

Citycon Oyj's Interim Report
for 1 January – 30 June 2011

CITYCON
creating success for retailing



Citycon in Brief

Citycon focuses on the shopping centre business in the Nordic and Baltic countries. The company's shopping centres are actively managed and developed by the company's professional personnel, working locally. In the Nordic countries, the company is a pioneer in its adherence to the principles of sustainable development in its shopping centre business. Citycon strives to enhance the commercial appeal of its properties, taking into account the specific characteristics of each property's catchment area such as purchasing power, competition and consumer demand. The ultimate goal is to create rental premises generating added value to tenants and customers.

At the end of June 2011, Citycon owned 36 shopping centres and 45 other retail properties. In addition, the company manages and redevelops one shopping centre without owning it. Of the shopping centres owned by the company, 23 are located in Finland, nine in Sweden and four in the Baltic countries.

Contents

Summary of the Second Quarter of 2011 Compared with the Previous Quarter
Summary of the period January – June 2011 Compared with the Corresponding period of 2010
Key Figures
CEO's Comment
Business Environment
Short-term Risks and Uncertainties
Outlook
Changes in the Property Portfolio
Financial Performance
Statement of Financial Position and Financing
Cash Flow Statement
Financial Performance of Business Units
Finland
Sweden
Baltic Countries
Environmental Responsibility
Governance
Events after the Reporting Period
EPRA Key Performance Measures
Interim Condensed Consolidated Financial Statements 1 January-30 June 2011, IFRS
Notes to Interim Condensed Consolidated Financial Statements
Auditor's Report

Citycon Oyj's Interim Report for 1 January–30 June 2011

Summary of the Second Quarter of 2011 Compared with the Previous Quarter

- Turnover increased to EUR 54.1 million (Q1/2011: EUR 52.0 million).
- Net rental income increased by EUR 3.9 million or 12.2 per cent to EUR 36.3 million (EUR 32.4 million). The acquisitions of Kristine and Högdalen shopping centres increased net rental income by EUR 1.7 million. In addition, net rental income increased due to lower property operating expenses reflecting common seasonal variations.
- The fair value change of investment properties was EUR -5.0 million (EUR 1.2 million), EUR 0.3 million for shopping centres and EUR -5.3 million for supermarkets and shops, with the fair value of investment properties totalling EUR 2,506.4 million (EUR 2,386.2 million). The average net yield requirement for investment properties was 6.4 per cent (6.4%).
- Earnings per share fell to EUR 0.03 (EUR 0.05), mainly due to negative fair value changes as well as higher financial expenses.
- Direct result per share (diluted) increased slightly and was EUR 0.05 (EUR 0.05) as higher net rental income increased the direct result while higher financial expenses decreased it.
- The company specifies its guidance regarding turnover, direct operating profit and direct result.

Summary of the Period January – June 2011 Compared with the Corresponding Period of 2010

- Turnover increased to EUR 106.0 million (Q1-Q2/2010: EUR 98.1 million).
- Net rental income increased by EUR 6.3 million, or 10.1 per cent, to EUR 68.7 million (EUR 62.5 million). With comparable exchange rates, net rental income grew by EUR 4.8 million or 7.6 per cent. The completion of redevelopment projects such as Espoontori, Forum in Jyväskylä and Åkersberga Centrum increased net rental income by EUR 2.7 million. The acquisitions of the Kristine and Högdalen shopping centres increased net rental income by EUR 1.7 million. Net rental income from like-for-like properties increased by EUR 1.1 million, or 2.3 per cent, excluding the impact of the strengthened Swedish krona.
- Earnings per share fell to EUR 0.08 (EUR 0.19). The decrease was mainly due to negative fair value changes and higher financial expenses. In addition, the share issue that took place in September 2010 increased the number of shares.
- The direct result per share (diluted) increased slightly to EUR 0.11 (EUR 0.10).
- Net cash from operating activities per share increased to EUR 0.08 (EUR 0.05) due to higher direct operating profit, positive changes in working capital, received tax returns, extraordinary items and timing differences.
- Citycon bought the shopping centre Högdalen Centrum in Stockholm for SEK 207.5 million (approx. EUR 23.1 million) and shopping centre Kristiine in Tallinn for EUR 105 million.
- The redevelopment project of the Koskikeskus shopping centre in Tampere was started, with the estimated investment cost being EUR 37.9 million.
- Citycon Oyj's new CEO, Marcel Kokkeel, assumed his duties on 24 March 2011 and the company's new Executive Vice President, Finnish Operations, Michael Schönach, in the beginning of March.

Key Figures

	Q2/2011	Q2/2010	Q1/2011	Q1-Q2/2011	Q1-Q2/2010	Change-% ¹⁾	2010
Turnover, EUR million	54.1	48.6	52.0	106.0	98.1	8.1 %	195.9
Net rental income, EUR million	36.3	31.8	32.4	68.7	62.5	10.1 %	127.2
Operating profit, EUR million	26.0	49.2	28.2	54.2	79.6	-31.9 %	157.7
% of turnover	48.1 %	101.3 %	54.2 %	51.1 %	81.1 %	-37.0 %	80.5 %
Profit/loss before taxes, EUR million	9.5	34.8	14.4	23.9	52.0	-54.0 %	102.8
Profit/loss attributable to parent company shareholders, EUR million	7.9	28.4	11.2	19.1	41.4	-53.9 %	78.3
Direct operating profit, EUR million	30.2	26.3	27.0	57.2	52.7	8.6 %	105.0
% of turnover	56.0 %	54.2 %	51.9 %	54.0 %	53.7 %	0.5 %	53.6 %
Direct result, EUR million	13.2	10.1	12.6	25.8	21.5	20.4 %	47.3
Indirect result, EUR million	-5.3	18.3	-1.4	-6.8	19.9	-	31.1
Earnings per share (basic), EUR	0.03	0.13	0.05	0.08	0.19	-58.2 %	0.34
Earnings per share (diluted), EUR	0.03	0.12	0.05	0.08	0.18	-55.4 %	0.34
Direct result per share (diluted), (diluted EPRA EPS), EUR	0.05	0.05	0.05	0.11	0.10	8.6 %	0.21
Net cash from operating activities per share, EUR	-0.01	0.01	0.09	0.08	0.05	60.1 %	0.09
Fair value of investment properties, EUR million			2,386.2	2,506.4	2,229.5	12.4 %	2,367.7
Equity per share, EUR			3.43	3.43	3.30	4.0 %	3.47
Net asset value (EPRA NAV) per share, EUR ²⁾			3.70	3.73	3.68	1.3 %	3.79
EPRA NNNAV per share, EUR			3.44	3.43	3.35	2.7 %	3.49
Equity ratio, %			36.3	34.8	33.8	2.9 %	37.1
Gearing, %			154.8	171.2	174.6	-2.0 %	153.1
Net interest-bearing debt (fair value), EUR million			1,389.5	1,540.1	1,369.6	12.4 %	1,386.0
Net rental yield, %			5.8	5.8	6.0	-	5.8
Net rental yield, like-for-like properties, %			6.0	6.0	6.0	-	6.0
Occupancy rate (economic), %			94.9	95.1	94.6	-	95.1
Personnel (at the end of the period)			130	134	124	8.1 %	129

1) Change-% is calculated from exact figures and refers to the change between 2011 and 2010.

2) In accordance with a change in the EPRA's Best Practice Recommendations 2010, Citycon has changed net asset value (EPRA NAV) calculations so that the fair value of all financial instruments is excluded from the net asset value.

CEO's Comment

Comments from Citycon Oyj's Chief Executive Officer Marcel Kokkeel on the reporting period and updated strategy:

"In general, retail business in Citycon's operational regions experienced positive developments especially in Finland and Sweden. Net rental income from the company's like-for-like shopping centres grew particularly well by 6.6 per cent. Net rental income from all like-for-like properties grew by 2.3 per cent, but was still weighed down by three nearly empty supermarket properties located in Finland.

In May, Citycon acquired two new shopping centres: Kristiine in Tallinn, and the Högdalen Centrum in Stockholm. Högdalen, which provides growth opportunities through more professional shopping centre management and future development projects, is a good example of an investment that implements Citycon's strategy. Kristiine, on the other hand, strengthens Citycon's position in Tallinn, where the company now has more than 100,000 square metres of shopping centre space available for lease. Both investments improve the profitability of the company, are accretive to earnings per share from day one, and increase rental income.

Together with this interim report, we introduce the updated strategy of Citycon. Currently, Citycon is a market leader in Finland. While the company intends to retain this position, it also aims to increase the relative importance of other countries included in its strategy. Apart from Finland, currently the company also owns shopping centres in Sweden, Estonia and Lithuania. Going forward, Norway, Denmark and Latvia will also be included in the strategy. Citycon will concentrate on competitive shopping centres located in winning cities.

We are a focused retail real estate company in a focused area. The key rationale for our expansion plan is to further improve the retail space offering and to better serve retailers with a wider product offering. Several international retail chains seek further expansion or entrance into the Nordic and Baltic markets. Potential newcomers prefer to partner with a leader who can provide them with strong retail positions and top locations. Citycon has the expertise to be that leader. We know how to connect customer flows with strong retail and real estate cash flows. This knowledge forms the basis of the company's growth strategy.

A key part of Citycon's clarified strategy is improving the direct result from operations. Costs will be controlled even more closely and the company will strive for stronger rental growth. Marketing has a key role in this effort for stronger rental growth. The company will further focus on improving the occupancy rates by implementing appealing marketing programs and bringing in new retailers. Internal targets have been set for improvement of metrics across the property portfolio.

The winners in the shopping centre industry will be those who are able to select best locations and combine them with best tenant mix and customer services. Citycon will certainly be one of them, aiming to be the best in class in the Nordic and Baltic region. We want to be the benchmark in the areas in which we operate. By becoming better, we will improve the direct result per share; by improving the balance sheet, we will be stronger; and ultimately these foundations will allow us to achieve our vision of doubling the portfolio over the next five years."

Business Environment

Retail sales have grown both in Finland and in Sweden. During the first half of the year, the retail industry grew by 6.3 per cent in Finland and by 2.0 per cent in Sweden. In May, retail sales in Finland grew by 7.9 per cent, while in Sweden retail sales decreased by 1.1 per cent year-on-year. However, the Swedish office of statistics, Statistics Sweden (SCB), believes that the total retail sales for 2011 will show growth. In May, retail sales in Estonia grew by 2.0 per cent. (Sources: Statistics Finland, Statistics Sweden, Statistics Estonia).

Household consumer confidence remained strong in both Sweden and Finland. In Estonia, household consumer confidence is on a higher level than in the other Baltic countries, whereas in Lithuania, confidence was significantly lower than in the Eurozone. (Source: Eurostat)

Unemployment has decreased and was 7.8 per cent in Finland and 7.7 per cent in Sweden at the end of May. In Estonia the unemployment is still high and was 13.8 per cent at the end of the first quarter. The changeover to the euro has, however, had a positive impact on the Estonian economy through tourism and foreign investment. (Sources: Eurostat, Statistics Estonia)

In Finland and Sweden, consumer prices continued to rise during the first half of the year. In May, inflation in both countries was at 3.3 per cent, and in Estonia, 5.4 per cent. Interest rates continued to be low but were on the rise. (Source: Statistics Finland, Statistics Sweden, Statistics Estonia)

The availability of financing continued to improve compared with previous years. The Nordic banks, in particular, adopted a more active approach to financing.

Property Markets

The atmosphere in the Finnish property market has been positively expectant since summer 2010. The number of executed transactions has, however, remained low even though some significant office property transactions have taken place during the quarter. The investment demand has focused mainly on high-quality city-centre or new build properties while there is still downward pressure on the values of non-prime properties. The Swedish property market has recovered faster than the Finnish one and demand and trading have spread beyond the metropolitan area as well. The Baltic countries are gradually coming out of the deepest recession, but the rental market is still challenging. In spite of this, the first major post-recession property transactions have already been seen in Estonia. (Source: Realia Management Oy)

Tenants' Sales and Footfall in Citycon's Shopping Centres

During the first half of the year, total sales in Citycon's shopping centres grew by seven per cent and footfall increased by six per cent compared with the same period in the previous year. There was growth in sales in all of the company's countries of operation: five per cent in Finland, eight per cent in Sweden, and 23 per cent in the Baltic countries. In Finland, footfall increased by four per cent, in Sweden by seven per cent, and in the Baltic region by 19 per cent. The positive developments in sales and footfall are mainly attributable to the completed (re)development projects and shopping centre acquisitions completed during the period. Like-for-like shopping centre sales (sales excluding the impact of redevelopment projects and acquisitions) grew by four per cent, and were positive in all of the countries of operation. Like-for-like footfall remained at previous year's level.

Short-Term Risks and Uncertainties

Citycon's Board of Directors considers the company's short-term risks and uncertainties to be associated with economic development in the company's operating regions, which affects demand, rent and vacancy rates in retail premises, as well as with the cost-efficiency of debt financing, changes in the fair value of investment properties, and the execution of redevelopment projects. The Board estimates that the most significant risks faced by the company at the moment relate to general economic development, the success of leasing activities for retail premises, and reducing the vacancy rate.

During the first half of the year, the general economic environment has been relatively positive, but recently insecurity in the eurozone has increased, particularly because of the debt crisis in Greece. In many regions, this has led to the strong economic growth seen at the beginning of the year being abated; in addition, share prices have fluctuated in the stock markets of the Nordic countries. In Finland, economic recovery has continued, supported by domestic demand. In Sweden, while the strongest economic growth has abated, unemployment is still declining, and the undertone of the economy continues to be positive. Of the Baltic countries, Estonia is in the best position in terms of economic growth, with forecasted growth for Estonia surpassing that of Finland and Sweden. Estonia is faced with the challenge of rapid inflation, although that has recently appeared to be slowing down. (Source: SEB Nordic Outlook May 2011)

Notwithstanding the fairly favourable economic environment, demand for retail premises still did not grow significantly, making leasing activities challenging. During the second quarter of 2011, vacancy rates in Citycon premises decreased slightly, with occupancy rates increasing to 95.1 per cent compared to the first quarter of 2011. The market rent prices for retail premises only developed quite moderately. The average rent level of new lease agreements made during the quarter increased compared to the previous quarter but declined in Finland. Leasing of retail premises continued to be challenging in certain Finnish supermarket and shop properties owned by Citycon.

The company's short-term risks and uncertainties are discussed in more depth in the Annual Report for 2010. More details of risk management and its principles are available on the corporate website at www.citycon.com/riskmanagement, and on pages 35–37 and 49–51 of the Annual Report and Financial Statements for 2010.

Outlook

Citycon continues to focus on increasing both its net cash flow from operating activities and its direct operating profit. In order to implement this strategy, the company will pursue value-added activities, selected acquisitions, and proactive asset management.

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

In 2011, Citycon expects its turnover to grow by EUR 15–23 million and its direct operating profit by EUR 9–15 million compared with the previous year, based on the existing property portfolio. The company expects its direct result to increase by EUR 2–7 million from the previous year. These estimates are based on already completed (re)development projects and those completed in the future, as well as on the prevailing level of inflation and the euro-krona exchange rate as well as current interest rates. Properties taken offline for planned development projects will reduce net rental income during the year.

Changes in the Property Portfolio

During the period:

- The Högdalen shopping centre in Stockholm was acquired for 207.5 million Swedish krona (approximately EUR 23.1 million). Högdalen Centrum is located in southern Stockholm, roughly five kilometres from the city centre. The centre's gross leasable area is approximately 14,100 square metres, of which 11,000 square metres are retail premises. More information on the acquisition can be found in the stock exchange release dated 31 May 2011.
- The shopping centre Kristiine in Tallinn, Estonia, was acquired for EUR 105 million. This shopping centre, with approximately 42,700 square metres of leasable area, strengthens Citycon's position in the Tallinn shopping centre market. More information on the acquisition is available from the stock exchange releases dated 17 March 2011 and 2 May 2011.
- A significant redevelopment project was initiated at the Koskikeskus centre in Tampere, resulting in an increase of approximately 1,500 square metres of leasable area. Once the project is completed, the Koskikeskus centre will have approximately 28,600 square metres of leasable retail area. The fully renovated Koskikeskus will open in November 2012. Koskikeskus will remain open and serve customers throughout the renovation project. The total project investment amounts to EUR 37.9 million.
- The first phase of the Myllypuro shopping centre construction project was completed, and an opening ceremony was held on 9 June 2011. The shopping centre will be built in phases, and is scheduled to be completed in May 2012.
- The refurbishment of the older part of Åkersberga Centrum was completed on schedule in April. The renovated shopping centre now provides premises for 70 shops and service providers.
- A co-operation agreement on reviewing the redevelopment opportunities of the Galleria block in Oulu city centre was concluded with Osuuskauppa Arina. This development project has not yet been started, and its initiation requires a decision from the Board of Directors. The agreement is outlined in more detail in the press release published on 14 June 2011.
- Agreement was reached to sell 41 apartments connected to the Tumba Centrum 41 shopping centre for the approximate price of 48 million Swedish krona (roughly EUR 5 million). The deal was closed on 30 June 2011 and a gain on sale of EUR 1.3 million was recorded from the transaction.
- The company sold three non-core retail properties for a total of EUR 2.0 million. These properties were MREC Naantalin Tullikatu 16, Hakarinne and MREC Mäntyvuoksi. The company recorded gain on sale of EUR 0.1 million from these transactions. As a consequence, the company's leasable area fell by 4,980 square metres.
- The company acquired a 50% stake in Espagalleria Oy for EUR 0.3 million. Espagalleria manages, leases and markets the Kämp Galleria in central Helsinki.
- The company increased its holding in three properties where the company was already a shareholder: shares in Hervannan Liikekeskus Oy were bought for EUR 1.1 million, in Asunto Oy Tikkurilan Kassatalo for EUR 1.7 million, and shares in Heikintori Oy for EUR 0.5 million. At the end of June, Citycon's ownership of these properties corresponded to 79.4 per cent, 40.5 per cent and 68.7 per cent respectively.
- The company had eight redevelopment projects underway. At the end of the reporting period Citycon had six ongoing redevelopment projects, and there was some 14,000 square metres of retail space offline due to development project. The redevelopment projects of Porin Asema-aukio and Isolinnankatu have been discontinued for now. The projects will be resumed when leasing moves ahead. Ongoing (re)development projects are presented in more detail in the table below.

Citycon's reported gross capital expenditure for the period totalled EUR 163.3 million (EUR 55.0 million), with new property acquisitions accounting for EUR 131.3 million (EUR 0.0 million), agreed purchase price adjustments related to property acquisitions concluded earlier for EUR 1.0 million (EUR 2.7 million), acquisitions of joint ventures for EUR 0.3 million (EUR 0.0 million), property development for EUR 29.9 million (EUR 51.5 million), and other investments EUR 0.8 million (EUR 0.8 million).

Capital expenditure during the period totalled EUR 24.8 million (EUR 23.2 million) in Finland, EUR 32.4 million (EUR 25.6 million)

in Sweden and EUR 105.7 million (EUR 5.7 million) in the Baltic countries. The company made divestments totalling EUR 5.9 million (EUR 46.2 million), from which a total of EUR 1.3 million (EUR 2.9 million) was recorded in gains and losses on sale (including taxes).

At the end of June, Citycon owned 36 (33) shopping centres and 46 (50) other properties. Of the shopping centres, 23 (22) were located in Finland, nine (8) in Sweden and four (3) in the Baltic countries.

Redevelopment Projects

Citycon is pursuing a long-term increase in the footfall, cash flow and efficiency of its retail properties, as well as in the return on its investment in the properties. The purpose of the company's development activities is to keep its shopping centres competitive for both customers and tenants. In the short term, redevelopment projects weaken returns from some properties, as some retail premises may have to be temporarily vacated for refurbishment, affecting rental income. Citycon aims to complete its construction projects in phases in order to secure continuous cash flow.

The enclosed table lists the most significant development and redevelopment projects in progress, as well as projects completed in 2010 and 2011, as approved by the Board of Directors.

Redevelopment Projects Completed in 2010 and in Progress on 30 June 2011 ¹⁾

	Location	Project area, sq.m. before and after	Estimated total project investment (EUR million)	Actual gross capital investments by 30 June 2011 (EUR million)	Estimated final year of completion
Forum	Jyväskylä, Finland	12,000 12,000	16.0	16.0	completed
Espoonatori	Espoo, Finland	10,400 10,400	25.8 ²⁾	20.9	completed
Åkersberga Centrum	Österåker, Sweden	20,000 27,500	50.9 ³⁾	47.2	completed
Koskikeskus	Tampere, Finland	27,700 28,600	37.9	0.9	2012
Martinlaakso	Vantaa, Finland	3,800 7,300	22.9	13.4	2011
Myllypuro	Helsinki, Finland	7,700 7,300	21.3	15.1 ⁴⁾	2012
Hansa (Trio)	Lahti, Finland	11,000 11,000	8.0	5.9	2011 ⁵⁾
Myrmyranni	Vantaa, Finland	8,400 8,400	6.5 ⁶⁾	4.6	2011
Kirkkonummen liikekeskus	Kirkkonummi, Finland	5,000 5,000	4.0	2.5	2011

1) Calculated at end of period exchange rates.

2) The estimated total investment of the refurbishment, EUR 18 million, has been exceeded by EUR 2.5 million. In addition, the estimated total project investment includes costs related to the planned extension of Espoonatori to adjacent Asemakuja property, such as zoning and land use payments.

3) Estimated total investment in SEK has not changed from year end 2009.

4) The compensation of EUR 5.9 million and its tax impact received from Citycon of Helsinki has been deducted from actual gross investments

5) The completion of the project has been postponed due to slower than expected leasing.

6) The estimated total investment has been raised by EUR 1.7 million.

Further information on the company's completed, ongoing and planned (re)developments can be found on pages 21–27 of the Annual Report 2010 and on the corporate website.

Financial Performance

The income statement, statement of financial position, cash flow and business unit-specific figures presented below are for the first six months of 2011. The figures in brackets are the reference figures for the same period in 2010.

Turnover

The company's turnover consists mainly of rental income from retail properties, and utility and service charge income. Turnover for the first half of 2011 came to EUR 106.0 million (EUR 98.1 million). Turnover grew by EUR 8.0 million, or 8.1 per cent. With comparable exchange rates, turnover increased by EUR 5.4 million, or 5.5 per cent. Completed (re)development projects, such as Espoonatori, Forum in Jyväskylä and Åkersberga Centrum, accounted for EUR 3.5 million of the turnover growth, with acquisitions accounting for EUR 2.2 million. Divestments (see divestments in 2011 under paragraph Changes in Property Portfolio; sales of apartments in

Sweden in 2010 are included in the reference period's divestment portfolio) decreased turnover by EUR 1.5 million. (Also see the table Net Rental Income and Turnover by Segment and Property Portfolio.) Like-for-like properties contributed to turnover growth by EUR 1.1 million.

Turnover from like-for-like properties increased thanks to an improved occupancy rate in shopping centres but reduced due to higher vacancy rates in other retail properties. Turnover from like-for-like properties was also affected by temporary rental rebates falling from EUR 1.6 million to EUR 1.2 million.

At the end of the period under review, Citycon had a total of 4,004 (4,019) leases. The leasable area increased by 5.1 per cent to 995,270 square metres. The changes in the number of lease agreements and in the leasable area were due to acquisitions of Shopping centre properties in The Baltic Countries and Sweden offset by divestments of supermarket properties in Finland and residential units in Sweden. The average remaining length of the lease portfolio increased and was 3.4 (3.3) years. The average rent increased from EUR 18.0/sq.m. to EUR 19.4/sq.m. thanks to exchange rate changes, redevelopment projects, property acquisitions and divestments as well as to index increments. The economic occupancy rate rose to 95.1 per cent (94.6%), due to lower vacancy rates in shopping centres. During the preceding 12 months, the rolling twelve-month occupancy cost ratio for like-for-like shopping centre properties was 8.7 per cent.

Total portfolio

Key Figures

	Q2/2011	Q2/2010	Q1/2011	Q1-Q2/2011	Q1-Q2/2010	Change-%	2010
Number of properties			80	82	83	-1.2 %	83
Gross leasable area, sq.m.			937,540	995,270	947,050	5.1 %	942,280
Annualised potential rental value, EUR million ¹⁾²⁾			210.7	224.3	201.4	11.4 %	205.2
Average rent (EUR/sq.m.)			19.1	19.4	18.0	7.8 %	18.7
Number of leases started during the period	179	175	187	366	360	1.7 %	789
Total area of leases started, sq.m. ³⁾	28,716	36,256	34,143	62,859	79,253	-20.7 %	160,215
Average rent of leases started (EUR/sq.m.) ³⁾	17.9	17.2	17.1	17.5	17.8	-1.7 %	17.9
Number of leases ended during the period	217	185	168	385	577	-33.3 %	1,279
Total area of leases ended, sq.m. ³⁾	35,282	54,801	34,981	70,263	123,268	-43.0 %	190,489
Average rent of leases ended (EUR/sq.m.) ³⁾	15.6	14.2	16.7	16.1	16.2	-0.4 %	16.2
Occupancy rate at end of the period (economic), %			94.9	95.1	94.6	-	95.1
Average remaining length of lease portfolio at the end of the period, year			3.1	3.4	3.3	3.0 %	3.2

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) In 2010 in the Baltic Countries, maintenance fees have been split to maintenance and utility charges in order to make the practice comparable with the other business units. This change had an effect on the figures of the reference period.

3) Leases started and ended don't necessarily refer to the same premises.

Property operating expenses

Property operating expenses consist of the maintenance costs relating to real estate properties, such as electricity, cleaning and repairs. Property operating expenses rose by EUR 2.1 million, from EUR 34.9 million to EUR 37.0 million. With comparable exchange rates, the operating expenses increased by EUR 1.0 million, i.e. 2.7 per cent. The completed (re)development projects and acquisitions increased property operating expenses, while divestments decreased them. The like-for-like property operating expenses increased by EUR 0.5 million compared with the first half of 2010 due to higher electricity and heating costs, arising from environ-

mental electricity tax and cold winter (Cf. Note 4: Property Operating Expenses). Snow loading expenses decreased markedly from the previous year.

Other expenses from leasing operations

Other expenses from leasing operations consist of tenant improvements and credit losses. They totalled EUR 0.4 million (EUR 0.7 million). The decrease in expenses was mostly due to lower credit losses in Swedish operations.

Net rental income

Citycon's net rental income was EUR 68.7 million (EUR 62.5 million). Net rental income increased by EUR 6.3 million or 10.1 per cent. With comparable exchange rates, net rental income increased by EUR 4.8 million, i.e. 7.6 per cent. (Re)development projects such as Espoonatori, Forum in Jyväskylä and Åkersberga Centrum increased net rental income by EUR 2.7 million, while the acquisitions of the Kristine and Högdalen shopping centres increased net rental income by EUR 1.7 million. Divestments reduced net rental income by EUR 0.8 million. Like-for-like net rental income grew by EUR 1.1 million or 2.3 per cent, mainly thanks to a clear increase in net rental income from Liljeholmstorget Galleria shopping centre, and reduced vacancy rates in shopping centres. The negative net rental income development in the Finnish like-for-like portfolio was due mainly to two largely vacant properties in the supermarkets and shops category in the Helsinki Metropolitan Area and one in Pori.

Citycon's property portfolio's net rental yield was 5.8 per cent (6.0%). The decrease was mainly due to the rise in the fair value of investment properties.

The following table presents 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 development or extension and undeveloped lots. 56.7 per cent of like-for-like properties are located in Finland, measured in net rental income.

Net Rental Income and Turnover by Segment and Property Portfolio

Net Rental Income by Segments and Portfolios						Turnover by Portfolios
EUR million	Finland	Sweden	Baltic Countries	Other	Total	Citycon total
Q1-Q2/2009	46.0	10.8	4.6	0.0	61.3	91.5
(Re)development projects	-2.7	2.1	1.4	-	0.7	4.5
Divestments	-0.2	-0.2	-	-	-0.4	-0.4
Like-for-like properties	-0.4	0.2	-0.2	-	-0.4	0.7
Other (incl. exchange rate diff.)	0.0	1.1	0.0	0.0	1.2	1.8
Q1-Q2/2010	42.7	13.9	5.8	0.0	62.5	98.1
Acquisitions	0.1	0.1	1.5	-	1.7	2.2
(Re)developments projects	2.0	0.7	-	-	2.7	3.5
Divestments	0.0	-0.7	-	-	-0.8	-1.5
Like-for-like properties	-0.9	1.8	0.3	-	1.1	1.1
Other (incl. exchange rate diff.)	0.1	1.5	0.0	0.0	1.5	2.5
Q1-Q2/2011	43.9	17.3	7.6	0.0	68.7	106.0

Administrative expenses

Administrative expenses totalled EUR 12.1 million (EUR 10.2 million). This represented an increase of EUR 1.8 million or 17.8 per cent, mainly due to lower capitalisation of expenses for personnel involved in development projects (EUR 0.7 million), organisation restructuring costs (EUR 0.4 million), stock options (EUR 0.3 million) and higher headcount. In 2010, the amount of capitalised expenses was higher as projects that had been planned for several years were started. At the end of the period, the Citycon Group employed a total of 134 (124) persons, of whom 87 worked in Finland, 37 in Sweden and 10 in the Baltic countries.

Net fair value losses on investment properties

Net fair value losses on investment properties totalled EUR -3.9 million (gains of EUR 23.7 million). The change in fair value was due to a decrease in value of the supermarket and shop properties by EUR -16.3 million offset by an increase in the value of the shopping centres by EUR 12.5 million. The company recorded a total value increase of EUR 28.0 million (EUR 48.1 million) and a total value decrease of EUR 31.9 million (EUR 24.4 million). On 30 June 2011, the average net yield requirement defined by Realia Management Oy for Citycon's entire property portfolio was 6.4 per cent (31 March 2011: 6.4%). The yield figure for properties in Finland, Sweden and the Baltic countries was 6.3 per cent, 6.0 per cent and 8.0 per cent, respectively. The average rent used for the valuation rose to EUR 24.0/sq.m. up from EUR 23.0/sq.m. (cf. Note 6: Investment Properties). Realia Management Oy's Valuation Statement for the end of June can be found on the corporate website at www.citycon.com/valuation.

Net gains on the sale of investment properties

Net gains on the sale of investment properties totalled EUR 1.3 million (cf. Changes in Property Portfolio) compared to EUR 3.5 million in the first half of 2010. The first half of 2010 included EUR 1.2 million in gains on sale from the divestment of apartments in Jakobsbergs Centrum, and EUR 2.3 million from the sale of the building rights for the apartments to be built in connection with the Myllypuron Ostari shopping centre.

Operating profit

Operating profit came to EUR 54.2 million (EUR 79.6 million). The reduction was primarily due to negative fair value changes, lower gains on sale and higher administrative expenses offset by the increase in net rental income.

Net financial expenses

Net financial expenses increased by EUR 2.6 million to EUR 30.1 million (EUR 27.6 million). This increase was mainly attributable to higher interest expenses as a result of higher interest-bearing debt due to debt financed acquisitions of Kristiine and Hödgalen. The year-to-date weighted average interest rate for interest-bearing debt decreased slightly compared to the previous year, being 3.97 per cent (4.00 %), because the debt raised for financing the aforementioned acquisitions had a lower interest rate than the remaining debt portfolio. General market interest rates began to rise at the end of 2010, which will increase the weighted average interest rate going forward. At the end of the period, the weighted average interest rate, including interest rate swaps, rose to 4.06 per cent (3.87 %), taking into account the expenses for 2011 relating to interest rate swaps unwound during 2010.

Share of profit of joint ventures

Share of profit of joint ventures totalled EUR -0.1 million (EUR 0.0 million). Share of profit of joint ventures represents Citycon's share of the profit of Espagalleria Oy.

Income taxes

Income taxes for the financial period were EUR 0.0 million (EUR -4.9 million). The decrease was primarily due to lower direct taxes for the period, which fell, due to the fact that depreciations were made in Finland in 2011 also on properties of which Citycon owns less than 100 per cent.

Profit for the period

Profit for the period came to EUR 23.9 million (EUR 47.1 million). The decrease was mainly due to the lower operating profit and higher financial expenses.

Direct result

The company's direct result was EUR 25.8 million (EUR 21.5 million), up by EUR 4.4 million or 20.4 per cent (cf. EPRA Key Performance Measures, Table 1: Direct Result). The growth in the direct result was due to net rental income growth and lower direct income taxes. The reasons for net rental income growth can be found under Net rental income. The lower direct income taxes were mainly due to depreciations, which were also made on properties in Finland of which Citycon owns less than 100 per cent. The direct result

was lowered by higher administration expenses and financial expenses. The reasons for administrative expense growth are given under Administrative expenses. The increase in financial expenses in 2011 arose from higher interest expenses due to an increase in interest-bearing debt. The effect of changes in the fair value of the property portfolio, of gains on sales and other indirect items on the profit attributable to the parent company's shareholders, tax effects included, was EUR -6.8 million (EUR 19.9 million), and these don't have any impact on the direct result.

Statement of Financial Position and Financing

Investment properties

The fair value of the company's property portfolio totalled EUR 2,506.4 million (EUR 2,229.5 million), with Finnish properties accounting for 61.9 per cent (65.7%), Swedish properties for 27.2 per cent (27.0%) and Baltic properties for 10.9 per cent (7.3%).

The fair value of investment properties increased from the end of December 2010 (EUR 2,367.7 million) by EUR 138.7 million because of gross capital expenditure of EUR 162.2 million, offset by divestments totalling EUR 4.4 million (see Changes in Property Portfolio). In addition the net fair value losses on investment properties decreased the value of investment properties by EUR 3.9 million (see detailed analysis under Financial Performance: Net fair value gains on investment properties), and the weakening of the Swedish krona by EUR 15.2 million.

Shareholders' equity

The shareholders' equity attributable to the parent company's shareholders was EUR 839.8 million (EUR 735.0 million). This figure fell from the end of 2010 (EUR 849.5 million) due to dividend payments and equity returns. On the other hand, the profit for the reporting period attributable to parent company shareholders' and the fair value change of interest derivative contracts increased the shareholders' equity. 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 fair value of interest derivatives of EUR 6.2 million was recorded for the period, taking into account their tax effect (a loss of EUR 9.9 million) (cf. Note 9: Derivative Contracts).

Due to the aforementioned items, NAV per share decreased to EUR 3.73 (Q4/2010: EUR 3.79) and NNNNAV per share to EUR 3.43 (Q4/2010: EUR 3.49). The equity ratio was 34.8 per cent (Q4/2010: 37.1%). The company's equity ratio, as defined in the loan agreement covenants, decreased to 36.3 per cent (Q4/2010: 39.4 %) due to increased levels of debt following the acquisitions of Kristiine and Högdalen.

Further details of the company's share capital, number of shares and other related matters can be found under Note 15: Shareholders, Share Capital and Shares.

Loans

Liabilities totalled EUR 1,683.5 million (EUR 1,529.8 million), with short-term liabilities accounting for EUR 140.6 million (EUR 140.1 million). At the end of the period under review, Citycon's liquidity was EUR 191.9 million, of which EUR 162.5 million consisted of undrawn, committed credit facilities and EUR 29.4 million of cash and cash equivalents. At the end of the period, Citycon's liquidity, excluding commercial papers, stood at EUR 126.9 million (EUR 207.3 million at 31 March 2011). The recent acquisitions in Estonia and Sweden and the payment of dividend and equity return reduced the liquidity.

Interest-bearing debt increased year on year by 175.9 million to EUR 1,561.5 million (EUR 1,385.6 million). The fair value of the interest-bearing debt was EUR 1,569.4 million (EUR 1,394.7 million) at the period's end. Cash and cash equivalents totalled EUR 29.4 million (EUR 25.0 million), making the fair value of the interest-bearing net debt EUR 1,540.1 million (EUR 1,369.6 million). The average loan maturity, weighted according to the principal amount of the loans, was 3.1 years (3.3 years). The average interest-rate fixing period increased to 3.3 years, up from 3.2 years, due to the fact that new interest hedging was carried out in late 2010 and at the end of the second quarter in 2011.

Citycon's interest coverage ratio improved slightly and stood at 2.0x (Q1/2011: 2.0x).

Fixed-rate debt accounted for 76.2 per cent (81.6%) of the period-end interest-bearing debt, interest-rate swaps included. The hedge ratio declined because the hedge ratio of the new debt that was raised to finance the acquisitions of Kristiine and Högdalen was lower than that of the remaining portfolio. The debt portfolio's hedging ratio was in line with the company's financing policy.

Cash Flow Statement

Net cash from operating activities

Net cash from operating activities totalled EUR 18.8 million (EUR 10.7 million). The increase was due to higher operating profit, positive changes in working capital, received tax returns as well as extraordinary items and timing differences.

Net cash used in investing activities

Net cash used in investing activities totalled EUR -162.9 million (EUR -6.2 million). Acquisitions were EUR 132.8 million (EUR 2.0 million). Capital expenditure related to investment properties and tangible and intangible assets totalled EUR 37.4 million (EUR 51.5 million). The negative cash flow from investing activities was reduced by sales of investment properties totalling EUR 7.3 million (EUR 47.3 million).

Net cash from financing activities

Net cash from financing activities totalled EUR 154.4 million (EUR -0.2 million). This consisted of loan repayments and new loan withdrawals. New loans were taken to finance redevelopment investments, acquisitions in Estonia and Sweden and the payment of dividend and equity return.

Financial Performance of Business Units

Citycon's business operations are divided into three business units: Finland, Sweden and the Baltic Countries. The latter two are subdivided into two business areas: Retail Properties and Property Development. The Finnish unit is subdivided into four business areas: Retail Property Management (operative management of shopping centres), Asset Management (property management, investments and divestments), Leasing and Marketing, and Property Development.

Finland

Citycon is the market leader in the Finnish shopping centre business. Citycon's share of the Finnish shopping centre market was 22.7 per cent at the end of 2010 (source: Entrecor). At the end of the period, the company owned 23 shopping centres and 39 other properties in Finland, with a total leasable area of 578,470 square metres (581,550 sq.m.). The leasable area fell due to completed divestments (cf. Changes in Property Portfolio). The annualised potential rental value increased to EUR 136.9 million, mainly due to completed (re)development projects (Forum in Jyväskylä and Espoontori).

Lease agreements started during the reporting period applied to a GLA of 43,971 square metres (58,040 sq.m.). The average rent for new lease agreements was lower than the average rent for the entire Finnish property portfolio, mainly due to new leases in supermarket and shop properties which in general have lower rents than the shopping centre properties. Ended lease agreements applied to 50,176 square metres (96,720 sq.m.). The average rent for ended lease agreements was also lower than the average for the entire Finnish property portfolio, mainly due to the ended office leases (accounting for approx. 6,800 sq.m.).

The average rent rose from EUR 20.3/sq.m. to EUR 20.8/sq.m., mainly thanks to completed (re)development projects and index increments. The occupancy rate increased to 94.0 per cent (93.5%), following the decreased vacancy in shopping centre properties.

The company's net rental income from Finnish operations during the reporting period totalled EUR 43.9 million (EUR 42.7 million). The net rental income grew by EUR 1.1 million or 2.7 per cent, thanks to the EUR 2.0 million effect of completed redevelopment projects such as Espoontori, Forum in Jyväskylä and a retail property in Kirkkonummi. Net rental income for like-for-like properties in Finland fell by EUR 0.9 million, mainly due to the higher vacancy rate in supermarket and shop properties. The business unit accounted for 63.8 per cent (68.4%) of Citycon's total net rental income. Net rental yield was 5.9 per cent, representing a decrease of 0.4 percentage points from the reference period. The decrease was mainly due to the rise in the fair value of investment properties by EUR 86.1 million to EUR 1,551.9 million.

Key Figures, Finland

	Q2/2011	Q2/2010	Q1/2011	Q1-Q2/2011	Q1-Q2/2010	Change-%	2010
Number of properties			62	62	65	-4.6 %	65
Gross leasable area, sq.m.			575,340	578,470	581,550	-0.5 %	579,980
Annualised potential rental value, EUR million ¹⁾			136.4	136.9	134.7	1.6 %	135.5
Average rent (EUR/sq.m.)			20.8	20.8	20.3	2.3 %	20.3
Number of leases started during the period	137	103	96	233	202	15.3 %	429
Total area of leases started, sq.m. ²⁾	25,116	27,200	18,855	43,971	58,040	-24.2 %	107,970
Average rent of leases started (EUR/sq.m.) ²⁾	17.3	18.3	19.0	18.0	19.6	-8.0 %	19.6
Number of leases ended during the period	108	120	119	227	300	-24.3 %	458
Total area of leases ended, sq.m. ²⁾	21,535	48,460	28,641	50,176	96,720	-48.1 %	122,680
Average rent of leases ended (EUR/sq.m.) ²⁾	18.3	15.1	17.4	17.8	17.7	0.5 %	18.2
Occupancy rate at end of the period (economic), %			93.8	94.0	93.5	-	94.0
Average remaining length of lease portfolio at the end of the period, year			2.9	3.4	3.2	6.3 %	3.0
Gross rental income, EUR million	31.4	30.1	31.8	63.2	61.5	2.7 %	122.1
Turnover, EUR million	32.7	31.1	32.9	65.6	63.7	3.1 %	126.5
Net rental income, EUR million	22.4	21.5	21.4	43.9	42.7	2.7 %	86.7
Net rental yield, % ³⁾			6.0	5.9	6.3	-	6.0
Net rental yield, like-for-like properties, %			6.4	6.3	6.6	-	6.5
Fair value of investment properties, EUR million			1,543.8	1,551.9	1,465.7	5.9 %	1,533.0

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 don't necessarily refer to the same premises.

3) Includes the lots for development projects.

Sweden

At the end of the period, the company had nine shopping centres and seven other retail properties in Sweden, with a total leasable area of 303,300 square metres (294,500 sq.m.). The properties are located in the Greater Stockholm and Gothenburg Areas and in Umeå. The leasable area increased due to the acquisition of the Högdalen Centrum shopping centre and was offset by divestment of residential units. The annualised potential rental value increased to EUR 62.8 million, mainly due to exchange rate fluctuations, the aforementioned acquisition and the completion of the extension of Åkersberga Centrum.

Lease agreements started during the reporting period applied to a GLA of 17,133 square metres (19,952 sq.m.). The average rent level for new lease agreements was lower than the average for the entire Swedish property portfolio, mainly due to new office lease agreements (accounting for approx. 4,700 sq.m.). Ended lease agreements applied to 17,469 square metres (25,487 sq.m.). The average rent level for ended lease agreements was also lower than the average for the entire Swedish property portfolio, due to the ended residential and office leases (retail leases accounted for less than 7,000 sq.m of the total amount of ended leases).

The average rent rose from EUR 14.4/sq.m. to EUR 17.4/sq.m., mainly due to exchange rate changes and changes in the property portfolio (residential divestments and the completion of the Åkerbergs Centrum extension). The occupancy rate rose to 95.8 per cent (95.6%), thanks to reduced vacancy rates in shopping centre properties.

The company's net rental income from Swedish operations increased by EUR 3.4 million or 24.2 per cent to EUR 17.3 million (EUR 13.9 million). If the impact of the strengthened Swedish krona is excluded, net rental income from Swedish operations increased by EUR 1.9 million or 13.3 per cent. The net rental income increase was due to the Åkersberga Centrum redevelopment project, acquisition of the Högdalen Centrum shopping centre as well as to net rental income increases from like-for-like properties. Net rental income from like-for-like properties grew by EUR 1.8 million, thanks mainly to improved net rental income from Liljeholmstorget Galleria. The business unit accounted for 25.2 per cent (22.3%) of Citycon's total net rental income. Net rental yield was 5.0 per cent, representing an increase of 0.3 percentage points from the reference period. The increase was due mainly to Liljeholmstorget Galleria's improved performance compared to the year before.

Key Figures, Sweden

	Q2/2011	Q2/2010	Q1/2011	Q1-Q2/2011	Q1-Q2/2010	Change-%	2010
Number of properties			15	16	15	6.7 %	15
Gross leasable area, sq.m.			291,400	303,300	294,500	3.0 %	291,500
Annualised potential rental value, EUR million ¹⁾			59.9	62.8	52.8	18.9 %	54.7
Average rent (EUR/sq.m.)			16.8	17.4	14.4	20.8 %	15.9
Number of leases started during the period	37	70	77	114	152	-25.0 %	316
Total area of leases started, sq.m. ²⁾	3,073	8,177	14,060	17,133	19,952	-14.1 %	46,879
Average rent of leases started (EUR/sq.m.) ²⁾	22.0	13.9	14.4	15.8	12.6	25.4 %	14.3
Number of leases ended during the period	104	61	37	141	270	-47.8 %	777
Total area of leases ended, sq.m. ²⁾	12,255	5,800	5,214	17,469	25,487	-31.5 %	62,584
Average rent of leases ended (EUR/sq.m.) ²⁾	11.2	7.7	12.9	11.7	10.4	12.7 %	11.9
Occupancy rate at end of the period (economic), %			96.3	95.8	95.6	-	96.4
Average remaining length of lease portfolio at the end of the period, year			3.2	3.0	3.0	0.0 %	3.1
Gross rental income, EUR million	14.3	12.5	14.1	28.4	24.7	15.0 %	49.8
Turnover, EUR million	15.3	13.2	14.9	30.2	25.9	16.8 %	52.8
Net rental income, EUR million	9.4	7.6	7.9	17.3	13.9	24.2 %	28.7
Net rental yield, % ³⁾			4.9	5.0	4.7	-	4.8
Net rental yield, like-for-like properties, %			5.0	5.2	4.8	-	4.9
Fair value of investment properties, EUR million			674.8	681.0	601.0	13.3 %	668.6

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 don't necessarily refer to the same premises.

3) Includes the lots for development projects.

Baltic Countries

Citycon has four shopping centres in the Baltic countries: Rocca al Mare, Kristiine and Magistral in Tallinn, Estonia, and Mandarinas in Vilnius, Lithuania. The company bought the Kristiine shopping centre on 2 May 2011. At the end of June 2011, their gross leasable area totalled 113,500 square metres (71,000 sq.m.). The annualised potential rental value increased to EUR 24.6 million, mostly due to the acquisition of the Kristiine shopping centre. This also led to the average rent rising from EUR 16.4 to EUR 18.3/sq.m.

Lease agreements started during the reporting period applied to a GLA of 1,755 square metres (1,261 sq.m.). The average rent level for new lease agreements was higher than the average for the entire Baltic property portfolio, mainly due to new retail leases in the Kristiine shopping centre. Ended lease agreements applied to 2,618 square metres (1,061 sq.m.). The average rent level for ended lease agreements was lower than the average for the entire Baltic property portfolio, due to a single lease concerning a bowling alley.

The occupancy rate rose to 99.9 per cent (99.5%), as lease agreements were made for nearly all vacant premises.

The net rental income from Baltic operations increased markedly by EUR 1.8 million to EUR 7.6 million (EUR 5.8 million) mainly due to acquisition of the Kristiine shopping centre. The business unit accounted for 11.0 per cent (9.3%) of Citycon's total net rental income. Net rental yield was 7.7 per cent, representing an increase of 0.6 percentage points from the reference period. The increase was due to the rise in the net rental income and acquisition of the Kristiine shopping centre.

Key Figures, Baltic Countries

	Q2/2011	Q2/2010	Q1/2011	Q1-Q2/2011	Q1-Q2/2010	Change-%	2010
Number of properties			3	4	3	33.3 %	3
Gross leasable area, sq.m.			70,800	113,500	71,000	59.9 %	70,800
Annualised potential rental value, EUR million ¹⁾²⁾			14.4	24.6	13.9	77.0 %	15.0
Average rent (EUR/sq.m.) ²⁾			17.0	18.3	16.4	11.4 %	17.8
Number of leases started during the period	5	2	14	19	6	216.7 %	44
Total area of leases started, sq.m. ³⁾	527	879	1,228	1,755	1,261	39.2 %	5,366
Average rent of leases started (EUR/sq.m.) ²⁾³⁾	26.0	15.8	18.3	20.6	16.6	24.0 %	12.9
Number of leases ended during the period	5	4	12	17	7	142.9 %	44
Total area of leases ended, sq.m. ³⁾	1,492	541	1,126	2,618	1,061	146.7 %	5,225
Average rent of leases ended (EUR/sq.m.) ²⁾³⁾	12.3	8.0	16.0	13.9	16.8	-17.4 %	13.2
Occupancy rate at end of the period (economic), %			99.9	99.9	99.5	-	99.7
Average remaining length of lease portfolio at the end of the period, year			4.5	4.4	4.8	-8.3 %	4.6
Gross rental income, EUR million	5.3	3.4	3.6	8.9	7.0	27.7 %	13.9
Turnover, EUR million	6.1	4.2	4.1	10.2	8.6	19.1 %	16.7
Net rental income, EUR million	4.6	2.8	3.0	7.6	5.8	30.6 %	11.8
Net rental yield, % ⁴⁾			7.4	7.7	7.1	-	7.5
Net rental yield, like-for-like properties, % ⁴⁾			7.4	7.5	7.1	-	7.5
Fair value of investment properties, EUR million			167.6	273.6	162.8	68.0 %	166.1

- 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) In 2010 in the Baltic Countries, maintenance fees have been split to maintenance and utility charges in order to make the practice comparable with the other business units. This change had an effect on the figures of the reference period.
- 3) Leases started and ended don't necessarily refer to the same premises.
- 4) Includes the lots for development projects.

Environmental Responsibility

Citycon defined its long-term strategic objectives relating to environmental responsibility in connection with its strategic planning in the summer of 2009. They are presented in the company's second combined Annual and Corporate Sustainability Report for 2010. The report also describes the company's economic, social and environmental responsibility towards its various stakeholders, applying the recommendations of the Global Reporting Initiative (GRI) on the content and principles of sustainability reporting. The results and indicators for environmental responsibility are presented on pages 38–43 of the company's Annual and Sustainability Report.

Citycon set new environmental objectives for 2011. The company's aim is to reduce its carbon footprint by 2–3 per cent, its energy consumption by 2–3 per cent, and water consumption in its shopping centres to an average of 3.8 litres per visitor per year. The long-term objectives for waste management and recycling were modified after the original objectives were already reached within the first year. The new long-term target for average waste recycling rate is 80 per cent by 2015, and the corresponding annual target for 2011 is 78 per cent. Landfill waste may account for a maximum of 20 per cent of total waste by 2015, and the corresponding annual target for 2011 is 22 per cent.

During the period under review, all Citycon shopping centres were audited according to the Green Shopping Centre Management programme. The Green Shopping Centre Management programme is an internal company tool for advancing sustainable development in all of the company's shopping centres. In co-operation with its property maintenance partner ISS, Citycon established an energy working group with the mission of developing energy efficiency measurement and follow-up in the properties owned by the company in Finland.

Governance

Annual General Meeting 2011

Citycon Oyj's Annual General Meeting (AGM) took place in Helsinki, Finland, on 23 March 2011. Decisions made at the AGM are available on the company's website at www.citycon.fi/yhtiokokous2011, in the stock exchange release dated 23 March 2011, and in the interim report published on 4 May 2011. The minutes of the AGM are also available on the aforementioned website.

Changes in Company Management

Citycon Oyj's new Chief Executive Officer, Marcel Kokkeel, assumed his duties on 24 March 2011. The CEO's personal and career details can be found on the corporate website in the section Remuneration Statement (www.citycon.fi/cg). Outi Raekivi, Head of Legal Affairs and member of the Corporate Management Committee, left the company at the end of May. The selection process for the new head of legal affairs is currently ongoing.

Stock Option Plan 2011

Based on the authorisation granted by the Annual General Meeting on 13 March 2007, the Board of Directors of Citycon Oyj decided, on 3 May 2011, to issue 7,250,000 stock options to key personnel of Citycon and its subsidiaries. As stock options are intended to form a part of the Group's key personnel incentive and commitment plan, the company had weighty financial reasons for issuing them. Stock options encourage key personnel to work on a long-term basis to increase shareholder value. The purpose of the stock options is also to commit key personnel to the company.

Stock options can be granted in 2011–2015, and shares can be subscribed by exercising the options in 2012–2018. The CEO and other members of the company's Corporate Management Committee have been granted stock options 2011A–D(I) and 2011A–D(II) as follows:

	2011A(I)	2011B(I)	2011C(I)	2011D(I)
Chief Executive Officer (CEO)	250,000	250,000	250,000	250,000
	2011A(I-II)	2011B(I-II)	2011C(I-II)	2011D(I-II)
Other members of the Corporate Management Committee	387,500	387,500	387,500	387,500

A share ownership obligation, under which the members of the Corporate Management Committee are obliged to acquire the company's shares with 25 per cent of the gross stock option income gained from the exercised stock options, is incorporated into the 2011 stock options. The acquisition obligation stays in force until a member of the Corporate Management Committee owns company's 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.

Up-to-date information of the stock options of the CEO, the Executive Vice President and other members of the Corporate Management Committee are available on the company's website at www.citycon.fi/insiders. The stock option plan and the terms of the stock options are presented in more detail in Note 15 (Shareholders, Share Capital and Shares) of the interim report.

Helsinki, 12 July 2011

Citycon Oyj
Board of Directors

EPRA PERFORMANCE MEASURES

EPRA PERFORMANCE MEASURES

	Q2/2011	Q2/2010	Change-%	Q1-Q2/2011	Q1-Q2/2010	Change-%	2010
Direct result (EPRA Earnings), EUR million	13.2	10.1	30.6 %	25.8	21.5	20.4 %	47.3
Direct result per share, diluted (Diluted EPRA EPS), EUR	0.05	0.05	17.2 %	0.11	0.10	8.6 %	0.21
EPRA NAV, EUR ¹⁾				3.73	3.68	1.3 %	3.79
EPRA NNNAV, EUR				3.43	3.35	2.7 %	3.49
EPRA Net Initial Yield (NIY) (%)				6.1	6.3	-	6.3
EPRA "topped-up" NIY (%)				6.3	6.6	-	6.4
EPRA vacancy rate (%)				4.9	5.4	-	4.9

1) In accordance with a change in the EPRA's Best Practice Recommendations 2010, Citycon has changed EPRA NAV calculations.

The following tables present how EPRA Performance Measures are calculated.

1) DIRECT RESULT

EUR million	Q2/2011	Q2/2010	Change-%	Q1-Q2/2011	Q1-Q2/2010	Change-%	2010
Direct result							
Net rental income	36.3	31.8	14.1 %	68.7	62.5	10.1 %	127.2
Direct administrative expenses	-6.2	-5.5	11.8 %	-11.6	-9.8	18.1 %	-22.5
Direct other operating income and expenses	0.1	0.0	-	0.1	0.1	55.6 %	0.3
Direct operating profit	30.2	26.3	14.9 %	57.2	52.7	8.6 %	105.0
Direct net financial income and expenses	-16.3	-14.2	15.1 %	-30.1	-27.1	11.2 %	-55.1
Direct share of loss/profit of joint ventures	-0.2	-	-	-0.3	-	-	-
Direct current taxes	-0.3	-1.4	-77.4 %	-0.5	-3.2	-82.8 %	-0.6
Change in direct deferred taxes	0.2	-0.1	-	0.4	0.1	.	-0.3
Direct non-controlling interest	-0.4	-0.6	-30.9 %	-0.8	-1.0	-18.6 %	-1.8
Total direct result	13.2	10.1	30.6 %	25.8	21.5	20.4 %	47.3
Direct result per share (diluted), (diluted EPRA EPS), EUR ¹⁾	0.05	0.05	17.2 %	0.11	0.10	8.6 %	0.21
Indirect result							
Net fair value losses/gains on investment property	-5.0	22.9	-	-3.9	23.7	-	50.8
Profit/loss on disposal of investment property	1.2	0.3	370.3 %	1.3	3.5	-64.1 %	2.6
Indirect administrative expenses	-0.4	-0.3	48.5 %	-0.5	-0.4	12.2 %	-0.8
Movement in fair value of financial instruments	-	-0.3	-	-	-0.5	-	0.2
Indirect share of profit/loss of joint ventures	0.0	-	-	0.2	-	-	-
Indirect current taxes	-	-0.6	-	-	-1.2	-	-
Change in indirect deferred taxes	0.7	0.0	-	0.1	-0.6	-	-11.6
Indirect non-controlling interest	-1.8	-3.8	-53.7 %	-4.0	-4.7	-15.3 %	-10.3
Total indirect result	-5.3	18.3	-	-6.8	19.9	-	31.1
Indirect result per share, diluted	-0.02	0.08	-	-0.03	0.08	-	0.13
Profit/loss for the period attributable to parent company shareholders	7.9	28.4	-72.3 %	19.1	41.4	-53.9 %	78.3

2) DIRECT RESULT PER SHARE

EUR million	Q2/2011	Q2/2010	Change-%	Q1-Q2/2011	Q1-Q2/2010	Change-%	2010
Direct result, EUR million (Table 1)	13.2	10.1	30.6 %	25.8	21.5	20.4 %	47.3
Expenses from convertible capital loan, tax effect deducted (EUR million)	1.0	1.0	-1.8 %	2.0	2.1	-2.9 %	4.1
Profit used in the calculation of diluted direct result per share (EUR million)	14.2	11.2	27.6 %	27.9	23.6	18.3 %	51.4
Average number of shares, million	244.6	222.3	10.0 %	244.6	221.8	10.3 %	228.1
Adjustment for convertible capital loan, million	17.0	18.0	-5.9 %	17.0	18.0	-5.9 %	17.5
Adjustment for stock options, million	-	0.0	-	-	0.0	-	0.0
Adjustments for long-term share-based incentive plan, million	0.2	0.2	-25.2 %	0.1	0.2	-36.7 %	0.1
Diluted average number of shares, million	261.7	240.4	8.9 %	261.7	240.0	9.0 %	245.8
Direct result per share, diluted (Diluted EPRA EPS), EUR	0.05	0.05	17.2 %	0.11	0.10	8.6 %	0.21

3) EPRA NAV AND EPRA NNAV PER SHARE

	30 June 2011			30 June 2010			31 Dec. 2010		
	EUR million	Number of shares (1,000)	per share, EUR	EUR million	Number of shares (1,000)	per share, EUR	EUR million	Number of shares (1,000)	per share, EUR
Equity attributable to parent company shareholders	839.8	244,565	3.43	735.0	222,565.0	3.30	849.5	244,565	3.47
Deferred taxes from the difference of fair value and fiscal value of investment properties	59.6	244,565	0.24	49.4	222,565.0	0.22	59.7	244,565	0.24
Fair value of financial instruments ¹⁾	12.6	244,565	0.05	35.2	222,565.0	0.16	18.8	244,565	0.08
Net asset value (EPRA NAV)	912.1	244,565	3.73	819.7	222,565.0	3.68	928.1	244,565	3.79
Deferred taxes from the difference of fair value and fiscal value of investment properties	-59.6	244,565	-0.24	-49.4	222,565	-0.22	-59.7	244,565	-0.24
The difference between the secondary market price and fair value of bonds and capital loans ²⁾	0.0	244,565	0.00	9.5	222,565	0.04	3.6	244,565	0.01
Fair value of financial instruments ¹⁾	-12.6	244,565	-0.05	-35.2	222,565	-0.16	-18.8	244,565	-0.08
EPRA NNAV	839.8	244,565	3.43	744.5	222,565	3.35	853.1	244,565	3.49

1) Fair value of financial instruments

In accordance with a change in the EPRA's Best Practice Recommendations 2010, Citycon has changed EPRA NAV calculations so that the fair value of financial instruments includes all financial instruments. Previously, the fair value of financial instruments included only fair value of instruments outside the scope of hedge accounting.

2) Secondary market price

When calculating the EPRA NNAV in accordance with EPRA's recommendations, the shareholders' equity is adjusted in line with EPRA's guidelines so that bonds and capital loans are valued based on secondary market prices. In accordance with Citycon's accounting policies, the carrying amount and fair value of bonds and capital loans are different from this secondary market price. Due to this, in the calculation of this key figure subordinated capital loan 1/2005, convertible capital loan 1/2006 and bond 1/2009 have been valued using the price derived from the secondary market on the interim balance sheet date. The secondary market price for convertible capital loan 1/2006 was 98.75 per cent (87.63%) and for bond 1/2009 102.25 per cent (98.65%) on 30 June 2011. The difference between the secondary market price and the fair value of the bonds and capital loans was EUR -0.0 million (EUR 9.5 million) on 30 June 2011.

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

EUR million	Q1-Q2/2011	Q1-Q2/2010	2010
Fair value of investment properties determined by the external appraiser	2,370.5	2,243.0	2,361.1
Less (re)development properties, lots, unused building rights and properties, the valuation of which is based on the value of the building right	-510.9	-514.4	-487.4
Completed property portfolio	1,859.6	1,728.6	1,873.7
Plus the estimated purchasers' transaction costs	35.7	33.9	37.1
Gross value of completed property portfolio (A)	1,895.3	1,762.5	1,910.8
Annualised gross rents for completed property portfolio	166.3	155.9	170.8
Property portfolio's operating expenses	-51.6	-44.8	-50.2
Annualised net rents (B)	114.7	111.1	120.6
Plus the notional rent expiration of rent free periods or other lease incentives	3.8	5.2	2.4
Topped-up annualised net rents (C)	118.5	116.3	123.0
EPRA Net Initial Yield (NIY) (%) (B/A)	6.1	6.3	6.3
EPRA "topped-up" NIY (%) (C/A)	6.3	6.6	6.4

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

5) EPRA VACANCY RATE (%)

EUR million	Q1-Q2/2011	Q1-Q2/2010	2010
Annualised potential rental value of vacant premises	10.5	10.4	9.6
./. Annualised potential rental value for the whole portfolio	217.1	191.4	196.5
EPRA vacancy rate (%)	4.9	5.4	4.9

Interim Condensed Consolidated Financial Statements

1 January - 30 June 2011

Condensed Consolidated Statement of Comprehensive Income, IFRS

EUR million	Note	Q2/2011	Q2/2010	Change-%	Q1-Q2/2011	Q1-Q2/2010	Change-%	2010
Gross rental income		51.0	46.0	10.8 %	100.5	93.2	7.9 %	185.9
Utility and service charge income		3.1	2.6	18.7 %	5.6	4.9	12.9 %	10.0
Turnover	3	54.1	48.6	11.2 %	106.0	98.1	8.1 %	195.9
Property operating expenses	4	17.3	16.1	7.5 %	37.0	34.9	5.9 %	67.4
Other expenses from leasing operations		0.4	0.6	-40.3 %	0.4	0.7	-52.2 %	1.3
Net rental income		36.3	31.8	14.1 %	68.7	62.5	10.1 %	127.2
Administrative expenses		6.6	5.8	13.5 %	12.1	10.2	17.8 %	23.3
Other operating income and expenses		0.1	0.0	460.2 %	0.1	0.1	55.6 %	0.3
Net fair value losses/gains on investment property	6	-5.0	22.9	-121.9 %	-3.9	23.7	-	50.8
Net gains/losses on sale of investment property	6, 7	1.2	0.3	370.3 %	1.3	3.5	-64.1 %	2.6
Operating profit		26.0	49.2	-47.2 %	54.2	79.6	-31.9 %	157.7
Net financial income and expenses		-16.3	-14.4	12.9 %	-30.1	-27.6	9.3 %	54.9
Share of loss/profit of joint ventures		-0.2	-	-	-0.1	-	-	-
Profit/loss before taxes		9.5	34.8	-72.7 %	23.9	52.0	-54.0 %	102.8
Current taxes		-0.3	-1.9	-84.0 %	-0.5	-4.3	-87.3 %	-0.6
Change in deferred taxes		0.9	0.0	-	0.5	-0.5	-	-11.8
Profit/loss for the period		10.1	32.8	-69.4 %	23.9	47.1	-49.2 %	90.4
Profit/loss for the period attributable to								
Parent company shareholders		7.9	28.4	-72.3 %	19.1	41.4	-53.9 %	78.3
Non-controlling interest		2.2	4.4	-50.5 %	4.8	5.8	-15.9 %	12.0
Earnings per share attributable to parent company shareholders								
Earnings per share (basic), EUR	5	0.03	0.13	-74.8 %	0.08	0.19	-58.2 %	0.34
Earnings per share (diluted), EUR	5	0.03	0.12	-73.8 %	0.08	0.18	-56.9 %	0.34
Other comprehensive expenses/income								
Net losses/gains on cash flow hedges	9	-9.2	-4.5	101.9 %	8.4	-13.4	-	5.1
Income taxes relating to cash flow hedges	9	2.4	1.2	101.9 %	-2.2	3.5	-	-1.3
Exchange losses/gains on translating foreign operations		-1.8	0.4	-	-1.6	1.3	-	3.1
Other comprehensive expenses/income for the period, net of tax		-8.6	-2.9	191.7 %	4.6	-8.6	-	6.9
Total comprehensive profit/loss for the period		1.5	29.9	-95.0 %	28.6	38.5	-25.8 %	97.3
Total comprehensive profit/loss for the period attributable to								
Parent company shareholders		0.0	25.0	-	24.3	31.2	-22.1 %	83.4
Non-controlling interest		1.5	4.9	-68.7 %	4.3	7.3	-41.7 %	13.9

Condensed Consolidated Statement of Financial Position, IFRS

EUR million	Note	30 June 2011	30 June 2010	31 Dec. 2010
Assets				
Non-current assets				
Investment properties	6	2,506.4	2,229.5	2,367.7
Investments in joint ventures		0.2	-	-
Intangible assets and property, plant and equipment		2.7	2.0	2.5
Deferred tax assets		4.3	12.2	5.6
Derivative financial instruments and other non-current assets	9	3.6	0.0	2.3
Total non-current assets		2,517.3	2,243.8	2,378.1
Investment properties held for sale	7	-	19.0	1.5
Current assets				
Trade and other receivables		31.6	21.1	37.4
Cash and cash equivalents	8	29.4	25.0	19.5
Total current assets		61.0	46.1	56.9
Total assets		2,578.3	2,308.9	2,436.5
Liabilities and shareholders' equity				
Equity attributable to parent company shareholders				
Share capital		259.6	259.6	259.6
Share premium fund		131.1	131.1	131.1
Fair value reserve		-12.6	-32.6	-18.8
Invested unrestricted equity fund	10	174.3	136.6	198.8
Retained earnings	10	287.5	240.3	278.8
Total equity attributable to parent company shareholders		839.8	735.0	849.5
Non-controlling interest		55.0	44.1	50.7
Total shareholders' equity		894.8	779.1	900.2
Long-term liabilities				
Long-term interest-bearing debt	11	1,466.8	1,292.8	1,212.4
Derivative financial instruments and other non-interest bearing liabilities	9	13.6	46.3	19.2
Deferred tax liabilities		62.5	50.7	62.6
Total long-term liabilities		1,542.9	1,389.7	1,294.2
Short-term liabilities				
Short-term interest-bearing debt	11	94.7	92.8	185.3
Derivate financial instruments	9	0.0	1.3	1.6
Trade and other payables		45.8	46.0	55.3
Total short-term liabilities		140.6	140.1	242.2
Total liabilities		1,683.5	1,529.8	1,536.3
Total liabilities and shareholders' equity		2,578.3	2,308.9	2,436.5

Condensed Consolidated Cash Flow Statement, IFRS

EUR million	Note	Q1-Q2/2011	Q1-Q2/2010	2010
Cash flow from operating activities				
Profit/loss before taxes		23.9	52.0	102.8
Adjustments		33.5	0.7	2.3
Cash flow before change in working capital		57.4	52.7	105.1
Change in working capital		2.1	-6.3	2.9
Cash generated from operations		59.6	46.4	108.0
Cash flow from investing activities				
Acquisition of subsidiaries, less cash acquired	7	-22.7	-	-
Acquisition of investment properties	6	-110.0	-2.0	-6.7
Capital expenditure on investment properties as well as on intangible assets and PP&E	6	-37.4	-51.5	-127.0
Sale of investment properties	6.7	7.3	47.3	66.3
Net cash used in investing activities		-162.9	-6.2	-67.5
Cash flow from financing activities				
Sale of treasury shares		-	0.2	0.2
Proceeds from share issue		-	-	62.2
Share subscriptions based on stock options		-	3.3	3.3
Proceeds from short-term loans	11	71.5	61.1	109.0
Repayments of short-term loans	11	-18.6	-116.7	-192.6
Proceeds from long-term loans	11	426.9	179.2	346.5
Repayments of long-term loans	11	-291.3	-96.3	-252.2
Dividends and equity returns from the invested unrestricted equity fund	10	-34.2	-31.0	-31.2
Net cash from financing activities		154.4	-0.2	45.2
Net change in cash and cash equivalents		10.3	4.3	-2.3
Cash and cash equivalents at period-start	8	19.5	19.8	19.8
Effects of exchange rate changes		-0.4	1.0	2.0
Cash and cash equivalents at period-end	8	29.4	25.0	19.5

Condensed Consolidated Statement of Changes in Shareholders' Equity, IFRS

EUR million	Equity attributable to parent company shareholders						Equity attributable to parent company shareholders	Non-controlling interest	Shareholders' equity, total
	Share capital	Share premium fund	Fair value reserve	Invested unrestricted equity fund	Translation reserve	Retained earnings			
Balance at 1 Jan. 2010	259.6	131.1	-22.7	155.2	-9.5	217.3	731.1	36.8	767.9
Total comprehensive profit/loss for the period			-9.9		-0.2	41.4	31.2	7.3	38.5
Share subscriptions based on stock options				3.3			3.3		3.3
Recognized gain in the equity arising from convertible bond buybacks						0.0	0.0		0.0
Sale of treasury shares				0.2			0.2		0.2
Dividends and equity return from the invested unrestricted equity fund (Note 10)				-22.1		-8.8	-30.9		-30.9
Share-based payments						0.2	0.2		0.2
Balance at 30 June 2010	259.6	131.1	-32.6	136.6	-9.7	250.0	735.0	44.1	779.1
Balance at 1 Jan. 2011	259.6	131.1	-18.8	198.8	-8.2	287.0	849.5	50.7	900.2
Total comprehensive profit/loss for the period			6.2		-1.0	19.1	24.3	4.3	28.6
Dividends and equity return from the invested unrestricted equity fund (Note 10)				-24.5		-9.8	-34.2		-34.2
Share-based payments						0.4	0.4		0.4
Balance at 30 June 2011	259.6	131.1	-12.6	174.3	-9.2	296.7	839.8	55.0	894.8

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Basic Company Data

Citycon is a real estate company investing in retail premises. Citycon operates mainly in Finland, Sweden and the Baltic countries. Citycon is a Finnish public limited liability company established under the laws of Finland and domiciled in Helsinki. The Board of Directors has approved the interim financial statements on 12 July 2011.

2. Basis of Preparation and Accounting Policies

Citycon prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). The interim financial statements for the six-month period ended on 30 June 2011 have been prepared in accordance with IAS 34 Interim Financial Reporting. The figures are unaudited. The following standards and amendments to existing standards have been adopted in the interim financial statements:

- IAS 12 Deferred tax: Recovery of Underlying Asset
- IFRS 9 Financial instruments: Classification and measurement
- IAS 24 Related party disclosures
- IAS 32 Classification of rights issues
- IFRIC 19 Extinguishing financial liabilities with equity instruments
- IFRIC 14 Prepayments of a minimum funding requirement
- IFRS 7 Disclosures: transfers in the financial assets.

These changes were not relevant to Citycon as they didn't significantly change Citycon's accounting policies.

Additional information on the accounting policies are available in Citycon's Financial Statements 2010 under the Notes to the Consolidated Financial Statements: in Note 3 "Changes in IFRS and accounting policies" and Note 4 "Summary of significant accounting policies".

3. Segment Information

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

EUR million	Q2/2011	Q2/2010	Change-%	Q1-Q2/2011	Q1-Q2/2010	Change-%	2010
Turnover							
Finland	32.7	31.1	5.0 %	65.6	63.7	3.1 %	126.5
Sweden	15.3	13.2	15.6 %	30.2	25.9	16.8 %	52.8
Baltic Countries	6.1	4.2	43.2 %	10.2	8.6	19.1 %	16.7
Total	54.1	48.6	11.2 %	106.0	98.1	8.1 %	195.9
Net rental income							
Finland	22.4	21.5	4.5 %	43.9	42.7	2.7 %	86.7
Sweden	9.4	7.6	23.5 %	17.3	13.9	24.2 %	28.7
Baltic Countries	4.6	2.8	61.7 %	7.6	5.8	30.6 %	11.8
Other	-	0.0	-	-	0.0	-	0.0
Total	36.3	31.8	14.1 %	68.7	62.5	10.1 %	127.2
Direct operating profit/loss							
Finland	20.8	19.8	5.1 %	40.5	40.3	0.6 %	80.9
Sweden	8.3	6.2	34.7 %	15.1	11.7	29.9 %	24.1
Baltic Countries	4.3	2.6	66.9 %	7.1	5.3	33.6 %	10.6
Other	-3.1	-2.2	43.4 %	-5.5	-4.6	20.9 %	-10.5
Total	30.2	26.3	14.9 %	57.2	52.7	8.6 %	105.0

EUR million	Q2/2011	Q2/2010	Change-%	Q1-Q2/2011	Q1-Q2/2010	Change-%	2010
Net fair value gains/losses on investment property							
Finland	-5.6	11.4	-	-5.0	8.4	-	24.5
Sweden	0.2	10.0	-97.7%	-0.7	14.9	-	22.8
Baltic Countries	0.4	1.5	-74.1%	1.8	0.5	258.0%	3.5
Total	-5.0	22.9	-	-3.9	23.7	-	50.8
Operating profit/loss							
Finland	15.1	31.2	-51.4%	35.6	50.9	-30.0%	107.5
Sweden	9.3	16.2	-42.4%	15.2	27.4	-44.5%	46.7
Baltic Countries	4.7	4.1	15.0%	8.9	5.8	52.8%	14.1
Other	-3.1	-2.2	43.4%	-5.5	-4.6	20.9%	-10.5
Total	26.0	49.2	-47.2%	54.2	79.6	-31.9%	157.7

EUR million	30 June 2011	30 June 2010	Change-%	31 Dec. 2010
Assets				
Finland	1,558.6	1,473.6	5.8%	1,540.6
Sweden	703.9	630.1	11.7%	688.8
Baltic Countries	274.8	163.7	67.8%	166.8
Other	41.1	41.5	-1.0%	40.3
Total	2,578.3	2,308.9	11.7%	2,436.5

The change in segment assets was due to the fair value changes in investment properties as well as investments and disposals.

4. Property Operating Expenses

EUR million	Q2/2011	Q2/2010	Change-%	Q1-Q2/2011	Q1-Q2/2010	Change-%	2010
Heating and electricity	5.2	4.5	14.7%	12.9	11.7	10.3%	22.0
Maintenance expenses	6.1	5.8	4.4%	12.1	11.6	4.5%	23.0
Land lease fees and other rents	0.3	0.5	-38.1%	0.6	0.7	-10.7%	1.3
Property personnel expenses	0.2	0.1	68.7%	0.4	0.3	15.7%	0.6
Administrative and management fees	0.6	0.6	-6.5%	1.2	1.2	-1.1%	2.3
Marketing expenses	1.2	1.4	-9.5%	2.3	2.5	-10.0%	5.0
Property insurances	0.1	0.2	-26.4%	0.3	0.3	-15.9%	0.5
Property taxes	1.6	1.5	11.6%	3.3	2.9	11.3%	6.3
Repair expenses	2.0	1.5	29.5%	4.0	3.6	10.9%	6.5
Other property operating expenses	0.0	0.0	-2.8%	0.0	0.1	-53.2%	0.0
Total	17.3	16.1	7.5%	37.0	34.9	5.9%	67.4

Four properties had no income during the first six months of 2011 and 2010, but they generated expenses of EUR 0.1 million (EUR 0.1 million)

5. Earnings per Share

	Q1-Q2/2011	Q1-Q2/2010	2010
Earnings per share, basic			
Profit/loss for the period attributable to parent company shareholders, EUR million	19.1	41.4	78.3
Average number of shares, million	244.6	221.8	228.1
Earnings per share (basic), EUR	0.08	0.19	0.34
Earnings per share, diluted			
Profit/loss for the period attributable to parent company shareholders, EUR million	19.1	41.4	78.3
Expenses from convertible capital loan, the tax effect deducted (EUR million)	2.0	2.1	4.1
Profit/loss for the period used in the calculation of diluted earnings per share (EUR million)	21.1	43.5	82.5
Average number of shares, million	244.6	221.8	228.1
Adjustment for convertible capital loan, million	17.0	18.0	17.5
Adjustment for stock options, million	-	0.0	0.0
Adjustments for long-term share-based incentive plan, million	0.2	0.2	0.1
Diluted average number of shares, million	261.7	240.0	245.8
Earnings per share (diluted), EUR	0.08	0.18	0.34

6. Investment Property

Citycon divides its investment properties into two categories: Investment Properties Under Construction (IPUC) and Operative Investment Properties. On 30 June 2011, the first mentioned category included Kirkkonummen Liikekeskus, Lahden Hansa (Trio), Myllypuron Ostari, Martinlaakson Ostari, Tampereen Koskikeskus and Myyrmanni in Finland.

EUR million	30 June 2011		
	Investment properties under construction (IPUC)	Operative investment properties	Investment properties total
At period-start	326.1	2,041.6	2,367.7
Acquisitions	-	131.8	131.8
Investments	16.3	12.4	28.7
Disposals	-	-4.4	-4.4
Capitalised interest	0.7	0.9	1.6
Fair value gains on investment property	4.6	23.4	28.0
Fair value losses on investment property	-2.5	-29.4	-31.9
Exchange differences	-	-15.2	-15.2
Transfers between items	-0.2	0.2	0.0
At period-end	345.1	2,161.3	2,506.4

EUR million	30 June 2010		
	Investment properties under construction (IPUC)	Operative investment properties	Investment properties total
At period-start	269.8	1,877.6	2,147.4
Acquisitions	2.0	0.7	2.7
Investments	25.8	24.2	50.0
Disposals	-3.3	-34.4	-37.7
Capitalised interest	0.7	0.9	1.6
Fair value gains on investment property	11.0	37.2	48.1
Fair value losses on investment property	-17.1	-7.3	-24.4
Exchange differences	2.9	38.9	41.8
Transfers between items	47.4	-47.4	0.0
At period-end	339.1	1,890.4	2,229.5

EUR million	31 Dec 2010		
	Investment properties under construction (IPUC)	Operative investment properties	Investment properties total
At period-start	269.8	1,877.6	2,147.4
Acquisitions	1.9	4.8	6.8
Investments	69.5	52.2	121.7
Disposals	-3.4	-36.3	-39.7
Capitalised interest	2.2	1.2	3.4
Fair value gains on investment property	2.1	93.6	95.7
Fair value losses on investment property	-14.0	-30.8	-44.9
Exchange differences	5.8	73.0	78.7
Transfers between items	-7.8	6.3	-1.5
At period-end	326.1	2,041.6	2,367.7

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

	Weighted average yield requirement (%)			Weighted average market rents (€/m ²)		
	30 June 2011	30 June 2010	31 Dec. 2010	30 June 2011	30 June 2010	31 Dec. 2010
Finland	6.3	6.5	6.4	24.7	23.4	23.6
Sweden	6.0	6.2	6.1	23.7	22.7	24.1
Baltic Countries	8.0	8.2	8.1	19.5	21.2	21.4
Average	6.4	6.6	6.4	24.0	23.0	23.6

7. Investment Properties Held for Sale

On 31 December 2010, the Investment Properties Held for Sale included MREC Naantalin Tullikatu 16, which was sold in January 2011.

EUR million	30 June 2011	30 June 2010	31 Dec. 2010
At period-start	1.5	26.0	26.0
Investments	-	0.1	-
Disposals	-1.5	-8.4	-28.5
Exchange differences	-	1.3	2.5
Transfers from investment properties	0.0	0.0	1.5
At period-end	-	19.0	1.5

8. Cash and Cash Equivalents

EUR million	30 June 2011	30 June 2010	31 Dec. 2010
Cash in hand and at bank	29.3	16.7	19.4
Short-term deposits	0.1	8.3	0.1
Total	29.4	25.0	19.5

9. Derivative Financial Instruments

EUR million	30 June 2011		30 June 2010		31 Dec. 2010	
	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate derivatives						
Interest rate swaps						
Maturity:						
less than 1 year	-	-	92.5	-0.3	40.0	-1.6
1-2 years	113.0	-4.4	70.0	-3.1	30.0	-0.8
2-3 years	78.2	-2.9	133.0	-10.2	161.2	-10.2
3-4 years	250.1	-3.4	155.4	-10.3	202.0	-6.6
4-5 years	193.1	1.2	254.0	-13.4	123.6	0.5
over 5 years	302.6	0.0	172.5	-8.5	313.1	0.6
Subtotal	937.0	-9.5	877.3	-45.7	869.8	-18.1
Foreign exchange derivatives						
Forward agreements						
Maturity:						
less than 1 year	12.0	0.2	-	-	-	-
Total	948.9	-9.3	877.3	-45.7	869.8	-18.1

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

The fair value of the instruments includes foreign exchange rate gains of EUR 0.2 million (gain EUR 1.0 million), which is recognised in the statement of comprehensive income under net financial income and expenses.

Hedge accounting is applied for interest rates swaps with nominal amount of EUR 937.0 million (EUR 851.0 million). The change in fair values of these derivatives (net of taxes), EUR 6.2 million (EUR -9.9 million), is recognised under other comprehensive income, taking the tax effect into account.

10. Dividends and Equity Return from the Invested Unrestricted Equity Fund

In accordance with the proposal by the Board of Directors and the decision by the Annual General Meeting held on 23 March 2011, dividend for the financial year 2010 amounted to EUR 0.04 per share (EUR 0.04 for the financial year 2009) and EUR 0.10 per share was decided to be returned from the invested unrestricted equity fund (EUR 0.10 for the financial year 2009).

Dividend and equity return of EUR 34.2 million for the financial year 2010 (EUR 30.9 million for the financial year 2009) were paid on 8 April 2011.

11. Interest-bearing Liabilities

During the period, repayments of interest-bearing debt amounted to EUR 190.8 million and these repayments were made in line with previously disclosed repayment terms.

Other proceeds from and repayments of long-term loans in the cash-flow statement relate to the withdrawals and repayments of revolving credit facilities and new term loans.

12. Contingent Liabilities

EUR million	30 June 2011	30 June 2010	31 Dec. 2010
Mortgages on land and buildings	36.0	45.8	36.9
Bank guarantees	42.5	44.4	43.4
Capital commitments	15.8	39.1	32.3

On 30 June 2011, Citycon had capital commitments of EUR 15.8 million (EUR 39.1 million) relating mainly to development and redevelopment projects.

13. Related Party Transactions

Citycon Group's related parties comprise the parent company, subsidiaries, associated companies, minority companies, Board members, CEO, Corporate Management Committee members and Gazit-Globe Ltd., whose shareholding in Citycon Oyj accounted for 47.3 per cent on 30 June 2011 (31 December 2010: 47.3%). During the first six months of 2011 and 2010, Citycon had the following significant transactions with Gazit-Globe Ltd.:

Convertible capital loan

The outstanding amount of convertible capital loan was EUR 71.3 million on 30 June 2011 (EUR 72.8 million on 30 June 2010) and the carrying amount was EUR 67.2 million on 30 June 2011 (EUR 66.8 million). Based on the information Citycon has received, Gazit-Globe Ltd. held 58.9 per cent (57.7%) out of the outstanding amount of convertible capital loan, i.e. EUR 39.6 million (EUR 38.6 million) out of the carrying amount of convertible capital loan on 30 June 2011. Out of the convertible capital loan interest liability total of EUR 1.7 million (EUR 1.7 million) belong to Gazit-Globe Ltd on 30 June 2011.

Purchases of services and expenses charged forward

Citycon has paid expenses of EUR 0.1 million to Gazit-Globe Ltd. and its subsidiaries and charged expenses of EUR 0.2 million forward to Gazit-Globe Ltd. and its subsidiaries.

14. Key Figures

	Q1-Q2/2011	Q1-Q2/2010	Change-%	2010
Earnings per share (basic), EUR	0.08	0.19	-58.2%	0.34
Earnings per share (diluted), EUR	0.08	0.18	-55.4%	0.34
Equity per share, EUR	3.43	3.30	4.0%	3.47
Equity ratio, %	34.8	33.8	2.9%	37.1

The formulas for key figures are available in the Financial Statements 2010..

15. Shareholders, Share Capital and Shares

At the end of June, Citycon had a total of 4,038 (4,145) registered shareholders, of which eight were account managers of nominee-registered shares. Nominee-registered and other international shareholders held 214.8 million (195.8 million) shares, or 87.8 per cent (88.8%) of shares and voting rights in the company.

The company did not receive any notifications of changes in shareholdings (flagging notices) during the period.

Information on Shares and Share Capital

Share price, transactions, EUR	Q1-Q2/2011	Q1-Q2/2010	Change-%	2010
Low	2.77	2.29	21.0%	2.29
High	3.41	3.15	8.3%	3.31
Average	3.18	2.76	15.2%	2.84
Latest	3.10	2.42	28.1%	3.08
Market capitalisation at period-end, EUR million	758.2	538.6	40.8%	753.3
Share trading volume				
Number of shares traded, million	38.0	57.9	34.4%	115.0
Value of shares traded, EUR million	120.7	159.9	24.5%	326.4
Share capital and shares				
Share capital at period-start, EUR million	259.6	259.6	-	259.6
Share capital at period-end, EUR million	259.6	259.6	-	259.6
Number of shares at period-start, million	244.6	221.1	10.6%	221.1
Number of shares at period-end, million	244.6	222.6	9.9%	244.6

During the period, there were no changes in the company's share capital or number of shares. The company has a single series of shares, with each share entitling to one vote at general meetings of shareholders. The shares have no nominal value.

Board authorisations and own shares

Pursuant to a share issue authorisation granted by the AGM of 2007, the Board of Directors can still decide on a maximum of 42,783,412 shares to be issued or treasury shares to be conveyed. Based on this authorisation, the Board may also decide on the grant of stock options and other special rights. The Board exercised this authorisation on 3 May 2011 when it decided to issue stock options. This authorisation will be valid until 13 March 2012.

The AGM of 2011 authorised the Board of Directors to decide on the acquisition of 20 million of the company's own shares. The acquisition authorisation will be valid until the next Annual General Meeting. At period-end, the Board of Directors had no other authorisations.

The company had no treasury shares at the end of the period.

Stock options 2011

The Board of Directors of Citycon Oyj decided on 3 May 2011 resolved, by virtue of an authorisation granted by the Annual General Meeting of Citycon Oyj 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 issued is 7,250,000, and they entitle their owners to subscribe for a maximum total of 7,250,000 new shares in the company or existing shares held by the company. The stock options will be issued gratuitously. The stock options are marked with the symbol 2011A(I), 2011A(II) and 2011A(III); with the symbol 2011B(I), 2011B(II) and 2011B(III); with the symbol 2011C(I), 2011C(II) and 2011C(III); and with the symbol 2011D(I), 2011D(II) and 2011D(III). Upon the distribution of stock options the Board of Directors will decide on how the stock options are divided into the sub-categories.

The number of shares subscribed by exercising stock options 2011 corresponds to a maximum total of 2.9 per cent of the shares and votes in the company, after the potential share subscription, if new shares are issued in the share subscription.

Share Subscription Price

For stock options 2011A-D(I), the share subscription price is EUR 3.17 per share, and it is based on the trade volume weighted average quotation of the company's share on NASDAQ OMX Helsinki Ltd during twenty (20) trading days following the release date of the company's Full Year 2010 Results, i.e. during 10 February–9 March 2011. For stock options 2011A-D(II), the share subscription price is EUR 3.31, and it is based on the trade volume weighted average quotation of the company's share on NASDAQ OMX Helsinki Ltd during twenty (20) trading days following the release date of the company's Interim Report Q1/2011, i.e. during 5 May–1 June 2011. For stock options 2011A-D(III), the share subscription price is based on the trade volume weighted average quotation of the company's share on NASDAQ OMX Helsinki Ltd during twenty (20) trading days following the release date of the company's Interim Report Q3/2011, i.e. 13 October–9 November 2011. 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 to begin	1 April 2012	1 April 2013	1 April 2014	1 April 2015
Share subscription period to end	31 March 2018	31 March 2018	31 March 2018	31 March 2018

Distributed Stock Options

The Board of Directors decided to distribute a total of 2,250,000 stock options divided into sub-categories 2011A-D(I); 562,500 stock options in each sub-category. The average theoretical market value of distributed stock options 2011A-D(I) is approximately EUR 0.78 per stock option, approximately EUR 1,755,000 in total. The theoretical market value has been calculated by using the following average input factors: share price EUR 3.20, risk free interest rate 3.18 per cent, dividend 4.4 per cent, validity of stock options approximately seven years and volatility 35 per cent.

Furthermore, the Board of Directors decided to distribute a total of 2,280,000 stock options divided into sub-categories 2011A-D(II); 570,000 stock options in each sub-category. The average theoretical market value of distributed stock options 2011A-D(II) is approximately EUR 0.73 per stock option, approximately EUR 1,664,400 in total. The theoretical market value with the following average input factors: share price 3.20 euros, risk free interest rate 2.85 per cent, dividend 4.4 per cent, validity of stock options approximately seven years and volatility 35 per cent. All of the above 2,280,000 stock options 2011A-D(II) had not yet been distributed to the company's key employees by the end of the reporting period.

The terms and conditions of stock options 2011 in their entirety are available on the corporate website at www.citycon.com/options.

Financial Reports in 2011

Citycon will publish one more interim report in 2011:

January-September 2011 on Wednesday 12 October 2011, at approximately 9:00 a.m.

For more investor information, please visit the corporate website at www.citycon.com.

For further information, please contact:

Marcel Kokkeel, CEO

Tel. +358 20 766 4521 or +358 40 154 6760

marcel.kokkeel@citycon.fi

Eero Sihvonen, Executive Vice President and CFO

Tel. +358 20 766 4459 or +358 40 557 9137

eero.sihvonen@citycon.fi

Distribution:

NASDAQ OMX Helsinki

Major media

www.citycon.com

Report on Review of Citycon Oyj's Interim Financial Information for the period January 1 – June 30 2011

To the Board of Directors of Citycon Oyj

Introduction

We have reviewed the accompanying statement of financial position of Citycon Oyj as of June 30, 2011 and the related statements of comprehensive income, changes in equity and cash flows for the three-month period then ended, and explanatory notes prepared in accordance with International Financial Reporting Standards as adopted by the EU. The board of Directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with the Securities Market Act, chapter 2, paragraph 5 a. Based on our interim review we express at the request of the Board of Directors a report in accordance with the Securities Market Act, chapter 2, paragraph 5 a.

Scope of Review

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

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information, prepared in accordance with International Financial Reporting Standards as adopted by the EU, does not give a true and fair view of the financial position of the entity as at June 30, 2011, and of its financial performance and its cash flows for the three-month period then ended in accordance with the Securities Market Act.

July 12, 2011

ERNST & YOUNG OY
Authorized Public Accountants

Tuija Korpelainen, Authorized Public Accountant