4 Koy	Finland	100.0	-
44 Montalbas B.V.	The Netherlands	100.0	100.0
45 Myyrmanni Koy	Finland	100.0	-
46 New Manhattan Acquisition Oy	Finland	100.0	-
47 Oulu Big Street Top Oy	Finland	100.0	-
48 Oulun Galleria Koy	Finland	100.0	-
49 Oulun Isokatu 20 Koy	Finland	100.0	-
50 Oulun Isokatu 22 Koy	Finland	100.0	-
51 Porin Asema-aukio Koy	Finland	100.0	-
52 Porin Isolinnankatu 18 Koy	Finland	100.0	-
53 Riddarplatsen Fastigheter HB	Sweden	100.0	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Group companies on 31 December 2014	Country	Group holding, %	Parent company holding, %
54 Rocca al Mare Kaubanduskeskuse AS	Estonia	100.0	-
55 Runeberginkatu 33 Koy	Finland	100.0	-
56 Sinikalliontie 1 Koy	Finland	100.0	-
57 Stenungs Torg Fastighets AB	Sweden	100.0	-
58 Strömpilen AB	Sweden	100.0	-
59 Talvikkitie 7-9 Koy	Finland	100.0	-
60 Tampereen Hermanni Koy	Finland	100.0	-
61 Tampereen Koskikeskus Koy	Finland	100.0	-
62 Varkauden Relanderinkatu 30 Koy	Finland	100.0	-
63 Vaakalintu Koy	Finland	95.8	-
64 Lahden Trio Koy	Finland	89.5	-
65 Linjurin Kauppakeskus Koy	Finland	88.5	-
66 Tikkurilan Kauppakeskus Koy	Finland	83.8	-
67 Hervannan Liikekeskus Oy	Finland	83.2	-
68 Orimattilan Markkinatalo Oy	Finland	77.3	-
69 Ersboda Länken 1 AB	Sweden	75.0	-
70 RED City AB	Sweden	75.0	-
71 Åkersberga Centrum AB	Sweden	75.0	-
72 Myyrmäen Kauppakeskus Koy	Finland	74.0	-
73 Heikintori Oy	Finland	68.7	-
74 Kirkkonummen Liikekeskus Oy	Finland	66.7	-
75 Espoontori Koy	Finland	66.6	-
76 Myyrmäen Autopaikot Oy	Finland	62.7	-
77 Vantaan Säästötaloy	Finland	61.2	-
78 Espoontorin Pysäköintitalo Oy	Finland	60.1	-
79 Espoon Asematori Koy	Finland	54.1	-
80 Lappeenrannan Villimiehen Vitonen Oy	Finland	50.0	-
81 Espoon Big Apple Housing As Oy	Finland	50.0	-
82 Holding Big Apple Housing Oy	Finland	50.0	-
83 Holding Metrokeskus Oy	Finland	50.0	-
84 Kista Galleria JV AB	Sweden	50.0	-
85 Kista Galleria Kommanditbolag	Sweden	50.0	-
86 Kista Galleria Holding AB	Sweden	50.0	-
87 Kista Galleria LP AB	Sweden	50.0	-
88 Mölndals Galleria AB (Goldcup 10075 AB)	Sweden	50.0	-
89 Mölndals Galleria Fastighets AB (PropCo)	Sweden	50.0	-
90 New Big Apple Top Koy	Finland	50.0	-
91 Retail Park Oy	Finland	50.0	-
92 Tikkurilan Kassatalo As Oy	Finland	41.7	-
93 Länsi-Keskus Koy	Finland	41.4	-
94 Hakunilan Keskus Oy	Finland	41.1	-
95 Hansaparkki Koy	Finland	36.0	-
96 Kontulan Asemakeskus Koy	Finland	34.8	-
97 Puijonlaakson Palvelukeskus Koy	Finland	31.3	-
98 Jyväskylän Ydin Oy	Finland	29.0	-

Group companies on 31 December 2014	Country	Group holding, %	Parent company holding, %
99 Hakucenter Koy	Finland	18.7	-
100 Tupakkikiven Parkki Koy	Finland	17.2	-
101 Liesikujan Autopaikat Oy	Finland	8.0	-
102 Martinlaakson Huolto Oy	Finland	3.8	-
Partnerships for taxation purposes:			
Parkeringshuset Våpnaren	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 benefits

Citycon Group's key personnel in the management comprise Board members, CEO and other Corporate Management Committee members. The benefits of the key personnel in the management are presented in the following chapters.

CEO wages and salaries, EUR	2014	2013
Marcel Kokkeel (CEO as of 24 March 2011)	828,626	880,257

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 2014 amounted to EUR 615,000.00. 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.

As of 19 March 2014, the CEO's service agreement has been amended from a fixed term appointment to an appointment being 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.

Pursuant to the CEO's service agreement valid until 19 March 2014, in H1 of 2014, the CEO was paid, at discretion of the Board of Directors, a bonus of EUR 185,065.00 and 68,948 shares of the company as CEO's performance bonus payment for the year 2013.

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, EUR million	2014	2013
Wages and salaries	2.2	2.3
Pensions: defined contribution plans	0.4	0.4
Social charges	0.2	0.2
Total	2.8	2.9

Citycon recognized EUR 0.2 million non-recurring personnel expenses arising from employment terminations of Corporate Management Committee members in 2014 (no expenses recognised in 2013).

The Corporate Management Committee members including the CEO held a total of 2,770,000 stock options 2011A-D(I), 2011A-D(II) and 2011A-D(III) at the end of 2014.

Remuneration of the members of the Board of Directors, EUR	2014	2013
Ashkenazi Ronen	85,800	84,300
Katzman Chaim	165,000	170,200
Knobloch Bernd	85,600	87,700
de Haan Arnold (Board member since 10 June 2014)	45,879	-
Kempe Roger (Board member until 21 March 2013)	-	4,000
Komi Kirsi	66,200	65,800
Ohana Karine	63,800	60,400
Orlandi Andrea (Board member since 10 June 2014) ¹⁾	0	-
Ottosson Claes	65,600	63,700
Ovin Per-Anders	66,200	60,400
Sonninen Jorma (Board member until 10 June 2014)	13,789	62,000
Westin Per-Håkan (Board member until 21 March 2013)	-	4,000
Yanai Yuval (Board member until 10 June 2014)	17,989	62,600
Zochovitzky Ariella	73,600	70,200
Total	749,457	795,300

1) Andrea Orlandi has notified the company that he will not accept any annual fees or meeting fees payable by the company.

Board members do not participate in the company's share-based incentive schemes. During 2014, the travel expenses of the Board members amounted to EUR 0.1 million (EUR 0.1 million 2013).

Transactions with Gazit-Globe Ltd.

Purchases of services and expenses charged forward

Citycon has paid expenses of EUR 0.0 million (EUR 0.1 million) to Gazit-Globe Ltd. and its subsidiaries and invoiced expenses of EUR 0.0 million (EUR 0.2 million) forward to Gazit-Globe Ltd. and its subsidiaries.

Rights issue 2014 and 2013

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. During the comparison period, Citycon issued approximately 114 million new shares in a rights issue (March 2013), raising approximately EUR 200 million gross proceeds in new equity. Gazit-Globe Ltd. subscribed for 56.1 million shares in this rights issue.

Reporting to Gazit-Globe Ltd.

The company's main shareholder, Gazit-Globe Ltd., holding 42.8% of the shares in the company, has announced that it has been applying International Financial Reporting Standards (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.

32. CHANGES IN GROUP STRUCTURE IN 2014

Companies established

Ersboda Länken 1 AB

Euro Montalbas B.V.

Möndals Galleria AB (Goldcup 10075 AB)

Möndals Galleria Fastighets AB (PropCo)

RED City AB

Companies acquired

Manhattan Acquisition Oy (increase of ownership by 40% to 100%)

Companies sold

Asolan Liikekiinteistö Oy

Espagalleria Oy

Forsan Hämeentie 3 Koy

Kuvernöörintie 8 Koy

Kuusankosken Kauppakatu 7 Koy

Laajasalon Liikekeskus Oy

Lauttasaaren Liikekeskus Oy

Pihlajamäen Liiketalo Oy

Salpausseläntie 11 Koy

Soukan Itäinentorni As Oy

Säkylän Liiketalo Koy

Tikkurilan Kassatalo As Oy (decrease of shareownership to 41.7%)

UAB Citycon

UAB Preskybos Centras Mandarinas

Valkeakosken Liikekeskus Koy

Valkeakosken Torikatu 2 Koy

Vantaan Laajavuoreнкуja 2 Koy

Companies merged

Citycon Holding S.à.r.l.

Companies dissolved

Citycon Hedging C.V.

33. POST BALANCE SHEET DATE EVENTS

On 16 January 2015 Citycon announced that Harri Holmström, Citycon Oy's Chief Commercial Officer (CCO) and member of the Corporate Management Committee would leave the company at the end of January.

Also, on 28 January 2015 the company announced that it has signed an agreement with TK Development regarding the forward purchase of Straedet, a shopping centre to be built in Køge in the greater Copenhagen area. The purchase price is estimated to be approximately EUR 75 million and will be paid at completion in 2017.

Key figures and ratios

1) CONSOLIDATED KEY FIGURES AND RATIOS FOR FIVE YEARS

EUR million	Formula	2014	2013	2012	2011	2010
Statement of comprehensive income data						
Turnover		245.3	248.6	239.2	217.1	195.9
Other operating income and expense		1.0	0.9	0.2	0.2	0.3
Operating profit/loss		165.0	176.0	163.4	81.8	157.7
Profit/loss before taxes ¹⁾		102.4	87.6	95.5	19.7	102.8
Profit/loss attributable to parent company shareholders ¹⁾		84.5	94.9	63.4	11.5	79.9
Statement of financial position data						
Investment properties		2,769.1	2,733.5	2,714.2	2,522.1	2,367.7
Current assets		64.8	74.5	75.5	125.0	56.9
Equity attributable to parent company shareholders ¹⁾		1,650.7	1,236.2	959.9	861.7	810.1
Non-controlling interest		1.8	42.6	35.6	52.7	46.5
Interest-bearing liabilities		1,177.7	1,462.4	1,533.0	1,547.9	1,397.7
Total liabilities		1,384.8	1,694.2	1,823.1	1,763.4	1,579.9
Total liabilities and shareholders' equity		3,037.2	2,973.0	2,818.5	2,677.7	2,436.5
Key performance ratios						
Equity ratio, %	1	54.6	43.2	35.5	34.3	35.3
Equity ratio for the banks, %		54.8	45.2	40.5	39.0	39.4
Loan-to-value (LTV), %	2	38.6	49.3	54.5	57.5	58.2
Return on equity, % (ROE)	3	6.1	8.2	7.3	1.9	11.0
Return on investment, % (ROI)	4	8.4	7.8	7.8	3.9	10.8
Quick ratio	5	0.5	0.4	0.4	0.5	0.3
Gross capital expenditure, EUR million		125.5	226.1	161.7	216.4	133.7
% of turnover		51.2	91.0	67.6	99.7	68.3
Per-share figures and ratios						
Earnings per share, EUR ²⁾	6	0.16	0.22	0.20	0.04	0.31
Earnings per share, diluted, EUR ²⁾	7	0.16	0.22	0.20	0.04	0.31
Net cash from operating activities per share, EUR ²⁾	8	0.13	0.14	0.26	0.23	0.12
Equity per share, EUR	9	2.78	2.80	2.94	3.10	3.31
P/E (price/earnings) ratio ²⁾	10	16	12	13	59	10
Return from invested unrestricted equity fund per share, EUR ²⁾		0,15 ²⁾	0.12	0.11	0.11	0.10
Dividend per share, EUR ²⁾		0,00 ²⁾	0.03	0.04	0.04	0.04
Dividend and return from invested unrestricted equity fund per share total, EUR ²⁾		0,15 ²⁾	0.15	0.15	0.14	0.13
Dividend and return of equity per earnings, %	11	92.5	67.5	76.3	366.7	43.2
Effective dividend and return of equity yield, %	12	5.8	5.9	5.8	6.3	4.4
Operative key ratios						
Net rental yield, %	13	6.3	6.4	6.4	6.0	5.8
Occupancy rate (economic), %	15	96.3	95.7	95.7	95.5	95.1
Citycon's GLA, sq.m.		933,040	961,790	1,000,270	994,730	942,280
Personnel (at the end of the period)		151	127	129	136	129

1) Citycon amended its accounting policy regarding deferred taxes in the third quarter of 2014. The change has been applied also to comparison figures.

2) Result per share key figures have been calculated with the issue-adjusted number of shares resulting from the directed share issue executed in June 2014 and rights issue executed in July 2014.

3) Board proposal

Formulas are available on page 61.

2) FIVE YEAR SEGMENT INFORMATION

EUR million	2014	2013	2012	2011	2010
Turnover					
Finland	147.7	150.4	143.2	132.5	126.5
Sweden	60.5	63.3	63.1	60.1	52.8
Baltic Countries and New Business	37.2	34.9	32.8	24.5	16.7
Total	245.3	248.6	239.2	217.1	195.9
Net rental income					
Finland	103.0	103.5	98.2	90.5	86.7
Sweden	38.9	39.7	39.2	35.4	28.7
Baltic Countries and New Business	27.5	25.6	24.6	18.4	11.8
Total	169.4	168.9	162.0	144.3	127.2
EPRA operating profit					
Finland	100.1	100.3	89.3	83.2	80.9
Sweden	36.4	36.0	34.0	30.4	24.1
Baltic Countries and New Business	26.1	24.8	23.7	17.1	10.6
Other	-12.8	-12.0	-11.4	-13.4	-10.5
Total	149.8	149.1	135.7	117.4	105.0
Operating profit/loss					
Finland	83.5	102.4	87.5	42.3	107.5
Sweden	49.6	45.1	48.2	32.4	46.7
Baltic Countries and New Business	44.6	40.6	39.1	20.5	14.1
Other	-12.6	-12.0	-11.4	-13.4	-10.5
Total	165.0	176.0	163.4	81.8	157.7

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 (technical), % $\frac{\text{Leased area}}{\text{Gross leasable area}} \times 100$	
15)	Occupancy rate (economic), % $\frac{\text{Gross rental income as per leases}}{\text{Estimated market rent of vacant premises + gross rental income as per leases}} \times 100$	
16)	Average share price, EUR $\frac{\text{Value of shares traded (EUR)}}{\text{Average number of shares traded}}$	
17)	Market capitalisation Number of shares x closing price for the period excl. treasury shares	
18)	Net interest-bearing debt (fair value), EUR million Fair value of interest-bearing debts - cash and cash equivalents	

Parent company financial statements

PARENT COMPANY INCOME STATEMENT, FAS

EUR million	Note	1 Jan.-31 Dec. 2014	1 Jan.-31 Dec. 2013
Gross rental income		0.1	0.1
Service charge income		1.9	0.2
Turnover	2	2.0	0.3
Property operating expenses		0.1	0.1
Other expenses from leasing operations	3	0.0	0.0
Net rental income		1.9	0.2
Administrative expenses	4, 5	12.8	11.0
Other operating income and expenses	6	1.4	-0.1
Operating loss/profit		-9.4	-10.8
Financial income		116.6	131.8
Financial expenses		-150.9	-151.8
Net financial income and expenses	7	-34.3	-20.0
Loss/profit before appropriations and taxes		-43.7	-30.8
Group contributions		38.7	43.9
Income tax expense/benefit	8	0.0	0.0
Profit/loss for the period		-5.0	13.1

PARENT COMPANY BALANCE SHEET, FAS

EUR million	Note	31 Dec. 2014	31 Dec. 2013
ASSETS			
Non-current assets			
Intangible assets	9	3.9	1.1
Tangible assets	10	0.5	5.9
Investments			
Shares in subsidiaries	11	512.6	1,423.3
Other investments	12	1,764.3	810.1
Long-term receivables	12	1.7	-
Total investments		2,278.5	2,233.4
Total non-current assets		2,282.9	2,240.4
Current assets			
Short-term receivables	14	226.0	93.1
Cash and cash equivalents		1.6	15.7
Total current assets		227.7	108.8
Total assets		2,510.6	2,349.2

EUR million	Note	31 Dec. 2014	31 Dec. 2013
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	15	259.6	259.6
Share premium fund		133.1	133.1
Invested unrestricted equity fund		851.5	501.6
Retained earnings		4.1	4.3
Profit/loss for the period		-5.0	13.1
Total shareholders' equity		1,243.3	911.6
Liabilities			
Long-term liabilities			
Bond 1/2012		138.1	138.0
Bond 1/2013		495.7	495.0
Other long-term liabilities		12.5	545.0
Total long-term liabilities		646.4	1,178.1
Short-term liabilities			
Bond 1/2009		-	23.0
Other short-term liabilities		621.0	236.5
Total short-term liabilities		621.0	259.5
Total liabilities		1,267.4	1,437.6
Total liabilities and shareholders' equity		2,510.6	2,349.2

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY CASH FLOW STATEMENT, FAS

EUR million	1 Jan.-31 Dec. 2014	1 Jan.-31 Dec. 2013
Cash flow from operating activities		
Loss/profit before taxes	-43.7	-30.8
Adjustments:		
Depreciation and impairment loss	0.2	0.2
Non-cash property operating expenses	0.0	0.0
Net financial income and expenses	34.3	20.0
Loss/gain on sale and on liquidation of shares in subsidiaries and other investments	0.0	0.1
Cash flow before change in working capital	-9.2	-10.6
Change in working capital	43.5	25.0
Cash generated from operations	34.3	14.5
Interest expense and other financial expenses paid	-80.8	-84.0
Interest income and other financial income received	35.1	83.3
Realized exchange rate losses and gains	22.6	-36.0
Income taxes paid	-	-
Net cash flow from operating activities	11.2	-22.2
Cash flow used in investing activities		
Investment in tangible and intangible assets	-1.6	1.5
Proceeds from sale of tangible assets	0.0	0.0
Loans granted	-181.5	-234.8
Repayments of loans receivable	401.2	291.7
Increase in subsidiary shares	0.0	-170.4
Net cash used in investing activities	218.1	-111.9
Cash flow from financing activities		
Proceeds from rights and share issue	402.9	200.2
Proceeds from short-term loans	272.4	95.5
Repayments of short-term loans	-204.8	-192.3
Proceeds from long-term loans	0.0	607.9
Repayments of long-term loans	-665.7	-544.9
Dividends paid and return from the invested unrestricted equity fund	-66.3	-49.1
Net cash from financing activities	-261.6	117.3
Net change in cash and cash equivalents	-32.2	-16.9
Cash and cash equivalents at period-start	-16.5	0.4
Effects of exchange rate changes	-	-
Cash and cash equivalents at period-end ¹⁾	-48.7	-16.5

1) Cash and cash equivalents of Citycon Oyj included the Group cash pool as at 31 December 2014 and at 31 December 2013, in which the parent company's bank account can have a negative balance. Cash pool balance of EUR -50.4 million as at 31 December 2014 and EUR -32.2 million as at 31 December 2013 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% 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

EUR million	2014	2013
Turnover by country:		
Finland	1.6	0.2
Other countries	0.4	0.1
Total	2.0	0.3

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

EUR million	2014	2013
Administrative fees from Group companies	1.0	0.1

3. OTHER EXPENSES FROM LEASING OPERATIONS

EUR million	2014	2013
Tenant improvements and commissions	-	-
Credit losses	0.0	0.0
Total	0.0	0.0

4. PERSONNEL EXPENSES

EUR million	2014	2013
Average number of employees during period	49	33
Personnel expenses		
Wages and salaries	6.9	5.8
Pension charges	1.0	0.9
Other social charges	0.5	0.2
Total	8.3	6.9

The items presented above include CEO's statutory pension payments, EUR 0.1 million in 2014 (EUR 0.2 million in 2013). In addition, the items above include non-recurring personnel expenses of EUR 0.3 million in 2014 arising from employment terminations (0.1 milj. EUR in year 2013).

Personnel expenses include the following management salaries and emoluments

EUR million	2014	2013
Personnel expenses include the following management salaries and emoluments		
CEO's salary and emoluments	0.8	0.9
Board remuneration	0.8	0.8
Total	1.6	1.7

5. DEPRECIATION AND AMORTISATION AND IMPAIRMENTS

EUR million	2014	2013
The following depreciation and amortisation as well as impairments are included in the administrative expenses:		
Amortisation on intangible assets	0.1	0.1
Depreciation on machinery and equipment	0.1	0.1
Total	0.2	0.2

6. OTHER OPERATING INCOME AND EXPENSES

EUR million	2014	2013
Loss/gain on sale of tangible assets	-	-0.1
Other operating income	1.4	-
Total	1.4	-0.1

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

7. NET FINANCIAL INCOME AND EXPENSES

EUR million	2014	2013
Dividend income		
From Group companies	14.0	46.0
From others	0.0	-
Total	14.0	46.0
Interest and other financial income		
From Group companies	39.3	38.2
Foreign exchange gains	62.8	47.4
Other interest and financial income	0.5	0.1
Total	102.6	85.8
Total financial income	116.6	131.8
Interest and other financial expenses		
To Group companies	44.4	33.7
Foreign exchange losses	24.2	25.1
Realised fair value losses from interest rate swaps	26.5	23.0
Interest and other financial expenses	55.9	70.0
Total financial expenses	150.9	151.8
Net financial income and expenses	-34.3	-20.0

8. INCOME TAX EXPENSE

EUR million	2014	2013
Current taxes	-	-
Deferred tax benefit	-	-
Income taxes	-	-

9. INTANGIBLE ASSETS

EUR million	2014	2013
Intangible rights		
Acquisition cost 1 Jan.	2.2	1.7
Additions during the period	2.8	0.5
Accumulated acquisition costs 31 Dec.	5.0	2.2
Accumulated depreciation 1 Jan.	-1.3	-1.3
Depreciation for the period	0.0	0.0
Accumulated depreciation 31 Dec.	-1.4	-1.3
Net carrying amount 31 Dec.	3.6	0.8
Tenant improvements and other non-current assets		
Acquisition cost 1 Jan.	1.6	1.5
Additions during the period	0.1	0.2
Accumulated acquisition costs 31 Dec.	1.7	1.6
Accumulated depreciation 1 Jan.	-1.4	-1.3
Depreciation for the period	-0.1	-0.1
Accumulated depreciation 31 Dec.	-1.5	-1.4
Net carrying amount 31 Dec.	0.3	0.2
Total intangible assets 31 Dec.	3.9	1.1

10. TANGIBLE ASSETS

EUR million	2014	2013
Machinery and equipment		
Acquisition cost 1 Jan.	0.8	1.1
Additions during the period	0.1	0.1
Reductions during the period	-	-0.3
Accumulated acquisition costs 31 Dec.	0.9	0.8
Accumulated depreciation 1 Jan.	-0.5	-0.6
Accumulated depreciation on disposals	-	0.2
Depreciation for the period	-0.1	-0.1
Accumulated depreciation 31 Dec.	-0.6	-0.5
Net carrying amount 31 Dec.	0.4	0.3
Construction in progress		
Acquisition cost 1 Jan.	5.5	7.8
Additions during the period	-5.4	-2.3
Net carrying amount 31 Dec.	0.1	5.5
Total tangible assets 31 Dec.	0.5	5.9

11. SHARES IN SUBSIDIARIES

EUR million	2014	2013
Acquisition cost 1 Jan.	1,423.3	1,226.8
Additions during the period	-	196.5
Reductions during the period	-910.8	-
Net carrying amount 31 Dec.	512.6	1,423.3

12. OTHER INVESTMENTS

EUR million	2014	2013
Loan receivables from Group companies	1,764.3	810.1
Other receivables from outside the Group	1.7	0.0
Total other investments 31 Dec.	1,766.0	810.1
Total investments 31 Dec.	2,278.5	2,233.4

13. SUBSIDIARIES AND ASSOCIATED COMPANIES

Parent company's subsidiaries and associated companies are presented in the Note 31 Related Party Transactions in the Notes to the Consolidated Financial Statements.

14. LONG-TERM AND SHORT-TERM RECEIVABLES

EUR million	2014	2013
Receivables from outside the Group		
Trade receivables	0.4	0.5
Derivative financial instruments	0.2	2.4
Other receivables	0.6	0.6
Accrued income and prepaid expenses	0.9	1.0
Total	2.2	4.5
Receivables from Group companies		
Trade receivables	8.3	2.3
Loan receivables	167.7	0.0
Other receivables	0.6	13.2
Total other receivables	168.3	13.2
Interest receivables	7.6	1.9
Other accrued income and prepaid expenses	1.0	0.2
Total accrued income and prepaid expenses	8.5	2.1
Group contributions receivables	38.7	71.0
Total	223.9	88.6
Total short-term receivables	226.0	93.1

15. SHAREHOLDERS' EQUITY

EUR million	2014	2013
Share capital at 1 Jan.	259.6	259.6
Share capital at 31 Dec.	259.6	259.6
Share premium fund at 1 Jan.	133.1	133.1
Share premium fund at 31 Dec.	133.1	133.1
Invested unrestricted equity fund at 1 Jan.	501.6	337.3
Proceeds from directed share issue and rights issue	402.9	200.2
Sale of treasury shares	-	-
Equity return from the invested unrestricted equity fund	-53.0	-36.0
Invested unrestricted equity fund at 31 Dec.	851.5	501.6
Retained earnings at 1 Jan.	17.4	17.3
Dividends	-13.2	-13.1
Profit/ Loss for the period	-5.0	13.1
Retained earnings at 31 Dec.	-0.8	17.4
Total shareholders' equity at 31 Dec.	1,243.3	911.6

16. LIABILITIES**A) Long-term liabilities**

EUR million	2014	2013
Long-term interest-bearing liabilities		
Bond 1/2012	138.1	138.0
Bond 1/2013	495.7	495.0
Loans from financial institutions, which are		
converted into fixed rates through interest-rate swaps	-	476.1
tied to market interest rates	17.5	78.0
Total	17.5	554.1
Current portion of interest-bearing liabilities	-5.0	-9.1
Total	12.5	545.0
Loans from Group companies	-	-
Total long-term liabilities	646.4	1,178.1
Loans maturing later than 5 years	495.7	495.0

B) Short-term liabilities

EUR million	2014	2013
Short-term interest-bearing liabilities		
Bond 1/2009	-	23.0
Commercial paper	68.4	0.0
Loans from financial institutions converted into fixed rates through interest-rate swaps	-	99.9
Current portion of interest-bearing liabilities	5.0	9.1
Cash pool overdrafts	-	0.9
Loans from Group companies	509.8	72.4
Total	583.2	205.2
Short-term non-interest-bearing liabilities		
Payables to outside the Group		
Accounts payable	1.1	5.2
Derivative financial instruments	2.2	3.4
Other payables	1.2	-0.3
Total other payables	3.4	3.1
Interest liability	14.4	16.1
Other accruals	3.1	2.8
Total accruals	17.4	18.8
Total	21.9	27.1
Payables to Group companies		
Accounts payable	0.0	0.0
Other payables	13.6	27.2
Total other payables	13.6	27.2
Accruals	2.3	0.0
Total	16.0	27.2
Total short-term liabilities	621.0	259.5
Total liabilities	1,267.4	1,437.6

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 21. Derivative Financial Instruments in the Notes to the Consolidated Financial Statements. In addition Citycon Oyj had group internal foreign exchange derivatives as of 31 December 2014 with a fair value of EUR 11.9 million (EUR 9.5 million) and a nominal amount of EUR 699.2 million (EUR 712,1 million).

17. CONTINGENT LIABILITIES

The parent company does not have any mortgages nor given securities.

A) Lease liabilities

EUR million	2014	2013
Payables on lease commitments		
Maturing next financial year	0.5	0.6
Maturing later	0.2	0.3
Total	0.7	0.9

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

B) Guarantees given

EUR million	2014	2013
Bank guarantees	66.2	79.5
Of which on behalf of Group companies	58.6	71.4

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 2 January 2015 on the Mid Cap list) under the trading code CTY1S. The market capitalisation of Citycon at the end of 2014 was EUR 1.5 billion (EUR 1.1 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 2014, Citycon's total number of shares was 593,328,419 (441,288,012).

In June–July 2014, Citycon executed two consecutive share issues. In the directed share issue 77,874,355 shares were subscribed, and in the rights issue 74,166,052 shares were subscribed.

Citycon share's latest price was EUR 2.58 (EUR 2.56) at the end of 2014. The daily prices for the Citycon share during 2014 ranged from EUR 2.29 to EUR 2.92.

In 2014, 88.8 million (104.5 million) Citycon shares were traded on the Helsinki stock exchange for a total value of EUR 234.9

SHARE PRICE AND TRADING VOLUME

Share price, transactions, EUR	2014	2013	2012	2011	2010
Low	2.29	2.12	2.12	2.02	2.29
High	2.92	2.67	2.71	3.41	3.31
Average	2.65	2.44	2.43	2.77	2.84
Market capitalisation, EUR million	1,530.8	1,129.7	840.1	641.7	753.3

Share trading volume

No. of shares traded as of year-start, 1,000	88,784	104,548	81,975	97,483	114,974
Percentage of total	15.0	23.7	25.1	35.1	47.0
Average number of shares, 1,000 ¹⁾	521,526	426,788	322,178	291,468	255,979
Average number of shares, diluted, 1,000 ¹⁾	522,596	432,838	338,511	310,646	275,791
Number of shares on 31. Dec., 1,000	593,328	441,288	326,880	277,811	244,565

¹⁾ Calculation of the number of shares is presented in Note 13. Earnings per share. Number of shares has been issue-adjusted resulting from the directed share issue and rights issue executed in 2014.

million (EUR 255.0 million). The daily average trading volume was 355,135 shares, representing a daily average turnover of EUR 0.9 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).

Shareholding

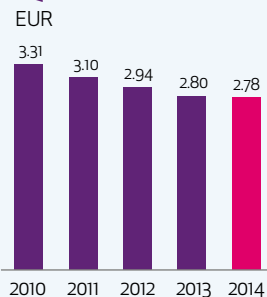
At year-end, Citycon had 7,657 (8,820) shareholders. Holders of nominee-registered shares held 68.9% (77.8%) of shares. Citycon is one of the companies on the Helsinki stock exchange with the most international ownership base.

Citycon's biggest shareholders are Gazit-Globe Ltd., CPP Investment Board European Holdings S.à.r.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 254,136,974 shares accounting for 42.8% of the shares and voting rights in the company at the year-end of 2014. Gazit-Globe Ltd.'s shareholding is nominee-registered. CPPIBEH owned 15.0% and Ilmarinen 7.63% of the issued shares and voting rights at year-end.

Dividend payout

Citycon'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



SHARE PRICE AND VOLUME



BREAKDOWN OF SHAREHOLDERS ON 31 DECEMBER 2014 BY NUMBER OF SHARES

Number of shares	Number of owners	Percentage of owners	Number of shares	Percentage of shares and votes
1-100	659	8.61	31,778	0.01
101-1,000	3,231	42.20	1,573,664	0.27
1,001-5,000	2,700	35.26	6,517,882	1.10
5,001-10,000	539	7.04	3,771,066	0.64
10,001-50,000	413	5.39	8,101,472	1.37
50,001-100,000	55	0.72	3,597,862	0.61
100,001-500,000	36	0.47	8,498,817	1.43
500,001-1,000,000	12	0.16	7,679,038	1.29
1,000,001-	12	0.16	553,556,840	93.30
Total	7,657	100.00	593,328,419	100.00
of which nominee-registered	9		408,548,817	68.86
Issued shares, total				

SHAREHOLDERS BY OWNERGROUP ON 31 DECEMBER 2014

	Number of owners	Percentage of owners	Percentage of shares and votes
Financial and insurance corporations	31	0.40	67.81
Corporations	383	5.00	1.15
Households	7,083	92.50	3.62
General government	6	0.08	8.52
Foreign	47	0.61	18.47
Non-profit institutions	107	1.40	0.43
Total	7,657	100.00	100.00
of which nominee-registered	9		68.86

The Board of Directors proposes 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, representing a payout ratio of 5.8% (5.9%).

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 received two flagging notices in 2014. On 13 May 2014 CPPIBEH and Canada Pension Plan Investment Board notified the company that, if CPPIBEH would subscribe for the maximum amount it has undertaken to subscribe for in the directed share issue and the rights issue, including the shares to be potentially subscribed for pursuant to its underwriting commitment, its total holding would represent 16.7% of the shares and voting rights in Citycon provided that the share issues would be subscribed in full. On 9 June 2014

BIGGEST SHAREHOLDERS ON 31 DECEMBER 2014

Name	Number of shares	Percentage of shares and votes
CPP Investment Board European Holdings S.à.r.l.	88,999,262	15.00
Ilmarinen Mutual Pension Insurance Company	45,274,730	7.63
The State Pension Fund of Finland	3,800,000	0.64
Folketrygdfondet	2,868,617	0.48
Sijoitusrahasto Aktia Capital	2,328,674	0.39
ODIN Finland	2,305,646	0.39
Sijoitusrahasto Taaleritehdas Arvo Markka Osake	900,000	0.15
OP Pension Fund	800,000	0.13
Livräntestalten hereditas	735,000	0.12
OP-Finland Value Fund	690,748	0.12
10 biggest, total	148,702,677	25.06
Nominee-registered shares		
Danske Bank Plc	147,217,545	24.81
Nordea Bank Finland Plc	132,553,525	22.34
Skandinaviska Enskilda Banken AB (publ) Helsinki Branch	60,685,659	10.23
Evli Bank Plc	52,916,152	8.92
Euroclear Bank SA/NV	11,766,635	1.98
Other nominee-registered shares	3,409,301	0.57
Nominee-registered shares, total	408,548,817	68.86
Others	36,076,925	6.08
Shares, total	593,328,419	100.00

CPPIBEH and Canada Pension Plan Investment Board notified the company that CPPIBEH's holdings in Citycon represent approximately 15.0% of the total number of shares and voting rights in Citycon after the directed share issue.

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 2014

In Helsinki, on 10 February 2015

Chaim Katzman

Ronen Ashkenazi

Bernd Knobloch

Arnold de Haan

Kirsi Komi

Karine Ohana

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 2015

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, 2014. 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 2015

Ernst & Young Oy
Authorized Public Accountant Firm

Mikko Ryttilahti
Authorized Public Accountant

Property list

Property	Address	Built in / renovated in	Citycon's GLA, sq.m.	Technical Occupancy rate, %, sq.m. ¹⁾	Economic Occupancy rate, %, EUR ¹⁾	Holding, %
FINLAND						
SHOPPING CENTRES, HELSINKI METROPOLITAN AREA						
1 Arabia			14,500	92.9	94.8	
Helsingin Hämeentie 109-111 Koy	Hämeentie 109-111	00550 HELSINKI				100
2 Columbus			21,000	97.2	97.7	
Kauppakeskus Columbus Koy	Vuotie 45	00980 HELSINKI				100
3 Espoontori			16,300	95.9	95.8	
Espoon Asemakuja 2 Koy	Asemakuja 2	02770 ESPOO	6,000			100
Espoon Asematori Koy	Kamreerintie 5	02770 ESPOO	1,800			54
Espoontori Koy	Kamreerintie 3	02770 ESPOO	8,500			67
Espoontorin Pysäköintitalo Oy	Kamreerintie 1	02770 ESPOO				60
4 Heikintori			6,300	60.1	64.9	
Heikintori Oy	Kauppamiehentie 1	02100 ESPOO				69
5 Iso Omena			63,300	100.0	100.0	
Big Apple Top Oy	Piispansilta 9	02230 ESPOO				100
Holding Metrokeskus Oy	Piispansilta 9	02230 ESPOO				50
New Big Apple Top Koy	Piispansilta 9	02230 ESPOO				50
Holding Big Apple Housing Oy	Piispansilta 9	02230 ESPOO				50
Espoon Big Apple Housing As Oy	Piispansilta 9	02230 ESPOO				50
6 Isomyyri			10,800	94.6	94.2	
Myyrmäen Kauppakeskus Koy	Liesitori 1	01600 VANTAA				74
Liesikujan Autopaikat Oy	Liesikuja 2	01600 VANTAA				8
7 Lippulaiva			19,000	99.4	99.6	
Lippulaiva Koy	Espoonlahdenkatu 4	02320 ESPOO				100
8 Martinlaakson Ostari			7,400	99.1	98.5	
Martinlaakson Kivivuorentie 4 Koy	Kivivuorentie 4	01620 VANTAA				100
9 Myllypuron Ostari			7,400	83.4	85.7	
Kivensilmänkuja 1 Koy	Kivensilmänkuja 1	00920 HELSINKI				100
10 Myyrmanni			39,600	90.8	93.2	
Myyrmanni Koy	Iskoskuja 3	01600 VANTAA				100
Myyrmäen Autopaikoitus Oy	Iskoskuja 3	01600 VANTAA				63
11 Tikkuri			13,010	91.2	91.1	
Tikkurilan Kauppakeskus Koy	Asematie 4-10	01300 VANTAA	10,700			84
Asematie 3 Koy	Asematie 3	01300 VANTAA	1,400			100
Tikkurilan Kassatalo As Oy	Asematie 1	01300 VANTAA	910			42

Property	Address			Built in / renovated in	Holding, %	Citycon's GLA, sq.m.	Technical Occupancy rate, %, sq.m. ¹⁾	Economic Occupancy rate, %, EUR ¹⁾
SHOPPING CENTRES, OTHER AREAS IN FINLAND								
12 Duo						13,600	95.9	97.9
Hervannan Liikekeskus Oy	Insinöörinkatu 23	33720	TAMPERE	1979	83	5,200		
Tampereen Hermannin Koy	Pietilänkatu 2	33720	TAMPERE	2007	100	8,400		
13 Forum						16,800	93.7	95.6
Jyväskylän Forum Koy	Asemakatu 5	40100	JYVÄSKYLÄ	1953/1972/1980/1991/2010	100			
14 Galleria						6,400	86.7	90.8
Oulun Galleria Koy	Isokatu 23	90100	OULU	1987	100	3,400		
Oulun Isokatu 20 Koy	Isokatu 20	90100	OULU	1967/1993/1998	100	1,500		
Oulun Isokatu 22 Koy	Isokatu 22	90100	OULU	1967/1993/1998	100	1,500		
15 IsoKarhu						15,000	89.2	90.8
Kauppakeskus IsoKarhu Oy	Yrjönkatu 14	28100	PORI	1972/2001/2004/2014	100			
16 IsoKristiina						11,400	100.0	100.0
Lappeenrannan Villimiehen Vitonen Oy	Kaivokatu 5	53100	LAPPEENRANTA	1987/1993/2013-	50			
17 Jyväskeskus						5,900	91.7	93.9
Jyväskylän Kauppakatu 31 Koy	Kauppakatu 31	40100	JYVÄSKYLÄ	1955/1993	100			
18 Koskikeskus						34,300	96.6	98.6
Tampereen Koskikeskus Koy	Hatanpään valtatie 1	33100	TAMPERE	1988/1995/2012	100			
19 Linjuri						9,200	96.6	98.4
Linjurin Kauppakeskus Koy	Vilhonkatu 14	24100	SALO	1993/2007	89			
20 Sampokeskus						13,800	84.7	91.7
Rovaniemen Sampotalo	Maakuntakatu 29-31	96200	ROVANIEMI	1990	100	11,700		
Lintulankulma Koy	Rovakatu 28	96200	ROVANIEMI	1989/1990	100	2,100		
21 Trio						45,500	88.7	87.2
Lahden Hansa Koy	Kauppakatu 10	15140	LAHTI	1992/2010	100	10,900		
Lahden Trio Koy	Aleksanterinkatu 20	15140	LAHTI	1977/1985-1987/1992/2007	89	34,600		
Hansaparkki Koy	Kauppakatu 10	15140	LAHTI	1992	36			
OTHER RETAIL PROPERTIES, HELSINKI METROPOLITAN AREA								
1 Aseman Ostari						4,000	90.9	91.4
Kirkkonummen Liikekeskus Oy	Asematie 3	02400	KIRKKONUMMI	1991/2011	67			
2 Hakunilan Keskus						3,780	94.7	93.6
Hakucenter Koy	Laukkarinne 6	01200	VANTAA	1986	19	780		
Hakunilan Keskus Oy	Laukkarinne 4	01200	VANTAA	1982	41	3,000		
3 Kontulan Asemakeskus Koy	Keinulaudankuja 4	00940	HELSINKI	1988/2007	35	4,500	100.0	100.0
4 Länsi-Keskus Koy	Pihatörmä 1	02210	ESPOO	1989	41	7,900	91.5	93.3
5 Minkkikuja 4 Koy	Minkkikuja 4	01450	VANTAA	1989	100	2,300	100.0	100.0
6 Sampotori	Heikintori, Kauppamiehentie 1	02100	ESPOO	plot	100	50	100.0	100.0
7 Sinikalliontie 1 Koy	Sinikalliontie 1	02630	ESPOO	1964/1992/2014	100	15,400	90.3	94.8
8 Talvikkitie 7-9 Koy	Talvikkitie 7-9	01300	VANTAA	1989	100	9,700	99.5	99.4
9 Vantaan Säästöitalo Koy	Kielotie 20	01300	VANTAA	1983	61	3,800	96.7	98.3

PROPERTY LIST

Property	Address		Built in / renovated in		Holding, %	Citycon's GLA, sq.m.	Technical Occupancy rate, %, sq.m. ¹⁾	Economic Occupancy rate, %, EUR ¹⁾	
OTHER RETAIL PROPERTIES, OTHER AREAS IN FINLAND									
10	Kaarinan Liiketalo Koy	Oskarinkatu 5	20780	KAARINA	1979/1982	100	9,200	100.0	100.0
11	Karjaan Ratakatu 59 Koy	Ratakatu 59	10320	KARJAA	1993	100	3,100	100.0	100.0
12	Kotkan Keskuskatu 11 Koy	Keskuskatu 11	48100	KOTKA	1976	100	4,300	88.7	92.5
13	Kuopion Kauppakatu 41 Koy	Kauppakatu 41	70100	KUOPIO	1977	100	11,200	98.0	99.3
14	Lahden Kauppakatu 13 Koy	Kauppakatu 13	15140	LAHTI	1971	100	8,600	100.0	100.0
15	Lentolan Perusyhtiö Oy	Mäkirinteentie 4	36220	KANGASALA	2007	100	11,900	93.6	94.0
16	Lillinkulma Koy	Jännekatu 2-4	20760	PIISPANRISTI	2007	100	7,400	100.0	100.0
17	Orimattilan Markkinatalo Oy	Erkontie 3	16300	ORIMATTILA	1983	77	3,100	86.4	88.1
18	Porin Asema-aukio Koy	Satakunnankatu 23	28130	PORI	1957/1993	100	18,800	100.0	100.0
19	Porin Isolinnankatu 18 Koy	Isolinnankatu 18	28100	PORI	1986/2012	100	4,700	87.4	92.1
20	Puijonlaakson Palvelukeskus Koy	Sammakkolammentie 6	70200	KUOPIO	1971	31	1,500	100.0	100.0
21	Runeberginkatu 33 Koy	Runeberginkatu 33	06100	PORVOO	1988	100	6,300	100.0	100.0
22	Vaakalintu Koy	Keskuskatu 15	11100	RIIHIMÄKI	1980	96	5,900	88.3	92.5
23	Varkauden Relanderinkatu 30 Koy	Relanderinkatu 28-34	78200	VARKAUS	1990	100	8,200	100.0	100.0
44 FINLAND TOTAL							546,140	94.3	95.6
SWEDEN									
SHOPPING CENTRES, STOCKHOLM AREA AND UMEÅ									
1	Fruängen Centrum	Fruängsgången	12952	HÅGERSTERN	1965	100	14,800	99.5	99.8
2	Högdalen Centrum						19,300	93.8	95.0
	Citycon Högdalen Centrum AB	Högdalsgången 1-38	12454	BANDHAGEN	1959/1995	100			
3	Jakobsbergs Centrum						41,600	92.7	93.8
	Citycon Jakobsbergs Centrum AB	Tornérplatsen 30	17730	JÄRFALLA	1959/1993	100			
4	Liljeholmstorget Galleria						41,000	99.4	99.3
	Citycon Liljeholmstorget Galleria AB	Liljeholmstorget 7	11763	STOCKHOLM	1973/1986/2007/2008/2009	100			
5	Strömpilen						27,000	98.9	99.0
	Strömpilen AB	Strömpilsplatsen	90743	UMEÅ	1927/1997	100			
6	Tumba Centrum						25,500	95.5	97.1
	Citycon Tumba Centrumfastigheter AB	Tumba Torg 115	14730	BOTKYRKA	1954/2000	100			
7	Åkermyntan Centrum	Drivbänksvägen 1	16574	HÄSSELBY	1977/2012	100	10,200	94.3	96.4
8	Åkersberga Centrum						28,200	86.8	88.6
	Åkersberga Centrum AB	Storängstorget	18430	ÅKERSBERGA	1985/1995/1996/2010/2011	75			
SHOPPING CENTRES, GOTHENBURG AREA									
9	Stenungs Torg						40,700	94.6	96.1
	Stenungs Torg Fastighets AB	Östra Köpmansgatan 2-16, 18A-C	44430	STENUNGSUND	1967/1993/2014	100			

Property	Address	Built in / renovated in	Citycon's GLA, sq.m.	Technical Occupancy rate, %, sq.m. ¹⁾	Economic Occupancy rate, %, EUR ¹⁾	Holding, %			
OTHER RETAIL PROPERTIES, STOCKHOLM AREA AND UMEÅ									
1	Kallhäll	Skarprättarvägen 36-38	17677	JÄRFALLA	1991	100	3,700	66.1	74.5
2	Länken	Gräddvägen 1-2	90620	UMEÅ	1978/2004/2006	75	7,300	100.0	100.0
11 SWEDEN TOTAL							259,300	94.7	96.1
BALTIC COUNTRIES AND NEW BUSINESS									
ESTONIA, SHOPPING CENTRES									
1 Kristiine Keskus							43,700	99.7	99.6
	Kristiine Keskus Oü	Endla 45	10615	TALLINN	1999-2002/2010/2013	100			
2 Magistral							11,700	100.0	100.0
	Magistral Kaubanduskeskuse Oü	Sõpruse pst 201/203	13419	TALLINN	2000/2012	100			
3 Rocca al Mare							57,400	99.9	99.8
	Rocca al Mare Kaubanduskeskuse AS	Paldiski mnt 102	13522	TALLINN	1998/2000/2007-2009/2013	100			
DENMARK, SHOPPING CENTRES									
4 Albertslund Centrum							14,800	95.9	93.9
	Albertslund Centrum ApS	Stationstorvet 23	2620	ALBERTSLUND	1965	100			
4 BALTIC COUNTRIES AND NEW BUSINESS, TOTAL							127,600	99.4	99.3
59 TOTAL ALL							933,040	95.1	96.3
SHOPPING CENTRES OWNED THROUGH JOINT VENTURES									
1 Kista Galleria							95,200	99.0	99.7
	Kista Galleria Kommanditbolag	Kista Galleria	16453	STOCKHOLM	1977/2002/2009/2014	50			

1) Formulas are available on page 61.

Valuation statement 31 December 2014

1. 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 2014, 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.

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.

In addition, we have re-inspected 57 properties after the initial valuation. During Q4 2014 we have re-inspected seven properties in Finland (Iso Omena, Myyrmanni, Tikkuri, Minkkikuja 4, Sinikalliontie, IsoKristiina, Koskikeskus), one property in Sweden (Stenungs Torg) and all three properties in Estonia.

We have not measured the properties but have relied on the leasable areas 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 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.

2. Market overview

Finland

According to Statistics Finland the GDP growth in Q3 2014 was 0.2% compared to the previous quarter and 0.0% compared to Q3 2013. The forecasts for GDP growth for 2014 range from -0.1% to -0.5% and also the forecasts for 2015 are conservative varying

between +0.9% and -0.3%. Forecasts remain conservative due to weakening economic situation in Russia affecting the overall atmosphere in Finland. Investments and consumer spending are forecast to remain subdued or decrease thus domestic demand will not speed up growth.

Retail sales decreased, according to Statistics Finland's flash, by 4.9% in November (year-on-year). Sales volumes contracted respectively by 5.0%. Also the forecast for retail sales growth in 2014–2016 has been revised slightly down and stands now at 1.1% p.a. (Oxford Economics, October 2014). This development is mainly driven by decreasing consumer confidence, a persisting sluggish employment outlook and limited growth of purchasing power due to an increasing tax burden with stagnant salary growth.

Prime shopping centre rents decreased slightly compared to the previous quarter and year-on-year. The weak outlook for retail sales limits the rental growth potential and has made occupiers more cautious which has lengthened leasing negotiations and slowed down decision making. Also downsizing the coverage of store network has been seen among some retailers. This has narrowed down pool of possible occupiers in letting market. Particularly in secondary properties, in challenging locations inside the centre and in challenging local markets, this negative development has already been realised as lower rental levels and increasing vacancy rates. Prime rental forecast in 2015 assumes that rents stay unchanged.

Increased investment activity during the year 2014 can be seen clearly in retail transaction volumes. In 2014 the total retail

transaction volume was ca. 700 million euros when the volume in 2013 was ca. 490 million euros. Activity was picking up towards the end of year and peaked in Q4 as two of the year's top three transactions were made during the quarter. Citycon acquired GIC's 40% stake of Iso Omena and AXA Real Estate Managers sold a retail portfolio of 123 assets to joint venture between Trevian Asset Management and H.I.G. Capital. Demand for core assets remains strong, as equity rich investors keep looking for safe havens, but investors have also started to diversify their portfolios, both in terms of risk and geography, by looking for more value added and secondary opportunities. However, the uncertainty related to economic outlook keeps potential buyers still relatively cautious. Due to strong investment demand, shopping centre prime yields have moved in slightly during the year 2014 and are forecasted to stay stable during 2015.

Sweden

The Swedish economy continues to grow, although over the quarter GDP growth forecast for 2014 has been revised down marginally to 1.9% from 2.0% according to HUI. Consumer spending and business investment is driving GDP growth. Inflation is forecast to continue to be at very low levels in 2014. Weak economic growth in Sweden and other countries, as well as cost pressures from technology and production in low cost countries, has meant that inflation has been low over recent years. Low inflation expectations were the main reason that the Swedish Central Bank lowered the repo rate in the autumn from 0.25% to 0%. The current

forecast is that the repo rate will continue to be 0% until at least the end of 2015. Sweden, like many other European countries is struggling with a relatively high rate of unemployment. According to NIER (National Institution of Economic Research) the unemployment rate in 2013 reached 8% and is expected to have reduced nominally to 7.9% at the end of 2014 and will have reduced to 7.7% at the end of 2015, despite an increase in the number of working age.

Positive retail sales growth in Sweden has been assisted by factors such as low interest rates, low inflation and above average consumer confidence. The forecast from previous quarters of 3% growth for retail sales during 2014 has been revised up by HUI in the Q4 to 3.5%. Non-daily goods retail sales are forecast to outperform daily goods retail sales in 2014, HUI Research forecasts that non-daily goods are expected to grow by 4% in 2014 while daily goods growth is expected to be 2.5%. In 2014, furniture and electronic goods are the two retail sub-sectors that are likely to show the greatest growth in retail sales with +6% and +4.5% respectively. Building supplies and sport & leisure retail sales are expected to show the lowest retail growth with each at +2% for the year.

Prime shopping centre rents are increasing, the growth forecast for 2014 being approximately 2%. Competition limits real rental growth. Generally, prime retail rents will perform better than secondary retail rents in terms of growth.

The transaction volume of Swedish retail property for 2014 was approximately SEK 12 billion (excluding the transaction of properties in the Globen area of Stockholm which has

a mix of uses including retail) which compares with a transaction volume of SEK 12.7 billion in 2013. The largest transaction of 2014 was the retail portfolio containing 5 shopping centres which Steen & Ström sold to Olaf Thon for SEK 3.25 billion (SEK 26,423 / sqm). Prime shopping centre yields have lowered by 25 basis points quarter-on-quarter as well as year-on-year. The rumoured price and significant interest from investors for the regional shopping centre, Skärholmen Centrum in south Stockholm has contributed to this change.

Prime shopping centre yields increased significantly shortly after the financial crisis but in 2009 started to move in. Since 2012 the prime shopping centre yield has been stable but has hardened further during recent months. Yields for secondary shopping centres have not decreased to the same extent as prime yields; however, over the last year due to easier finance availability, limited supply of prime properties and decreased investors' risk aversion, there is increasing interest for this property class, although few such deals have occurred.

Estonia

According to Statistics Estonia, in Q3 GDP increased 0.4% quarter-on-quarter and 2.3% year-on-year. Annual growth in manufacturing and in the retail sales volume index accelerated, indicating an increase in economic activity. The GDP growth was also positively influenced by increased receipts of value added tax. At the same time, the GDP growth was decelerated by a decrease in construction volumes and transportation activities. The Bank of Estonia expects that the GDP will increase 1.9% in 2014 and 2.1% in

2015 while sustainable growth over the long term is 3–4%. Estonian economic activity is restricted by the sluggish recovery in external demand and could be vulnerable to geopolitical tensions. However, the resilience of the Estonian economy to risks has improved because debt levels have lowered, there are fewer problem loans, and savings have increased.

Retail sales increased 5% year-on-year in November at constant prices. Sales increased in most economic activities while the sales via mail order or the Internet and in stores selling textiles, clothing and footwear increased the most. Since August, the retail sales growth has remained within a stable 5–6%. This has been driven by rising real incomes, which is partly due to higher average wages and partly due to negative inflation. The Bank of Estonia forecasts that private consumption growth will be 3.9% in 2015 and 3.6% in 2016 as the effect of the factors encouraging consumption growth will remain in the coming years. Consumer confidence is relatively high and in addition to low inflation helping to retain the real purchasing power of households, disposable income will increase as the income tax rate and the unemployment insurance rate are lowered and the basic exemption limit is raised.

Prime shopping centre rents remained more or less stable in Q4. Demand for large retail units is thin and rental rates for smaller units are already close to their potential level. Since most rents are completely or partially linked to consumer price inflation, rental growth is expected to remain flat in 2015.

The investment market has remained active as transaction volumes increased in

VALUATION STATEMENT

Q4 with prime yields coming under downward pressure. Prime yields have somewhat decreased driven by low interest rate expectations and positive performance of the retail sector. While the usual range for attractive assets is 7.5–8.3%, there were few transactions recorded at a yield below 7.0%. The largest transaction in Q4 was the sale of Metro Plaza in Tallinn, a prime office building acquired by East Capital for EUR 21.8 million at a yield below 7% in October. The largest transaction in retail segment was carried out in December when Capital Mill acquired three Selter food stores (two in Tartu and one in Jõgeva) as a portfolio for EUR 11.54 million at a yield of 7.5%. The specific yield was affected positively by the pre-signed extension by anchor tenant. A slight yield compression can be expected to continue in 2015 due to shortage of investment grade properties and more active investment market.

Denmark

According to Statistics Denmark, the GDP growth in Q3 2014 was 0.5% compared to the previous quarter and 0.9% compared to Q3 2013. For year 2013 the total growth ended at 0.4%. For year 2014 forecasts are overall more positive, varying from 0.5% up to 1.5% growth. Exports and private consumption are expected to be the primary drivers to the growth in 2014 while public consumption and investments drove the growth in 2013.

While stable during second and third quarter, retail sales increased in the fourth quarter of 2014, and the total growth for the year is estimated at 2.2%. In both October and November, retail sales increased by 0.8%. This corresponds to increases of 3.0% and

0.8% compared to the same months in 2013, respectively. Total retail sales were up by 0.8% measured on both value and volume in October and up by 1.5% measured on value and up by 0.7% on volume in November. This is believed to be an effect of increasing real household income and the highest consumer confidence in years. Thus, private consumption is expected to increase in both 2015 and 2016 by 1.9% and 2.0% respectively.

Prime shopping centre rents have increased slightly throughout 2014 as consumers – and thereby retailers – continue to prefer attractive and well-assorted prime shopping. 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 proper 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 has been significant again in Q4 2014. As in the previous quarter, international investors continue to demand prime retail properties, especially high street locations. Most significant transaction is German based Patrizia's acquisition of 10 properties in the Copenhagen city centre, containing a mix of retail and office units as well as a few residential units. The portfolio traded at 4.25% or DKK 1.21 billion. Having already acquired a number of Copenhagen properties earlier this year, Cordea Savills invested DKK 500 million at 4.5% in Frederiksberggade 40, containing

some 7,400 sqm of retail and office, located on the major shopping street close to the City Hall Square. Sinai Group invested in a secondary strip mall project close to the city of Helsingør north of Copenhagen. This is the second shopping centre for Sinai Group to invest in within the past 12 months. In addition to these two, in 2011 Sinai Group invested in a shopping centre west of Copenhagen.

3. 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 and tenant improvements) equals the Net Operating Income (NOI). NOI less any capital expenditure 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).

Development projects are included in the valuation of the portfolio in line with information received from representatives of 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/limited income and when uncommitted investments are included in the cost side of the valuation model, as a value reducing factor. Thus, the value of a development project increases automatically as investments are committed and the opening day of the renewed premises approaches.

4. Valuation Property Portfolio

At the end of December 2014, Citycon owned 60 properties (including Kista Galleria). This valuation statement includes all properties except Kista Galleria which is valued separately. The property portfolio under valuation consists mainly of retail properties, of which 44 are located in Finland, 11 in Sweden, three in Estonia and one in Denmark. The core of the portfolio consists of 34 shopping centre properties, which comprise 84% 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 and shops.

The total fair value of the portfolio in Q4 2014 was approximately EUR 2,763 million. Compared to Q3 2014 the fair value increased by EUR 29.2 million i.e. 1.1% when excluding the divested properties (Mandarinas, Vantaan Laajavuorenkuja, Pihlajanmäen Liiketalo, Salpausseläntie 11, Asolantien Liikekiinteistö, Forssan Hämeentie 3 and Kuusankosken Kauppakatu). This increase is mainly driven by committed investments, revision of yields and the positive development of prime shopping centre rents. The weighted average yield requirement of the portfolio decreased by 20bps compared to Q4 2013, being 6.1%.

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 €1,706 million and it increased by €26 million from Q3 2014 when excluding disposed properties (Vantaan Laajavuorenkuja, Pihlajanmäen Liiketalo, Salpausseläntie 11, Asolantien Liikekiinteistö, Forssan Hämeentie 3 and Kuusankosken Kauppakatu). Compared to the previous quarter, the weighted average yield requirement (6.1%), the weighted reversionary yield (6.5%) and the weighted initial yield (6.1%) have remained unchanged. The change in the value of the Finnish portfolio is driven by committed investments and revised yields. In two properties yield has been revised due to changes in the property and in one property due to the market situation. In most of the properties,

market rents have been adjusted to reflect the changes in the local market.

Properties in Sweden

The fair value of the Swedish portfolio is €707 million, meaning that the portfolio's value has decreased by 0.4% since Q3 2014. The decrease in the value of the portfolio is entirely due to the weakening of the Swedish Crown and excluding this the value of the properties increased by €15.9 million (2.3%) due to revised yields, committed investments and positive development of rents. The weighted average yield requirement (5.7%), the weighted average reversionary yield (6.3%) have decreased by 10bps from the previous quarter. The weighted average initial yield (5.8%) has remained unchanged. In seven properties the yield has been moved in due to enhancement in the property and the market situation. In every property the market rents have been adjusted to reflect the changes in the local market.

Properties in Baltic countries and Denmark

The fair value of the Baltic countries and Denmark property portfolio is €349 million when excluding disposed property (Mandarinas). Compared to the Q3 2014 value, this represents a 1.7% increase in value. The increase in value is mainly driven by the revised yield in two properties (in Estonia due to improved market conditions). The weighted average yield requirement of the portfolio has decreased by 10bps compared to previous quarter, being 7.2%. The weighted average initial yield standing at 7.6% and the weighted average reversionary yield standing at 7.3% have decreased by 20bps. In every property

there has been very slight upwards movement in market rents and in two properties expenses have been checked according to actuals.

5. 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 while all others remain unchanged 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 other parameters.

6. Fair Value as at 31 December 2014

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 2014, is ca. EUR 2,763,000,000 (Two Thousand Seven Hundred and Sixty-Three Million Euros).

In Helsinki and Stockholm 23rd of January 2015

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

Glossary

Key figures

Fair value change: Change of property portfolios market values deducted by investments and excluding exchange rate differences.

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

Net initial yield: The annualised net rental income from a property, at the balance sheet date, divided by the market value of the property where the value of the unused building right has been deducted.

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

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

NAV: Based on the Best Practices Policy Recommendations by EPRA, a company's net assets on a per-share basis. Formula is available in the financial statements on page 19.

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.

NNNAV: Based on the Best Practices Policy Recommendations by EPRA, a company's adjusted per-share NAV. Formula is available in the financial statements on page 19.

Reversionary yield: The estimated rental value (market rent) of the property deducted by property operating expenses, expressed as a percentage of the market value of the property where the value of the unused building right has been deducted.

Definitions related to leasing

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

Catchment area: An estimate of a shopping centre's geographic market area. In Finland, based on a visitor and travel time survey by Taloustutkimus Oy and Citycon's interviews. In Sweden and in Estonia, the population within a catchment area is defined as those living within 5 to 15 minutes' travel time to the shopping centre.

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.

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

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

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. The VAT percentage is an estimate. Expresses tenant's ability to pay rent.

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

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

Turnover-based rent or turnover-linked rent: Rent divided into turnover-linked capital rent and maintenance fee. In majority of the turnover-based leases capital rent contains

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

Environmental Responsibility

Carbon dioxide, CO₂: A greenhouse gas produced during the combustion of organic matter (e.g. power plants using fossil fuels, car engines etc.). Carbon dioxide substantially contributes to climate warming, since its level in the atmosphere is over a hundred times that of other greenhouse gases in total.

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

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

CO₂e: 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.

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

G3.1 guidelines: A reporting guideline update related to GRI reporting, published in 2011.

GHG: Greenhouse gas (cf. Greenhouse gases)

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

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

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.

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

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

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 originates 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

m³ = cubic metre

¹⁾ Citycon is a member

Finland



Iso Omena, Helsinki area
Citycon's GLA 63,300 sq.m.
Anchor tenants Prisma, Citymarket, H&M, Intersport, Finnkino, Palvelutori



Koskikeskus, Tampere
Citycon's GLA 34,300 sq.m.
Anchor tenants Intersport, Stadium, Lindex, Koskiklinikka, M-Market, Finnkino



Arabia, Helsinki
Citycon's GLA 14,500 sq.m.
Anchor tenants S-Market, K-Supermarket, Alko, pharmacy, Tarjoustalo, H&M



Espoontori, Helsinki area
Citycon's GLA 16,300 sq.m.
Anchor tenants K-Supermarket, Tarjoustalo, pharmacy, post office



Heikintori, Helsinki area
Citycon's GLA 6,300 sq.m.
Anchor tenants Eurokangas, post office



Columbus, Helsinki
Citycon's GLA 21,000 sq.m.
Anchor tenants S-Market, Citymarket, Lindex, Seppälä, Alko, pharmacy



Forum, Jyväskylä
Citycon's GLA 16,800 sq.m.
Anchor tenants Tokmanni, K-Market, Intersport, Gina Tricot, Classic American Diner



IsoKarhu, Pori
Citycon's GLA 15,000 sq.m.
Anchor tenants H&M, Intersport, Muksumassi



Duo, Tampere
Citycon's GLA 13,600 sq.m.
Anchor tenants Lidl, S-Market, K-Supermarket, Alko, post office



Galleria, Oulu
Citycon's GLA 6,400 sq.m.
Anchor tenants Life, Rax



IsoKristiina, Lappeenranta
Citycon's GLA 11,400 sq.m.
Anchor tenants Anttila, Alko, Hotel Lappee, Terveystalo



Myyrmani, Helsinki area

Citycon's GLA 39,600 sq.m.

Anchor tenants Citymarket, H&M, Clas Ohlson, Alko, pharmacy, Anttila, Stadium, Burger King, KappAhl



Trio, Lahti

Citycon's GLA 45,500 sq.m.

Anchor tenants K-Supermarket, Cumulus, H&M, Gina Tricot, Fitness24Seven, pharmacy



Isomyyri, Helsinki area

Citycon's GLA 10,800 sq.m.

Anchor tenants S-Market, Tarjoustalo



Lippulaiva, Helsinki area

Citycon's GLA 19,000 sq.m.

Anchor tenants Lidl, K-Supermarket, Alko, Clas Ohlson



Sampokeskus, Rovaniemi

Citycon's GLA 13,800 sq.m.

Anchor tenants Moda, Sportia, Pentik, Dressmann, Cubus, Gina Tricot, pharmacy



Jyväskeskus, Jyväskylä

Citycon's GLA 5,900 sq.m.

Anchor tenants H&M, Finnkino, KappAhl



Martinlaakson Ostari, Helsinki area

Citycon's GLA 7,400 sq.m.

Anchor tenants Lidl, S-Market, pharmacy



Tikkuri, Helsinki area

Citycon's GLA 13,010 sq.m.

Anchor tenants Aleksi13, Seppälä



Linjuri, Salo

Citycon's GLA 9,200 sq.m.

Anchor tenants K-Market, Alko, post office, Intersport



Myllypuron Ostari, Helsinki

Citycon's GLA 7,400 sq.m.

Anchor tenants S-Market, K-Supermarket, pharmacy

Sweden



Kista Galleria, Stockholm
Citycon's GLA 95,200 sq.m.
Anchor tenants ICA, Coop, Åhlens, New Yorker, H&M, KappAhl, O'Learys, SF Bio



Liljeholmstorget Galleria, Stockholm
Citycon's GLA 41,000 sq.m.
Anchor tenants ICA, H&M, KappAhl, SATS, Willy's, Lindex, Cubus, Gina Tricot, MQ, Clas Ohlson, O'Learys



Fruängen Centrum, Stockholm
Citycon's GLA 14,800 sq.m.
Anchor tenants Coop, Systembolaget, Hemköp, Fitness24Seven, library, health centre



Strömpilen, Umeå
Citycon's GLA 27,000 sq.m.
Anchor tenants ICA, KappAhl, Systembolaget, H&M



Högdalen Centrum, Stockholm
Citycon's GLA 19,300 sq.m.
Anchor tenants Coop, Systembolaget, ICA, Lindex, Matdax, Kicks, Jysk, pharmacy



Tumba Centrum, Stockholm
Citycon's GLA 25,500 sq.m.
Anchor tenants ICA, Systembolaget, H&M, Lindex, KappAhl, Lidl



Jakobsbergs Centrum, Stockholm
Citycon's GLA 41,600 sq.m.
Anchor tenants Coop, Axfood, Systembolaget, H&M, Lindex, KappAhl



Åkermyntan Centrum, Stockholm
Citycon's GLA 10,200 sq.m.
Anchor tenants ICA, Lidl, health centre, library



Stenungs Torg, Stenungsund
Citycon's GLA 40,700 sq.m.
Anchor tenants H&M, Coop, Systembolaget, Team Sportia, KappAhl, pharmacy



Åkersberga Centrum, Stockholm
Citycon's GLA 28,200 sq.m.
Anchor tenants ICA, Systembolaget, H&M, Lindex, KappAhl

Estonia and Denmark



Rocca al Mare, Tallinn
Citycon's GLA 57,400 sq.m.
Anchor tenants Prisma, H&M, Debenhams, Marks&Spencer, NewYorker, Lindex



Kristiine, Tallinn
Citycon's GLA 43,700 sq.m.
Anchor tenants Prisma, H&M, NewYorker, Marks&Spencer, Jysk



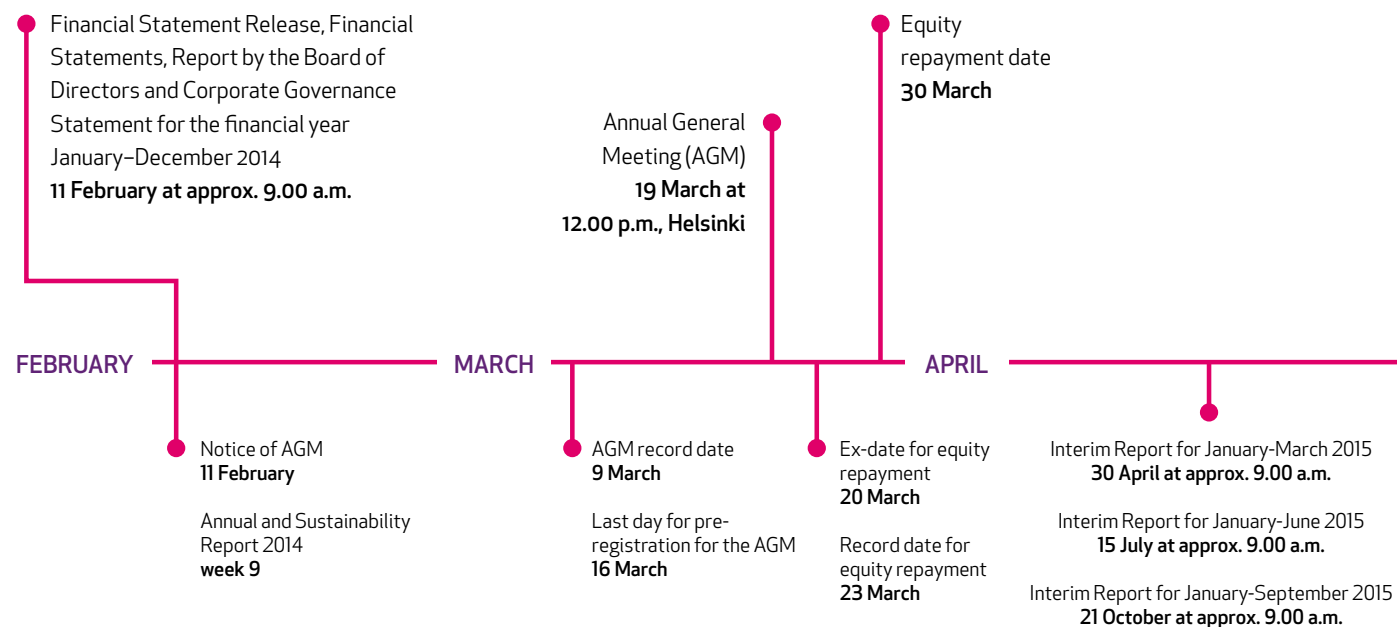
Magistral, Tallinn
Citycon's GLA 11,700 sq.m.
Anchor tenants Rimi, Koduextra, Takko, Seppälä



Albertslund Centrum, Copenhagen
Citycon's GLA 14,800 sq.m.
Anchor tenants SuperBest, Aldi, Verò Moda, Albertslund municipality

Investor information

EVENTS CALENDAR 2015



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	Inderes Oy
ABN Amro	J.P. Morgan
Carnegie Investment Bank	Kempen & Co
Danske Bank Markets	Nordea Bank
DnB Bank	Oddo Securities – Oddo & Cie
Evli Bank	Pohjola Bank
Goldman Sachs International	SEB Enskilda Equities
Green Street Advisors	UBS
Handelsbanken	

Contact information

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The Annual General Meeting of Citycon Oyj will be held in Helsinki, in the Finlandia Hall (Veranda 1 Hall) on 19 March, 2015 at 12 p.m. The invitation, 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/agm2015.

Citycon Oyj

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