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REPORT BY THE BOARD OF DIRECTORS

Summary of the year 2011 compared with the year 2010

Citycon was able to reach the financial targets announced for 2011. In connection with its Q3/2011 interim report, the company revised its guidance announcing that it expects an increase of EUR 18–23 million in turnover compared with 2010, an increase of EUR 10–15 million in direct operating profit (EPRA operating profit), and an increase of EUR 4–8 million in the direct result (EPRA Earnings). In 2011, turnover grew from 2010 by EUR 21.1 million, EPRA operating profit by EUR 12.4 million and EPRA Earnings by EUR 6.0 million.

Citycon changed its external provider of property appraisal services in 2011. For the first time, the value of Citycon's property portfolio at the year-end was assessed by Jones Lang LaSalle Finland Oy. Citycon has changed its independent external appraiser at regular intervals. For the first three quarters of 2011, property valuation was conducted by Realia Management Oy, which had served as Citycon's appraiser for over four years.

- Turnover increased to EUR 217.1 million (2010: EUR 195.9 million).
- Net rental income increased by EUR 17.1 million, or 13.4 per cent, to EUR 144.3 million (EUR 127.2 million). Based on comparable exchange rates, net rental income grew by EUR 15.5 million or 12.2 per cent. Completion of redevelopment projects such as Espoontori, Forum in Jyväskylä and Åkersberga Centrum increased net rental income by EUR 5.3 million. The acquisitions of the Kristiine and Högdalen Centrum shopping centres increased net rental income by EUR 7.0 million.
- Net rental income from like-for-like properties increased by EUR 4.0 million, or 3.8 per cent, excluding the impact of the strengthened Swedish krona. Like-for-like net rental income from shopping centres increased by EUR 6.2 million, or 7.3 per cent while like-for-like net rental income from supermarket and shop properties decreased by EUR 2.2 million, or 10.7 per cent.
- Earnings per share were EUR 0.05 (EUR 0.34). This decrease was mainly due to negative fair value changes on investment properties especially in the supermarket and shop properties. In addition, share issues taken place in July increased the number of shares.
- EPRA EPS (basic) stayed at the same level and was EUR 0.21 (EUR 0.21).
- Net cash from operating activities per share increased to EUR 0.25 (EUR 0.09), due to a higher EPRA operating profit, positive changes in working capital, received tax returns, extraordinary items and timing differences.
- Citycon acquired the shopping centre Kristiine in Tallinn for EUR 105 million and the shopping centre Högdalen Centrum in Stockholm for SEK 207.5 million (approx. EUR 23.1 million).
- Redevelopment project of Koskikeskus in Tampere began, with estimated project investment of EUR 37.9 million.
- In May, Citycon signed a EUR 330 million long-term unsecured credit facility agreement with a Nordic bank group. The facility consists of a bullet term loan of EUR 220 million and a EUR 110 million revolving credit facility. The loan period is five years.
- The company strengthened its balance sheet and improved liquidity by raising approximately EUR 99 million in new equity, through a directed share offering arranged in July, by issuing 33 million new shares. In August, the company signed a 7-year unsecured term loan facility for the amount of EUR 75 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, at the beginning of March. Johan Elfstadius began as Vice President, Swedish Operations on 21 November 2011.

KEY FIGURES

	Q4/2011	Q4/2010	Q3/2011	2011	2010	Change-% ¹⁾
Turnover, EUR million	56.0	49.9	55.0	217.1	195.9	10.8%
Net rental income, EUR million	37.3	31.8	38.3	144.3	127.2	13.4%
Operating profit, EUR million	10.7	35.4	17.0	81.8	157.7	-48.1%
% of turnover	19.1%	70.9%	-	37.7%	80.5%	-
Loss/profit before taxes, EUR million	-5.3	22.0	1.0	19.7	102.8	-80.9%
Loss/profit attributable to parent company shareholders, EUR million	-5.4	14.4	-0.7	13.0	78.3	-83.5%
EPRA operating profit, EUR million ²⁾	28.9	24.3	31.3	117.4	105.0	11.8%
% of turnover	51.6%	48.8%	56.8%	54.1%	53.6%	0.9%
EPRA Earnings, EUR million ²⁾	12.5	13.5	14.9	53.3	47.3	12.7%
Indirect result, EUR million	-17.9	0.9	-15.6	-40.3	31.1	--
Earnings per share (basic), EUR	-0.02	0.06	0.00	0.05	0.34	-85.5%
Earnings per share (diluted), EUR	-0.02	0.06	0.00	0.05	0.34	-85.5%
EPRA Earnings per share (basic), EUR ²⁾	0.05	0.06	0.05	0.21	0.21	-1.1%
Net cash from operating activities per share, EUR	0.04	0.00	0.14	0.25	0.09	190.5%
Fair value of investment properties, EUR million			2,512.6	2,522.1	2,367.7	6.5%
Equity per share, EUR			3.29	3.25	3.47	-6.5%
Net asset value (EPRA NAV) per share, EUR			3.64	3.62	3.79	-4.6%
EPRA NNAV per share, EUR			3.31	3.29	3.49	-5.7%
Equity ratio, %			37.7	36.0	37.1	-2.9%
Gearing, %			148.3	151.4	153.1	-1.1%
Net interest-bearing debt (fair value), EUR million			1,445.2	1,463.5	1,386.0	5.6%
Net rental yield, %			5.9	6.0	5.8	3.4%
Net rental yield, like-for-like properties, %			6.0	6.1	6.0	1.7%
Occupancy rate (economic), %			95.4	95.5	95.1	0.5%
Personnel (at the end of the period)			129	136	129	5.4%
Dividend per share, EUR				0.04 ³⁾	0.04	0.0%
Return from invested unrestricted equity fund per share, EUR				0.11 ³⁾	0.10	10.0%
Dividend and return from invested unrestricted equity fund per share total, EUR				0.15 ³⁾	0.14	7.1%

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

2) Citycon has renamed previously disclosed direct operating profit as EPRA operating profit and direct result as EPRA Earnings. Citycon has been previously disclosing only EPRA Earnings, diluted. In the Financial Statements 2011, Citycon discloses also EPRA Earnings basic and in the future is going to disclose only EPRA Earnings basic in accordance with the EPRA's Recommendations. Additional information on the EPRA EPS basic and diluted is available on page 15 of the Financial Statements 2011 under the section EPRA Performance Measures.

3) Proposal by the Board of Directors.

Five-year key figures are available on page 48 of the Financial Statements.

Simultaneously with the Financial Statements and the Report by the Board of Directors, the Corporate Governance Statement of Citycon Group for the financial year 2011 has been published and is available on the corporate website at www.citycon.com.

CEO's comment

Comments from Citycon Oy's Chief Executive Officer Marcel Kokkeel on the year 2011:

"The year 2011 was a period of solid performance: the company's net rental income grew by 13.4 per cent, like-for-like net rental income by 3.8 per cent, the occupancy rate remained high at 95.5 per cent, the shopping centre footfall in total grew by 3 per cent and sales by 7 per cent. In particular, the shopping centre Liljeholmstorget Galleria in Sweden improved during the year.

In 2011, a clear distinction was made between asset classes of different quality. This general trend reflects in Citycon's property performance and valuation. Overall, demand for the best properties is solid and their fair values remain stable, whereas non-prime properties show the opposite trend.

Management prioritises working on sustainable cash flows and therefore we need to improve the quality of the portfolio. We are engaged in high level of activities to accelerate property redevelopments, disposals and selective acquisitions. Also, we have been organising for example work shops to find new leasable space in shopping centres. We are also committed to use temporary and specialty leasing to generate additional income.

The year 2011 was a year of transition: we updated our strategy to focus on only quality shopping centres in the Nordic and Baltic countries and we concentrated on business improvements. During the year, we launched an internal project called "Project Now" to improve our operations and reduce costs. The aim is to become more efficient, be close to customers, tenants and market places and to become a more pro-active partner. There have also been changes in the management. These changes are a main cause of one-off administrative costs, for example in terms of severance pays. However, as of the start of 2012, most of these changes have been executed and the cost pressures will ease going forward.

During the year, the company strengthened its property portfolio through both acquisitions and redevelopment projects. In May, Citycon acquired two new shopping centres: Kristiine in Tallinn, and Högdalen Centrum in Stockholm. We are pleased with both acquisitions and especially Kristiine has outperformed our expectations. The most significant ongoing redevelopment projects are in Finland: Koskikeskus in Tampere and Myllypuro in Helsinki, additionally there is a minor extension project in Iso Omena, Espoo. Also, the shopping centre Magistral in Tallinn is currently being redeveloped and extended. In addition, some non-core properties have been sold and these disposals will be accelerated.

Citycon's financial position is good. The directed share issue arranged by the company in July was completed successfully. At the year-end, available liquidity totalled EUR 345.0 million and equity ratio was 36.0 per cent."

Business environment

On the whole, the first half of 2011 was positive in Citycon's operating countries, with strong consumer confidence and growing retail. After the summer, economic sentiment turned negative, particularly due to the sovereign debt crisis in the euro area. During 2011, changes in real economy trends impacted on retail trade. However, retail sales grew in both Finland and Sweden. Total retail sales growth rate in 2011 was 5.3 per cent in Finland, 1.2 per cent in Sweden, 4.0 per cent in Estonia and 8.8 per cent in Lithuania. (Sources: Statistics Finland, Statistiska Central Byrån, Statistics Estonia, Statistics Lithuania)

Household consumer confidence remained strong until last summer, but deteriorated sharply in the final months of the year in all operating countries. In Finland and Sweden, the household consumer confidence indicator was still positive, unlike in Estonia and Lithuania. (Eurostat)

Retail sales growth and the inflation rate are key drivers for Citycon's business and have an impact on the rents from retail premises. Consumer prices continued to rise during the year in all of Citycon's operating countries. In December, the annual inflation rate was 2.9 per cent in Finland, 2.3 per cent in Sweden, 5.0 per cent in Estonia and 3.4 per cent in Lithuania. (Statistics Finland, Statistiska Central Byrån, Statistics Estonia, Statistics Lithuania)

In Finland and Sweden, unemployment is lower than the European Union average: at the end of December, the unemployment rate in Finland was 7.4 per cent and in Sweden 7.1 per cent. In Estonia and Lithuania, the unemployment rates remain high: 10.9 per cent in Estonia and 15.3 per cent in Lithuania at the end of September. However, the adoption of the euro has had a positive impact on the Estonian economy, through tourism and foreign investment. (ibid.)

The instability of the financial market in Europe deepened towards the year-end, affecting the cost and availability of financing.

Property market

The Finnish property investment market overall has witnessed low levels of transactions since the slowdown of market in H1 2008. Even though the investment demand has been increasing, low supply of prime assets has limited the transactional activity. The retail investment volume remained below EUR 400 million in 2011. As a result of a strong investment demand both shopping centre and retail warehouse prime yields have moved in since the Q1 2010. The polarisation of the market seems also to continue and at the same time demand for core assets remains strong.

In Sweden, the retail property transaction volume increased from approximately SEK 3.22 billion in H1 2010 to SEK 8.537 billion in H1 2011. However, demand is weaker for secondary and tertiary retail property investments.

In Estonia, demand for shopping centre space has been growing as shopping in centres is increasing its share in shopping

habits and retail chains are expanding. Despite global turmoil the outlook for Estonian retailing is positive and in general, plans to enlarge existing shopping centres have been resumed.

In Vilnius, Lithuania, there are no new shopping centres under development, but some super- and hypermarkets are under construction. (Source: Jones Lang LaSalle Finland Oy)

Tenants' sales and footfall in Citycon's shopping centres

During the year, total sales in Citycon's shopping centres grew by 7 per cent and the footfall increased by 3 per cent, year-on-year. There was sales growth in all of the company's operating countries: 5 per cent in Finland, 7 per cent in Sweden and 18 per cent in the Baltic countries. In Finland, the footfall increased by 2 per cent, in Sweden by 6 per cent and in the Baltic countries by 2 per cent. Positive developments in sales and footfall are mainly attributable to redevelopment projects completed in recent years. Like-for-like shopping centre sales (sales excluding the impact of redevelopment projects and property acquisitions) grew by 4 per cent and were positive in all operating countries. Like-for-like footfall remained at the previous year's level.

Short-term risks and uncertainties

Citycon's Board of Directors considers the company's major short-term risks and uncertainties to be associated with economic development in the company's operating regions, which affects demand, vacancy rates and market rents in retail premises. In addition, key near-term risks include a rise in loan margins, weaker availability of debt financing and the fair value development of properties in uncertain economic conditions.

Although the financial crisis' effects on rent levels for retail premises, and on occupancy rates, have so far been minor in Citycon's operating areas, demand for retail premises, reduction of vacancy rates and market rent levels involve challenges in a sluggish economic environment. Economic developments, particularly trends impacting on consumer confidence and consumer behaviour, are inevitably affecting demand for retail premises. Escalation of the sovereign debt problems in the euro area towards the end of 2011 was followed by growing uncertainty in the financial markets; as a result, short-term financial growth forecasts have been revised downwards. Risks to financial growth are clearly higher, and in conditions of weak economic growth, rental levels typically will fall for retail premises, demand for new premises is lower, and vacancy rates will rise.

Implementation of Citycon's growth strategy requires new financing, which means the risks associated with the availability and cost of financing are of fundamental importance to Citycon. Banks' willingness to lend money to companies improved in 2010 and in early 2011, but towards the end of 2011 the availability of debt financing decreased and loan margins rose sharply as banks experienced more difficulties with their own

funding. In the future, tightening regulation governing the banking and insurance sectors (Basel III and Solvency II regulations) is likely to push the costs of debt financing upwards, and to limit the availability of long-term bank loans. This will probably raise the cost of Citycon's new loan financing. So far this change in margins has been mitigated by reduced underlying base rates and Citycon's active financing policy. In 2012, the company does not have major refinancing needs, whereas in the next few years, Citycon will have to refinance some loan agreements signed at low margins before the financial crisis, which means the margins on these loans will rise. Such a rise in loan margins is likely to push Citycon's average interest rate up in the future, even if market interest rates remained largely unchanged.

At the moment, the fair value development of investment properties is characterised by high uncertainty caused by the sovereign debt crisis and the resulting harsh economic conditions. Several factors affect the fair value of the investment properties owned by Citycon, such as general and local economic development, interest rate levels, foreseeable inflation, the market rent trend, vacancy rates, property investors' yield requirements and the competitive environment. This uncertainty will reflect most strongly on retail properties located outside major cities, or in otherwise less attractive properties, because investor demand is not currently focused on these properties, and banks are not particularly keen to offer financing for such projects. Yet, at the same time, the fair value of winning shopping centres, which attract investor interest in uncertain conditions, has remained stable in 2011 or even increased.

The company's short-term risks and uncertainties, as well as its risk management and risk management principles, are discussed in more depth at www.citycon.com/riskmanagement, on pages 40-42 of the Financial Statements for 2011, and on pages 73-74 of the Annual Report for 2011, to be published in week seven.

Board proposal for dividend distribution and distribution of assets from the invested unrestricted equity fund

The parent company's retained earnings amount to EUR 11.5 million, including the profit for the period of EUR 7.6 million. On 31 December 2011, the funds in the parent company's invested unrestricted equity fund amounted to a total of EUR 277.2 million.

The Board of Directors proposes to the Annual General Meeting to be held on 21 March 2012 that a per-share dividend of EUR 0.04 be paid out for the financial year ending on 31 December 2011, and that a return of equity of EUR 0.11 per share be returned from the invested unrestricted equity fund. The Board of Directors proposes that the record date for dividend payment and equity return be 26 March 2012 and that the dividend and equity return be paid on 4 April 2012.

Moreover, the Board of Directors proposes that the profit for the period is recognised in retained earnings.

In the view of the Board of Directors, the proposed distribution of profits and return of equity do not pose a risk to the company's solvency.

Outlook

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

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

In 2012, Citycon expects to continue generating solid cash flow and expects its turnover to grow by EUR 7-16 million and its EPRA operating profit by EUR 8-16 million compared with the previous year, based on the existing property portfolio. The company expects its EPRA Earnings to increase by EUR 4-11 million from the previous year. Furthermore, the company expects its EPRA EPS (basic) to be EUR 0.21-0.23 based on existing property portfolio and number of shares. 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, and current interest rates. Properties taken offline for planned development projects will reduce net rental income during the year.

Property portfolio

Citycon's strategy is to focus on quality shopping centres in the Nordic and Baltic countries. Citycon seeks growth, both through shopping centre acquisitions and the redevelopment and expansion of its existing shopping centres. In its strategy updated in the summer of 2011, Citycon defined supermarkets and shops as non-core properties and announced its intention to divest these properties within the next few years.

At the end of 2011, the fair value of Citycon's property portfolio totalled EUR 2,522.1 million (EUR 2,367.7 million) and the company owned 36 (33) shopping centres and 44 (50) other properties. Of the shopping centres, 23 (22) were located in Finland, 9 (8) in Sweden and 4 (3) in the Baltic countries.

Citycon's gross capital expenditure (including acquisitions) for the period totalled EUR 216.7 million (EUR 133.7 million), with new property acquisitions accounting for EUR 138.9 million (EUR 4.2 million), agreed purchase price adjustments related to property acquisitions concluded earlier for EUR 1.1 million (EUR 2.6 million), acquisitions of jointly controlled entities for EUR 0.3 million (EUR 0.0 million), property development for EUR 75.0 million (EUR 125.3 million) and other investments for EUR 1.4 million (EUR 1.7 million).

Capital expenditure (including acquisitions) during the period totalled EUR 62.5 million (EUR 76.3 million) in Finland, EUR 45.5 million (EUR 50.6 million) in Sweden and EUR 108.1 million (EUR 6.0 million) in the Baltic countries. Capital expenditure in the company's headquarters amounted to EUR 0.6 million (EUR 0.8 million). The company made divestments totalling EUR 18.1 million (EUR 67.9 million), from which a total of EUR 0.6 million (EUR 2.1 million) was recognised in gains on sale (tax effect included).

Acquisitions

During the year:

- The shopping centre Kristiine in Tallinn, Estonia, was acquired for EUR 105 million. With a gross leasable area of 42,700 square metres, Kristiine is Tallinn's second-largest shopping centre after Rocca al Mare, also owned by Citycon. The Kristiine shopping centre is located on one of the main transportation corridors in the city centre of Tallinn and has a large catchment area of 270,000 inhabitants. The acquisition of Kristiine has strengthened Citycon's position in the Tallinn shopping centre market. More information on the acquisition can be found in the stock exchange release dated 17 March 2011.
- The Högdalen Centrum shopping centre in Stockholm was acquired for SEK 207.5 million (approx. 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. In July, Citycon acquired all the shares in Kungsleden Imröret AB for approximately 48.7 million Swedish krona (approx. EUR 5.4 million). The company owns a retail property adjacent to Högdalen Centrum, with a gross leasable area of 5,200 square metres.
- The company acquired a 50% stake in Espagalleria Oy, for EUR 0.3 million. Espagalleria manages, leases and markets the shopping centre Kämp Galleria in downtown 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 1.2 million, in Asunto Oy Tikkurilan Kassatalo for EUR 2.6 million and in Heikintori Oy for EUR 0.5 million. At the end of 2011, Citycon's ownership of these properties corresponded to 79.4 per cent, 59.7 per cent and 68.7 per cent, respectively.

Divestments

During the year:

- The company sold a 57.4 per cent interest in MRECK Kiinteistö Oy Tullintori shares for approximately EUR 6.1 million. As a result, the company's leasable area fell by approximately

10,000 square metres. Citycon continues the commercial management of the shopping centre Tullintori.

- The company sold 57 apartments adjacent to the Jakobsberg Centrum shopping centre for approximately SEK 51.0 million (approx. EUR 5.6 million). As a result, Citycon's leasable area fell by approximately 4,600 square metres.
- The company sold 41 apartments connected to the Tumba Centrum shopping centre for approximately SEK 48 million (approx. EUR 5 million). As a result, the company's leasable area fell by 2,300 square metres.
- The company sold four non-core retail properties in Finland for a total of EUR 2.3 million. These properties were MREC Kiinteistö Oy Naantalin Tullikatu 16, Hakarinne, MREC Kiinteistö Oy Mäntyuoksi and Otaniemen Liikekeskus Oy. As a result, the company's leasable area fell by 5,300 square metres.
- An agreement was signed to sell the retail property Landvetter, located in the Härryda municipality, for approximately SEK 50.5 million (approx. EUR 5.5 million). The transaction was finalised in January 2012. As a result, the leasable area fell by approximately 4,800 square metres.
- An agreement was signed to sell the retail property Floda near Gothenburg for approximately SEK 84.2 million (approx. EUR 9.4 million). The gross leasable area of the Floda property is approximately 11,200 square metres. The transaction is expected to be finalised in March 2012.

Changes in the Group structure during 2011 are presented on page 47 of the Financial Statements.

(Re)development 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 these 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.

Ongoing (re)development projects

During the year:

- A major redevelopment project was initiated at the Koskikeskus shopping centre in Tampere, resulting in an increase of approximately 1,500 square metres of leasable area. Once the project is completed, Koskikeskus 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 renova-

tion project. The total project investment amounts to EUR 37.9 million.

- An extension of Iso Omena shopping centre was launched, involving the conversion of the former roof-top car park into retail premises. This project will expand the leasable premises in Iso Omena by approximately 2,400 square metres. More than half of the premises in the extension have been leased. The refurbished premises will be completed in November 2012. Citycon's investment in this project will total EUR 7.6 million.
- The redevelopment and extension of the Magistral shopping centre, Tallinn, was initiated in September. Magistral's interior will be thoroughly redeveloped and the shopping centre will be extended by some 2,400 square metres. With an estimated investment cost of EUR 7.0 million, the project is expected to be completed in the spring of 2012. The entire shopping centre is closed during the renovation and extension work.
- The shopping centre Åkermyntan Centrum's redevelopment project in Stockholm was launched. In this redevelopment project, the shopping centre and its parking will be renewed and energy efficiency will be improved. The shopping centre's gross leasable area will increase by approximately 1,600 square metres. The project investment amounts to approximately EUR 6.9 million and the project is expected to be completed towards the end of 2012.
- Three minor refurbishment projects were launched in Sweden: the refurbishments of Fruängen Centrum in Stockholm,

Lindome in Greater-Gothenburg area and Liljeholmstorget's office part. The combined estimated investment need of these projects is approximately EUR 7.5 million and all of these projects are expected to be completed during 2012.

- The company had nine (re)development projects underway, due to which some 17,600 square metres of retail space were offline. For the moment, the redevelopment projects of Porin Asema-aukio and Isolinnaankatu have been discontinued and will be resumed when leasing moves ahead.

Completed (re)development projects

During the year:

- 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.
- The first phase of the Myllypuro Ostari shopping centre construction project was completed and an opening ceremony was held on 9 June 2011. The shopping centre will be built in phases. During the year, phases two and three were also completed. The Myllypuro Ostari shopping centre is scheduled for completion in May 2012.
- The Martinlaakson Ostari shopping centre was opened in December 2011, replacing the previous retail centre. The leasable area of Martinlaakson Ostari is about 7,300 square metres. This project was launched in May 2010 and was completed according to the initial schedule and budget.

REDEVELOPMENT PROJECTS IN PROGRESS ON 31 DECEMBER 2011 AND COMPLETED IN 2010 AND 2011 ¹⁾

	Location	Project area, sq.m. before	Project area, sq.m. after	Estimated total project investment (EUR million)	Actual gross capital investments by 31 December 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⁾	21.7	completed
Åkersberga Centrum	Österåker, Sweden	20,000	27,500	52.4 ³⁾	51.6	completed
Martinlaakso	Vantaa, Finland	3,800	7,300	22.9	22.9	completed
Hansa (Trio)	Lahti, Finland	11,000	11,000	8.0	6.3	completed
Myrmyranni	Vantaa, Finland	8,400	8,400	6.5 ⁴⁾	6.5	completed
Kirkkonummen liikekeskus	Kirkkonummi, Finland	5,000	5,000	4.0	3.2	completed
Koskikeskus	Tampere, Finland	27,700	28,600	37.9	12.0	2012
Myllypuro	Helsinki, Finland	7,700	7,300	21.3	21.3 ⁵⁾	2012
Iso Omena	Espoo, Finland	60,600	63,000	7.6	0.6	2012
Magistral	Tallin, Estonia	9,500	11,900	7.0	2.3	2012
Åkermyntan	Stockholm, Sweden	8,500	10,100	6.9	0.2	2012

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 Asemakujja property, such as zoning and land use payments.

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

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

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

- During the year, several smaller projects were completed in Finland, such as the Kirkkonummi retail centre, the Hansa property in connection with Trio, and the refurbishment of the Torikeskus in Seinäjoki.

Major (re)development projects under planning

New projects planned during the year, requiring the approval of Citycon's Board of Directors prior to their launch, include the following:

- Plans to extend the Iso Omena shopping centre in Espoo proceeded in 2011. Citycon and NCC Property Development Oy have been granted a planning reservation for land use involving the above-ground premises of the future metro station, a feeder bus terminal and the extension of the Iso Omena shopping centre. The objective is to extend Iso Omena's retail premises by approximately 28,000–30,000 square metres. The estimated total retail space investment is EUR 140 million. Citycon intends to proceed with the shopping centre extension in sync with the metro line construction, which is scheduled for completion in 2015.
- Citycon is planning to launch a redevelopment and extension of the IsoKristiina shopping centre in Lappeenranta in 2013. The project covers a total area of some 25,000 square metres, with new retail premises to be built accounting for 7,000 square metres. The estimated total investment is EUR 60–65 million. These plans involve placing Lappeenranta's new city theatre in the shopping centre's extension.
- A co-operation agreement and a land use agreement were signed with Osuuskauppa Arina regarding the Galleria block in Oulu city centre. The purpose of the project is to convert the Galleria block into a shopping centre in co-operation with the other owners of the block. The project covers a total area of approximately 25,000 square metres, and Citycon's estimated investment is EUR 110 million. The aforementioned agreements are discussed in more detail in press releases published on 14 June 2011 and 9 November 2011.

The enclosed table lists the most significant (re)development projects in progress, as well as projects completed in 2010 and 2011. Further information on the company's completed, ongoing and planned (re)developments can be found on the corporate website and on pages 85–87 of the Annual Report for 2011, to be published in week seven.

Financial performance

The figures presented below are for the year 2011 and the figures in brackets are the reference figures for the year 2010, unless otherwise indicated.

Turnover

The company's turnover consists mainly of rental income from retail properties, and utility and service charge income. Turnover came to EUR 217.1 million (EUR 195.9 million). Turnover grew by EUR 21.1 million, or 10.8 per cent. With comparable exchange rates, turnover increased by EUR 18.2 million, or 9.3 per cent. Completed redevelopment projects, such as Espoontori, Forum in Jyväskylä and Åkersberga Centrum, accounted for EUR 6.5 million of turnover growth, with acquisitions accounting for EUR 10.3 million. Divestments (see divestments in 2011 under paragraph Property portfolio; sales of apartments in Sweden in 2010 are included in the reference period's divestment portfolio) decreased turnover by EUR 1.8 million. Like-for-like properties contributed to turnover growth by EUR 3.2 million. (Also see the table Net rental income and turnover by segment and property portfolio.)

Turnover from like-for-like properties increased thanks to higher rental levels and 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 increased by temporary rental rebates falling from EUR 3.0 million to EUR 2.4 million.

At the year-end, Citycon had a total of 3,955 (3,765) leases. The leasable area increased by 5.6 per cent to 994,730 square metres. 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, and the opening of redeveloped properties. These were offset by the divestments

of the shopping centre Tullintori and supermarket properties in Finland, and of residential units in Sweden. The average remaining length of the lease portfolio increased and was 3.4 (3.2) years. The average rent increased from EUR 18.7/sq.m. to EUR 19.7/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 95.5 per cent (95.1%), due to lower vacancy rates in shopping centres. During the preceding twelve months, the rolling twelve-month occupancy cost ratio for like-for-like shopping centre properties was 8.9 per cent.

Property operating expenses

Property operating expenses consist of maintenance costs relating to real estate properties, such as electricity, cleaning and repairs. Property operating expenses rose by EUR 4.2 million, from EUR 67.4 million to EUR 71.6 million. With comparable exchange rates, the operating expenses increased by EUR 2.8 million, i.e. 4.1 per cent. Completed (re)development projects and acquisitions increased property operating expenses, while divestments decreased them. Like-for-like property operating expenses decreased by EUR 0.5 million due to lower marketing costs. On the other hand, higher electricity and heating costs increased like-for-like property operating expenses, arising from the environmental electricity tax and cold winter (Cf. Notes to the Consolidated Financial Statements, Note 8 Property operating expenses). Snow loading expenses decreased from the previous year.

KEY FIGURES, TOTAL PORTFOLIO

	Q4/2011	Q4/2010	Q3/2011	2011	2010	Change-%
Number of properties			82	80	83	-3.6
Gross leasable area, sq.m.			999,270	994,730	942,280	5.6
Annualised potential rental value, EUR million ¹⁾			226.0	228.5	205.2	11.4
Average rent (EUR/sq.m.)			19.5	19.7	18.7	5.3
Number of leases started during the period	228	245	188	782	789	-0.9
Total area of leases started, sq.m. ²⁾	49,370	47,621	64,777	177,006	160,215	10.5
Average rent of leases started (EUR/sq.m.) ²⁾	19.8	18.3	21.9	19.7	17.9	10.1
Number of leases ended during the period	284	294	208	877	1,279	-31.4
Total area of leases ended, sq.m. ²⁾	53,143	25,114	62,713	186,120	190,489	-2.3
Average rent of leases ended (EUR/sq.m.) ²⁾	17.2	20.0	21.2	18.1	16.2	11.7
Occupancy rate at end of the period (economic), %			95.4	95.5	95.1	-
Average remaining length of lease portfolio at the end of the period, year			3.4	3.4	3.2	6.3

1) Annualised potential rental value for the portfolio includes annualised gross rent based on valid rent roll at the end of the period, market rent of vacant premises and rental income from turnover based contracts (estimate) and possible other rental income.

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

Other expenses from leasing operations

Other expenses from leasing operations consist of tenant improvements and credit losses. They totalled EUR 1.2 million (EUR 1.3 million). The decrease in expenses was mainly due to lower credit losses in Finnish operations.

Net rental income

Citycon's net rental income was EUR 144.3 million (EUR 127.2 million). Net rental income increased by EUR 17.1 million or 13.4 per cent. With comparable exchange rates, net rental income increased by EUR 15.5 million, i.e. 12.2 per cent. Redevelopment projects such as Espoontori, Forum in Jyväskylä and Åkersberga Centrum increased net rental income by EUR 5.3 million, while the acquisitions of the Kristiine and Högdalen Centrum shopping centres increased net rental income by EUR 7.0 million. Divestments reduced net rental income by EUR 0.8 million. Like-for-like net rental income grew by EUR 4.0 million or 3.8 per cent, mainly thanks to a clear increase in net rental income from Liljeholmstorget Galleria and other shopping centres, and reduced vacancy rates. The negative net rental income development in the Finnish like-for-like portfolio was mainly due to two largely vacant supermarket and shop properties, one in the Helsinki Metropolitan Area and one in Pori.

Citycon's property portfolio's net rental yield was 6.0 per cent (5.8%).

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 redevelopment or extension and undeveloped lots. 60.9 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 EUR million	Finland	Sweden	Baltic Countries	Other	Total	Turnover by portfolios
						Citycon total
2009	92.4	23.2	9.8	0.0	125.4	186.3
(Re)development projects	-4.6	3.5	2.2	-	1.0	6.1
Divestments	-0.3	-1.2	-	-	-1.6	-2.3
Like-for-like properties	-0.6	0.6	-0.2	-	-0.2	1.3
Other (incl. exchange rate diff.)	0.0	2.6	0.0	0.0	2.5	4.5
2010	86.7	28.7	11.8	0.0	127.2	195.9
Acquisitions	0.1	0.8	6.0	-	7.0	10.3
(Re)developments projects	4.2	1.4	-0.3	-	5.3	6.5
Divestments	0.1	-0.9	-	-	-0.8	-1.8
Like-for-like properties	-0.7	3.8	0.9	-	4.0	3.2
Other (incl. exchange rate diff.)	-0.1	1.6	0.1	0.0	1.6	3.0
2011	90.5	35.4	18.4	0.0	144.3	217.1

Administrative expenses

Administrative expenses totalled EUR 28.0 million (EUR 23.3 million). This represented an increase of EUR 4.7 million or 20.4 per cent, mainly due to reorganisation costs (EUR 0.9 million), lower capitalisation of expenses for personnel involved in development projects (EUR 0.8 million), non-cash stock option costs (EUR 1.5 million) and a higher average headcount. In 2010, the amount of development personnel capitalised expenses was higher, as projects that had been planned for several years were started.

At the year-end, Citycon Group employed a total of 136 (129) persons, of whom 90 worked in Finland, 35 in Sweden, 10 in the Baltic countries and 1 in the Netherlands.

Citycon Group paid a total of EUR 11.2 million (EUR 8.7 million) in salaries and other remuneration, of which the share of the Group's managing directors' salaries and other remuneration was EUR 0.5 million (EUR 0.4 million) and the share of the Board of Directors EUR 0.7 million (EUR 0.7 million). The parent company paid a total of EUR 10.0 million (EUR 6.4 million) in salaries and other remuneration, of which the share of the CEO's salary and remuneration was EUR 0.5 million (EUR 0.4 million) and the share of the Board of Directors EUR 0.7 million (EUR 0.7 million).

THREE-YEAR KEY FIGURES – PERSONNEL

	2011	2010	2009
Average number of personnel	131	123	117
Salaries and other remuneration, EUR million	11.2	8.7	8.2

Net fair value losses on investment properties

Net fair value losses on investment properties totalled EUR -35.3 million (gains of EUR 50.8 million). This change in fair value was due to a decrease in value of the supermarket and shop proper-

ties by EUR -42.6 million, offset by an increase in the value of the shopping centres by EUR 7.3 million. The company recorded a total value increase of EUR 39.8 million (EUR 95.7 million) and a total value decrease of EUR 75.1 million (EUR 44.9 million). On 31 December 2011, the average net yield requirement defined by Jones Lang LaSalle Finland Oy for Citycon's entire property portfolio was 6.4 per cent (30 September 2011: 6.4%). The net yield requirement for properties in Finland, Sweden and the Baltic countries was 6.3 per cent, 5.9 per cent and 8.0 per cent, respectively. The yield requirement for supermarket and shop properties increased, while future market rent estimates slightly reduced and cost estimates related to some of these properties rose.

The average market rent used for the valuation rose to EUR 23.8/sq.m. up from EUR 23.6/sq.m. (cf. Notes to the Consolidated Financial Statements, Note 17: Investment Property). Jones Lang LaSalle Finland Oy's Valuation Statement for the year-end can be found on the corporate website at www.citycon.com/valuation.

Net gains on sale of investment properties

Net gains on the sale of investment properties totalled EUR 0.6 million (EUR 2.6 million) (cf. Property portfolio). The reference figure for 2010 included EUR 0.5 million in gains on sale from the divestment of apartments in Jakobsbergs Centrum and Åkersberga Centrum, and EUR 2.2 million from the sale of the building rights for apartments to be built in connection with the Myllypuron Ostari shopping centre.

Operating profit

Operating profit came to EUR 81.8 million (EUR 157.7 million), being lower mainly 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 7.5 million to EUR 62.4 million (EUR 54.9 million). This increase was mainly attributable to higher interest expenses as a result of higher interest-bearing debt and appreciation of the Swedish krona. Interest-bearing debt increased due to investments and stronger Swedish krona. The year-to-date weighted average interest rate for interest-bearing debt remained virtually unchanged compared to the previous year, being 4.03 per cent (4.04%), because general market interest rates remained on a very low level. At the year-end, the weighted average interest rate, including interest rate swaps, rose to 4.07 per cent (3.91%). The year-end average interest rate increased due to higher credit margins on new loans signed in 2011.

Share of profit of jointly controlled entities

Share of profit of jointly controlled entities totalled EUR 0.3 million (EUR 0.0 million). Share of profit of jointly controlled entities represents Citycon's share of the profit of Espagalleria Oy.

Income taxes

Income tax benefit for the financial period was EUR 1.6 million (income tax expense of EUR 12.5 million). The increase in income tax benefit was primarily due to deferred tax benefit of EUR 2.5 million resulting from fair value losses on investment properties in 2011 compared to deferred tax expenses of EUR 11.8 million resulting from fair value gains on investment properties in 2010.

Profit for the period

Profit for the period came to EUR 21.3 million (EUR 90.4 million). The decrease was mainly due to the lower operating profit resulting from negative fair value changes and higher financial expenses.

EPRA Earnings

The company's EPRA Earnings was EUR 53.3 million (EUR 47.3 million), up by EUR 6.0 million or 12.7 per cent (cf. EPRA Performance measures, table 1: EPRA Earnings). Growth in the EPRA Earnings was primarily due to net rental income growth. The reasons for net rental income growth can be found under Net rental income. EPRA Earnings was lowered by higher administrative expenses and financial expenses. The reasons for administrative expenses 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 -40.3 million (EUR 31.1 million). These items have no impact on EPRA Earnings.

Statement of financial position and financing

Investment properties

The fair value of the company's property portfolio totalled EUR 2,522.1 million (EUR 2,367.7 million), with Finnish properties accounting for 61.4 per cent (64.7%), Swedish properties for 27.6 per cent (28.2%) and Baltic properties for 11.0 per cent (7.0%).

The fair value of investment properties increased by EUR 154.4 million because of gross capital expenditure of EUR 214.9 million, offset by divestments totalling EUR 16.6 million (see Property portfolio) and by EUR 12.7 million due to the transfer of Floda and Landvetter into Investment properties held for sale -category. In addition, net fair value losses on investment properties decreased the value of investment properties by EUR 35.3 million (see detailed analysis under Financial Performance: Net fair value gains on investment properties). The strengthening of the Swedish krona increased the fair value of the investment properties by EUR 4.0 million.

Shareholders' equity

Shareholders' equity attributable to parent company's shareholders was EUR 902.6 million (EUR 849.5 million). This figure increased from the end of 2010 due to a share issue of EUR 98.9 million (net of transaction costs) executed in July 2011. In addition, the profit for the reporting period attributable to parent company shareholders' increased shareholders' equity. On the other hand, dividend payments and equity returns, as well as the fair value change of interest derivative contracts, decreased 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 loss on fair value of interest derivatives of EUR -26.8 million was recorded for the period, taking into account their tax effect (a gain of EUR 3.8 million) (cf. Notes to the Consolidated Financial Statements, Note 23: Derivative financial instruments).

Due to the aforementioned items, NAV per share decreased to EUR 3.62 (EUR 3.79) and NNNNAV per share to EUR 3.29 (EUR 3.49). The equity ratio was 36.0 per cent (37.1%). The company's equity ratio, as defined in the loan agreement covenants, decreased to 39.0 per cent (39.4 %) due to net fair value losses on investment properties.

Loans

Liabilities totalled EUR 1,715.9 million (EUR 1,536.3 million), with short-term liabilities accounting for EUR 262.2 million (EUR 242.2 million). At the year-end, Citycon's liquidity was EUR 345.0 million, of which EUR 253.7 million consisted of undrawn, committed credit facilities and EUR 91.3 million of cash and cash equivalents. At the end of the year, Citycon's liquidity, excluding commercial papers, stood at EUR 296.3 million (EUR 267.1 million on 30 September 2011). The July share offering of approximately EUR 99 million and the EUR 75 million new loan agreement signed in August increased liquidity.

Interest-bearing debt increased year on year by EUR 150.3 million to EUR 1,547.9 million (EUR 1,397.7 million). The fair value of interest-bearing debt was EUR 1,554.8 million (EUR 1,405.5 million) at the period-end. Cash and cash equivalents totalled EUR 91.3 million (EUR 19.5 million), making the fair value of interest-bearing net debt EUR 1,463.5 million (EUR 1,386.0 million). The average loan maturity, weighted according to the principal amount of the loans, was 2.9 years (3.1 years). The average interest-rate fixing period remained at 3.6 years (3.6 years).

Citycon's interest coverage ratio remained unchanged and stood at 2.0x (Q3/2011: 2.0x).

Fixed-rate debt accounted for 81.3 per cent (80.3%) of the period-end interest-bearing debt, interest-rate swaps included. The hedge ratio increased because Citycon made new hedges and used the proceeds from the share offering to repay floating

rate debt. The debt portfolio's hedging ratio was in line with the company's financing policy.

On 2 August 2006, Citycon issued subordinated convertible bonds of EUR 110 million. The terms and conditions of the convertible bonds, as well as the remaining principal and accrued interest, are presented in Note 28 Loans in the Notes to the Consolidated Financial Statements.

Cash flow statement

Net cash from operating activities

Net cash from operating activities totalled EUR 66.0 million (EUR 20.0 million). The increase was due to higher EPRA operating profit, 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 -203.0 million (EUR -67.5 million). Acquisitions were EUR 139.2 million (EUR 6.7 million). Capital expenditure related to investment properties, shares in jointly controlled entities and tangible and intangible assets totalled EUR 82.4 million (EUR 127.0 million). Negative cash flow from investing activities was reduced by sales of investment properties totalling EUR 18.6 million (EUR 66.3 million).

Net cash from financing activities

Net cash from financing activities totalled EUR 208.5 million (EUR 45.2 million). This consisted of share issue in July 2011, loan repayments, new loan withdrawals and dividend and equity return payments. New equity was raised and new loans were taken out to finance redevelopment investments, acquisitions in Estonia, Sweden and Finland and the payment of dividends and equity return.

Legal proceedings

In August, SRV Construction Ltd initiated arbitration proceedings against Citycon's subsidiary, MREC Kiinteistö Oy Espoontori related to Espoontori shopping centre's completed redevelopment project. The dispute's monetary value is approximately EUR 4.6 million including VAT. Citycon does not expect SRV's claim to have significant impact on the company's financial position or results.

Additional claims have been submitted to the company relating to Citycon's business operations which may possibly lead to legal proceedings. In the company's view, it is improbable that the aforementioned claims or associated liabilities will have a significant impact on the company's financial position or financial results.

Financial performance of the business units

Citycon's business operations are divided into three business units: Finland, Sweden and the Baltic Countries. The Finnish unit is subdivided into five functions: Centre Management (operative

management of shopping centres), Leasing, Marketing, Property Development, and Finance and Administration. The Swedish unit is subdivided into three functions: Retail Property Management, Leasing and Commercial Planning, and Property Development. The Baltic unit is subdivided into two functions: Retail Property Management and Property Development.

Finland

Citycon is the market leader in the Finnish shopping centre business. At the year-end, the company owned 23 shopping centres and 37 other properties in Finland, with a total leasable area of 577,630 square metres (579,980 sq.m.). The leasable area fell due to completed divestments (cf. Property portfolio). The annualised potential rental value increased to EUR 139.3 million, mainly due to completed redevelopment projects (Myllypuro and Martinlaakso).

Lease agreements started during the financial year applied to a GLA of 137,118 square metres (107,970 sq.m.). The average rent for new lease agreements was slightly lower than average rent for the entire Finnish property portfolio, mainly due to new leases in supermarket and shop properties, which generally have lower rents than shopping centre properties. Ended lease agreements applied

to 138,435 square metres (122,680 sq.m.). The average rent for ended lease agreements was also slightly lower than the average for the entire Finnish property portfolio, mainly due to divestments (e.g. Tullintori) and the ended office leases (accounting for approx. 8,600 sq.m.). The average rent rose from EUR 20.3/sq.m. to EUR 21.0/sq.m., mainly thanks to completed redevelopment projects, divestments and index increments. The occupancy rate increased to 94.1 per cent (94.0%), following the decreased vacancy in shopping centre properties and reduced future rental estimates of certain vacant premises in supermarket and shop properties. In shopping centres, the occupancy rate was 96.3 per cent and the average rent was EUR 24.1/sq.m.

Citycon's net rental income from Finnish operations during the financial year totalled EUR 90.5 million (EUR 86.7 million). Net rental income grew by EUR 3.7 million or 4.3 per cent, thanks to the EUR 4.2 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 0.7 million, mainly due to the higher vacancy rate in supermarket and shop properties. The business unit accounted for 62.7 per cent (68.2%) of Citycon's total net rental income. Net rental yield was 6.0 per cent (6.0%).

KEY FIGURES, FINLAND

	Q4/2011	Q4/2010	Q3/2011	2011	2010	Change-%
Number of properties			62	60	65	-7.7
Gross leasable area, sq.m.			577,570	577,630	579,980	-0.4
Annualised potential rental value, EUR million ¹⁾			137.8	139.3	135.5	2.8
Average rent (EUR/sq.m.)			20.9	21.0	20.3	3.4
Number of leases started during the period	130	133	107	470	429	9.6
Total area of leases started, sq.m. ²⁾	39,033	27,790	54,114	137,118	107,970	27.0
Average rent of leases started (EUR/sq.m.) ²⁾	18.9	19.2	22.8	20.2	19.6	3.1
Number of leases ended during the period	139	82	111	477	458	4.1
Total area of leases ended, sq.m. ²⁾	39,227	13,790	49,032	138,435	122,680	12.8
Average rent of leases ended (EUR/sq.m.) ²⁾	17.1	21.0	22.8	19.4	18.2	6.6
Occupancy rate at end of the period (economic), %			94.4	94.1	94.0	-
Average remaining length of lease portfolio at the end of the period, year			3.4	3.5	3.0	16.7
Gross rental income, EUR million	32.2	30.9	31.9	127.3	122.1	4.2
Turnover, EUR million	33.5	32.0	33.3	132.5	126.5	4.7
Net rental income, EUR million	23.2	22.0	23.4	90.5	86.7	4.3
Net rental yield, % ³⁾			6.0	6.0	6.0	-
Net rental yield, like-for-like properties, %			6.2	6.2	6.4	-
Fair value of investment properties, EUR million			1,557.3	1,547.4	1,533.0	0.9

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.

KEY FIGURES, SWEDEN

	Q4/2011	Q4/2010	Q3/2011	2011	2010	Change-%
Number of properties			16	16	15	6.7
Gross leasable area, sq.m.			308,200	303,700	291,500	4.2
Annualised potential rental value, EUR million ¹⁾			63.2	62.7	54.7	14.6
Average rent (EUR/sq.m.)			17.3	17.2	15.9	8.2
Number of leases started during the period	91	85	71	276	316	-12.7
Total area of leases started, sq.m. ²⁾	9,719	17,069	10,154	37,006	46,879	-21.1
Average rent of leases started (EUR/sq.m.) ²⁾	23.6	17.8	16.9	18.2	14.3	27.3
Number of leases ended during the period	139	184	31	311	777	-60.0
Total area of leases ended, sq.m. ²⁾	13,560	8,508	4,787	35,816	62,584	-42.8
Average rent of leases ended (EUR/sq.m.) ²⁾	17.1	21.7	19.1	14.8	11.9	24.4
Occupancy rate at end of the period (economic), %			95.9	97.0	96.4	-
Average remaining length of lease portfolio at the end of the period, year			3.0	2.9	3.1	-6.5
Gross rental income, EUR million	14.6	12.9	14.4	57.4	49.8	15.3
Turnover, EUR million	15.4	13.8	14.5	60.1	52.8	13.9
Net rental income, EUR million	8.6	6.6	9.5	35.4	28.7	23.3
Net rental yield, % ³⁾			5.1	5.4	4.8	-
Net rental yield, like-for-like properties, %			5.2	5.5	4.9	-
Fair value of investment properties, EUR million			681.9	697.1	668.6	4.3

1) Annualised potential rental value for the portfolio includes annualised gross rent based on valid rent roll at the end of the period, market rent of vacant premises and rental income from turnover based contracts (estimate) and possible other rental income.

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

3) Includes the lots for development projects.

Sweden

At the end of the year, the company had nine shopping centres and seven other retail properties in Sweden, with a total leasable area of 303,700 square metres (291,500 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 the divestment of residential units. The annualised potential rental value increased to EUR 62.7 million, mainly due to the aforementioned acquisition and to exchange rate fluctuations.

Lease agreements started during the financial year applied to a GLA of 37,006 square metres (46,879 sq.m.). The average rent level for new lease agreements was higher than the average for the entire Swedish property portfolio, mainly due to new retail lease agreements in the shopping centres. Ended lease agreements applied to 35,816 square metres (62,584 sq.m.). The average rent level for ended lease agreements was lower than the average for the entire Swedish property portfolio, due to residential divestments and ended leases in supermarket and shop properties.

The average rent rose from EUR 15.9/sq.m. to EUR 17.2/sq.m., mainly due to exchange rate fluctuations and changes in the property portfolio (such as residential divestments). The occupancy

rate rose to 97.0 per cent (96.4%), thanks to reduced vacancy rates both in shopping centre and supermarket and shop properties.

The company's net rental income from Swedish operations increased by EUR 6.7 million or 23.3 per cent to EUR 35.4 million (EUR 28.7 million). Excluding the impact of the strengthened Swedish krona, net rental income from Swedish operations increased by EUR 5.1 million or 16.7 per cent. The increase in net rental income was due to the completion of Åkersberga Centrum redevelopment project, the 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 3.8 million, thanks mainly to improved net rental income from Liljeholmstorget Galleria. The business unit accounted for 24.5 per cent (22.6%) of Citycon's total net rental income. Net rental yield was 5.4 per cent, representing an increase of 0.6 percentage points from the reference year. The increase was due mainly to Liljeholmstorget Galleria's improved performance compared to its performance year before.

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 acquired the Kristiine shopping centre on 2 May 2011. At the year-end, these properties' gross leasable area totalled 113,400 square metres (70,800 sq.m.). The annualised potential rental value increased to EUR 26.5 million, mostly due to the acquisition of the Kristiine shopping centre. The average rent rose from EUR 17.8/sq.m. to EUR 20.2/sq.m. due to the Kristiine acquisition and the closure of the Magistral shopping centre.

Lease agreements started during the financial year applied to a GLA of 2,882 square metres (5,366 sq.m.). The average rent level for new lease agreements was lower than the average for the entire Baltic property portfolio, mainly due to new office leases. Ended lease agreements applied to 11,869 square metres (5,225 sq.m.). The average rent level for ended lease agreements was lower than the average for the entire Baltic property portfolio, as leases in Magistral shopping centre were terminated due to the start of the redevelopment project.

The occupancy rate rose to 100.0 per cent (99.7%), because all vacant premises were leased.

The net rental income from Baltic operations increased markedly by EUR 6.6 million to EUR 18.4 million (EUR 11.8 million) mainly due to acquisition of the Kristiine shopping centre and like-for-like growth of EUR 0.9 million. The business unit accounted for 12.8 per cent (9.3%) of Citycon's total net rental income. Net rental yield was 7.9 per cent, representing an increase of 0.4 percentage points from the reference year. This increase was due to the rise in net rental income.

Environmental responsibility

Citycon seeks to lead the way in responsible shopping centre operations and to promote sustainable development within the business. The location of Citycon's shopping centres in city centres, local centres or generally adjacent to major traffic flows, combined with excellent public transport connections, makes them well positioned to face the demands of sustainable development.

In its sustainability reporting, Citycon applies for the first time the construction and real estate sector specific (CRESS) guidelines of the Global Reporting Initiative, as well as the guidelines published by EPRA in autumn 2011, which Citycon helped to compile. Calculation methods have been retroactively revised to comply with the new and revised guidelines, primarily with respect to electricity consumption and the carbon footprint. The results and indicators for environmental responsibility for 2011 are presented on pages 48–53 of the Annual and Sustainability Report, to be published in week seven.

During 2011, 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. The Green Index, established for assessing these results, rose by 11.1 per cent from the previous year. Citycon has conducted an extensive assessment of measures for improving its properties' energy efficiency and

KEY FIGURES, BALTIC COUNTRIES

	Q4/2011	Q4/2010	Q3/2011	2011	2010	Change-%
Number of properties			4	4	3	33.3
Gross leasable area, sq.m.			113,500	113,400	70,800	-0.1
Annualised potential rental value, EUR million ¹⁾			25.0	26.5	15.0	76.7
Average rent (EUR/sq.m.)			19.0	20.2	17.8	13.5
Number of leases started during the period	7	27	10	36	44	-18.2
Total area of leases started, sq.m. ²⁾	618	2,762	509	2,882	5,366	-46.3
Average rent of leases started (EUR/sq.m.) ²⁾	16.5	12.5	15.5	18.8	12.9	45.7
Number of leases ended during the period	6	28	66	89	44	102.3
Total area of leases ended, sq.m. ²⁾	356	2,816	8,894	11,869	5,225	127.2
Average rent of leases ended (EUR/sq.m.) ²⁾	29.3	9.5	13.4	14.0	13.2	6.1
Occupancy rate at end of the period (economic), %			100.0	100.0	99.7	-
Average remaining length of lease portfolio at the end of the period, year			4.3	4.2	4.6	-8.7
Gross rental income, EUR million	6.2	3.5	6.1	21.2	13.9	52.3
Turnover, EUR million	7.1	4.1	7.2	24.5	16.7	46.8
Net rental income, EUR million	5.5	3.1	5.3	18.4	11.8	56.5
Net rental yield, % ³⁾			7.8	7.9	7.5	-
Net rental yield, like-for-like properties, %			7.6	7.8	7.4	-
Fair value of investment properties, EUR million			273.5	277.6	166.1	67.1

1) Annualised potential rental value for the portfolio includes annualised gross rent based on valid rent roll at the end of the period, market rent of vacant premises and rental income from turnover based contracts (estimate) and possible other rental income.

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

3) Includes the lots for development projects.

reducing energy consumption. The objective in 2012 is to invest in measures which generate savings in consumption and costs, such as renewing lighting or increasing frequency transformer use and control in ventilation systems. Furthermore, we ensure the continuous optimisation of adjustments and temperature settings for technical systems, in order to meet consumption and cost saving targets.

Environmental responsibility results 2011 vs. 2009

The company defined its long-term environmental responsibility objectives in connection with its strategic planning in summer 2009. Citycon has set targets for its carbon footprint, energy and water consumption, waste recycling rate as well as land use and sustainable construction. Performance is compared to the base level of 2009. In 2011, Citycon's aim was to reduce its carbon footprint by 2-3 per cent, its energy consumption by 2-3 per cent and the 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 waste recycling rate is 80 per cent by 2015, and the corresponding annual target for 2011 was 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 was 22 per cent.

Energy

Citycon procured a total of 181.1 gigawatt hours of electricity in 2011. Consumption was 3.2 per cent higher compared to the 2009 level. This increase can be attributed to changes in the property portfolio and to higher energy consumption by tenants. Total electricity consumption (incl. tenants' electricity) in like-for-like shopping centres decreased by 2.5 per cent from 2009. Electricity consumption in common areas (excl. electricity used by tenants) amounted to 110.6 gigawatt hours, showing an increase of two per cent from 2009 due to changes in the property portfolio and increased consumption in supermarket and shop properties. In like-for-like shopping centres electricity consumption in common areas decreased by 4.9 per cent.

Heating energy consumption came to 136.2 gigawatt hours. Due to the exceptionally cold weather at the beginning of the year but a mild autumn and late winter, heating energy consumption fell by 2.4 per cent from 2009. Weather-adjusted consumption, 142.1 gigawatt hours, rose by one per cent. Heating energy consumption in like-for-like shopping centre properties decreased by 2.2 per cent.

Citycon's total energy consumption (incl. electricity consumption in common areas, heating and cooling) amounted to 246.6 gigawatt hours. The consumption decreased by 0.6 per cent compared to the 2009 level. In shopping centres, energy consumption per visitor decreased by 14.4 per cent and energy consumption per sales fell by 21.2 per cent. Also, energy consumption per

gross leasable area fell by 6.7 per cent. Total energy consumption in like-for-like shopping centre properties decreased by 2.4 per cent, which means Citycon was able to reach the targeted annual 2-3 per cent reduction in energy consumption.

Citycon's reported energy consumption covers shopping centres owned by Citycon and other properties where Citycon's share of ownership is at least 50 per cent. Citycon also reports the tenants' electricity consumption in cases where Citycon is responsible for electricity procurement. Cases where the energy purchase agreement is under a tenant's responsibility have been excluded from reporting. In terms of key figures and results, Citycon has limited the reported electricity consumption to common areas, where Citycon can directly influence the consumption. This includes the electricity used for general lighting, ventilation and cooling, as well as lifts and escalators and other building technical systems. Energy used for heating and cooling is reported in its entirety.

Carbon footprint

In 2011, the carbon footprint totalled 69,413 tonnes of carbon dioxide equivalent. The carbon footprint reported by Citycon covers the energy and water consumption in properties, waste logistics and the emissions generated by the Citycon organisation. Energy consumption in properties constitutes 98.8 per cent of the carbon footprint. The carbon footprint grew by 10.6 per cent compared to the baseline year 2009. The growth in carbon footprint is mainly caused by changes in the property portfolio, i.e. carbon emission of new centres Kristiine and Högdalen. The carbon footprint of like-for-like shopping centres decreased by 0.8 per cent and 11.6 per cent per visitor. The annual target for reducing the carbon footprint by 2-3 per cent was not attained.

Water

The total water consumption in all shopping centres and retail properties owned by Citycon was 638,851 cubic metres in 2011. This includes water consumed by the real estate company and tenants. Water consumption showed a marked increase of 18.1 per cent in 2011. This increase can be attributed to changes in the Estonian and Swedish property portfolios, and positive development in grocery as well as café & restaurant sales. Water consumption in like-for-like shopping centre properties rose by 13.4 per cent. Water consumption proportionate to sales decreased by 5.8 per cent compared to the 2009 level. The long-term water consumption target has been set at 3.5 litres per visitor per year. In 2011, water consumption per visitor in shopping centres was 4.3 litres and 4.6 litres in like-for-like shopping centres, which means the target for reducing water consumption per visitor was not met in 2011.

Waste

The total waste volume generated by Citycon's shopping centres amounted to 15,361 tonnes, with landfill waste accounting for

3,263 tonnes, or 22.4 per cent. Waste volumes have been rising in all operating countries from previous years, including in like-for-like shopping centres. In 2011, waste volumes rose by 14.5 per cent from the previous year. Similarly, the waste volume proportionate to sales showed an increase. The recycling rate in shopping centres improved slightly to 77.6 per cent. The Baltic countries saw their recycling rate improve dramatically to 82.1 per cent, from 34.3 per cent a year earlier. Citycon's annual targets set for waste processing and recycling were achieved.

Land use and sustainable construction

In property acquisition, Citycon complies with its strategic environmental responsibility policies, which state that properties must be located in a built environment and easily accessible by public transport. Good examples of such properties are the Kristiine shopping centre in Tallinn and the Högdalen Centrum in Stockholm acquired in 2011.

Environmental certification represents a key element in Citycon's efforts towards sustainable development. An application has been made for LEED classification for the company's shopping centre project in the Martinlaakso district in Vantaa. Gold-level certification is being sought and is expected to be confirmed in the spring of 2012.

Governance

Annual General Meeting 2011

Citycon Oyj's Annual General Meeting (AGM) took place in Helsinki, Finland, on 23 March 2011. The meeting was opened by Chairman of the Board Chaim Katzman, and chaired by Ari Keinänen, Attorney-at-Law, Trained at the Bench. A total of 247 shareholders attended the AGM either personally or through a proxy representative, representing 70.9 per cent of shares and votes in the company.

The AGM adopted the company's financial statements for the financial year 2010 and discharged the members of the Board of Directors and the Chief Executive Officer from liability. The AGM decided on a dividend of EUR 0.04 per share for the financial year 2010 and on an equity return of EUR 0.10 per share from the invested unrestricted equity fund. The record date for the dividend payout and equity return was 28 March 2011, and the dividend and equity return, totalling EUR 34.2 million, were paid on 8 April 2011.

Other decisions made by the AGM are reported on the corporate website at www.citycon.com/agm2011. The AGM minutes are also available on the aforementioned website.

Board of Directors

Under the Articles of Association, the Board of Directors consists of a minimum of five and a maximum of ten members (Directors) who are elected by the Annual General Meeting for a term of one year at a time. Amendments to the Articles of Association

may be adopted only by the General Meeting of shareholders and require a 2/3 majority vote.

In 2011, Citycon's Board of Directors included ten members: Ronen Ashkenazi, Chaim Katzman, Roger Kempe (as of 23 March 2011), Kirsi Komi (as of 23 March 2011), Claes Ottosson, Dor J. Segal, Jorma Sonninen (as of 23 March 2011), Thomas W. Wernink, Per-Håkan Westin and Ariella Zochovitzky. Gideon Bolotowsky, Raimo Korpinen and Tuomo Lähdesmäki stepped down from the Board on 23 March 2011.

Chaim Katzman was the Chairman of the Board of Directors in 2011, and Ronen Ashkenazi the Deputy Chairman. Thom Wernink served as the other Deputy Chairman of the Board as of 23 March 2011.

Auditor

Since 2006, the company's auditor has been Ernst & Young Oy, a firm of authorised public accountants, which has designated Authorised Public Accountant Tuija Korpelainen to act as the chief auditor of Citycon, also from 2006.

Chief Executive Officer (CEO)

Citycon Oyj's CEO changed in 2011, as Petri Olkinuora, the company's CEO since 2002, left his position on 23 March 2011. On 13 January 2011, the Board of Directors appointed Marcel Kokkeel (MA, born 1958) from the Netherlands as Citycon Oyj's new CEO and approved the terms and conditions of his executive contract. The new CEO assumed his duties on 24 March 2011. Information on the CEO's executive contract and its terms and conditions are available on page 46 of the Financial Statements.

Additional changes in corporate management

In 2011, also several other significant changes took place in the corporate management. In addition to the CEO, three new members joined the Corporate Management Committee: Michael Schönach, Executive Vice President, Finnish Operations, on 1 March; Anu Tuomola, General Counsel and Head of Legal Affairs, on 1 September; and Johan Elfstadius, Vice President, Swedish Operations, on 21 November. Members who left the Corporate Management Committee during the year in addition to Petri Olkinuora, CEO, were Outi Raekivi, General Counsel and Head of Legal Affairs; and Ulf Attebrant, Vice President, Swedish Operations. At the year-end, the Corporate Management Committee had six members. In addition to the CEO Marcel Kokkeel, the Corporate Management Committee includes the company's Executive Vice President and Chief Financial Officer Eero Sihvonen, the General Counsel Anu Tuomola and the Vice Presidents of the company's geographical business units Johan Elfstadius, Harri Holmström and Michael Schönach.

Shareholders, share capital and shares

Citycon's shares have been quoted on the Helsinki stock exchange (NASDAQ OMX Helsinki Ltd) since 1988. Citycon is a Mid Cap Company in the Financials sector, sub-industry Real Estate Operating Companies. Its trading code is CTY1S and its shares are traded in euros. The ISIN code used in international securities clearing is FI0009002471.

Shareholders

At the end of December, Citycon had a total of 4,276 (4,409) registered shareholders, of which ten were account managers of nominee-registered shares. Nominee-registered and other international shareholders held 230.4 million (209.6 million) shares, or 82.9 per cent (85.7%) of shares and voting rights in the company. Information on the company's major shareholders and on the breakdown of shareholdings, as well as on notifications of changes in shareholdings received during the year can be found on page 56 of the Financial Statements.

Share capital and shares

During the period, there were no changes in the company's share capital, but the number of shares increased by 33.2 million following the directed share issues arranged in July. 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.

INFORMATION ON SHARES AND SHARE CAPITAL

	2011	2010
Share price, transactions, EUR		
Low	2.02	2.29
High	3.41	3.31
Average	2.77	2.84
Latest	2.31	3.08
Market capitalisation at year-end, EUR million	641.7	753.3
Share trading volume		
Number of shares traded, million	97.5	115.0
Value of shares traded, EUR million	270.7	326.4
Share capital and shares		
Share capital at year-start, EUR million	259.6	259.6
Share capital at year-end, EUR million	259.6	259.6
Number of shares		
Number of shares at year-start, million	244.6	221.1
Number of shares at year-end, million	277.8	244.6

Directed share issues 2011

In July, Citycon issued 246,325 new shares as part of the company's long-term share-based incentive plan. These new shares

were registered in the Trade Register on 15 July 2011 and trading in them began on 18 July 2011 on the NASDAQ OMX Helsinki Ltd. Following the registration, the number of shares in the company increased to 244,811,297 shares.

Also in July, Citycon arranged a directed share offering. The offering was based upon the authorisation granted by Citycon's Annual General Meeting of 13 March 2007. Waiving the shareholders' pre-emptive subscription rights, the share offering was directed to Finnish and international institutional investors and was carried out in an accelerated book-building process on 13 July 2011.

Based on the bids submitted during the book-building process, on 13 July 2011 the company's Board of Directors decided to issue 33 million new shares at a per-share subscription price of EUR 3.02. The subscription price, EUR 99 million, was recorded in the invested unrestricted equity fund. The new shares were registered in the Trade Register on 18 July 2011 and trading in them began on the following day on the NASDAQ OMX Helsinki Ltd. The new shares entitle their holders to a dividend for the financial year 2011. Following the issue, the number of the company's shares rose to 277,811,297. The new shares offered accounted for 13.5 per cent of the number of Citycon's shares prior to the offering and for 11.9 per cent thereafter.

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 9,537,087 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; on 12 July 2011 when it decided on directed share issues without payment as a part of the company's long-term share-based incentive plan; and on 13 July 2011, when it decided on a directed share offering to Finnish and international institutional investors. 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 the year-end, the Board of Directors had no other authorisations.

During the reporting period, the company held 145,000 treasury shares, which the company had directed to itself in July in a share issue without payment related to the company's long-term share-based incentive plan. The treasury shares were conveyed between 20 and 22 July 2011 at the market price prevailing at the time of conveyance through public trading organised by NASDAQ OMX Helsinki Ltd, waiving the shareholders' pre-emptive subscription rights. At the end of the year, the company had no treasury shares.

Incentive schemes

Stock option plan 2004

The AGM held on 15 March 2004 decided to issue a maximum of 3,900,000 A/B/C stock options to Citycon Group personnel. This stock option plan expired at the end of March 2011 simultaneously with the expiry of the subscription period with C-options. No shares were subscribed by exercising C-options.

Stock option plan 2011

The Board of Directors of Citycon Oyj decided on 3 May 2011, by virtue of an authorisation granted by the Annual General Meeting held on 13 March 2007, to issue stock options to 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 programme for key personnel. The purpose of the stock options is to encourage key personnel to work on a long-term basis to increase shareholder value. The purpose of the stock options is also to commit the key personnel to the company.

The maximum total number of stock options that can be issued is 7,250,000, and they entitle their owners to subscribe for a maximum total of 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 sub-categories.

The number of shares subscribed by exercising stock options 2011 corresponds to a maximum total of 2.6 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 prices

The subscription prices of the shares to be subscribed for by exercising the 2011 stock options were determined on the basis of the trade volume weighted average price of Citycon share quoted on the NASDAQ OMX Helsinki Ltd. during twenty (20) trading days following the release date of the company's Full Year 2010 Results, Q1/2011 Interim Report and Q3/2011 Interim Report, as follows:

Option category	Subscription price determination period	Subscription price, EUR
2011A-D(I)	10 February–9 March 2011	3.17
2011A-D(II)	5 May–1 June 2011	3.31
2011A-D(III)	13 October–9 November 2011	2.63

The share subscription price will be recognised in the company's invested unrestricted equity fund. Each year, per-share dividends and equity returns, distributed differing from the company's normal practice, may be deducted from the share subscription price.

Share subscription period

Share subscription periods of stock options 2011 are presented in the table below:

	2011A(I-III)	2011B(I-III)	2011C(I-III)	2011D(I-III)
Share subscription period begins	1 April 2012	1 April 2013	1 April 2014	1 April 2015
Share subscription period ends	31 March 2018	31 March 2018	31 March 2018	31 March 2018

Outstanding stock options

By the end of 2011, a total of 6,320,000 stock options 2011A-D(I), 2011A-D(II) and 2011A-D(III) had been granted to 24 key employees within the Group. These option rights entitle their holders to subscribe for an equal number of shares in 2012–2018. The option rights granted to the company's CEO and other members of the Corporate Management Committee are presented in the following table.

STOCK OPTIONS OF THE CORPORATE MANAGEMENT COMMITTEE MEMBERS ON 31 DECEMBER 2011

	2011A(I)	2011B(I)	2011C(I)	2011D(I)	Total
Chief Executive Officer (CEO)	250,000	250,000	250,000	250,000	1,000,000
	2011A(I-III)	2011B(I-III)	2011C(I-III)	2011D(I-III)	
Other members of the Corporate Management Committee	537,500	537,500	537,500	537,500	2,150,000

A share ownership obligation, under which the members of the Corporate Management Committee are obliged to acquire Citycon 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 will remain 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.

The stock option plan and the terms of the stock options are presented in more detail on pages 43–44 of the Financial Statements.

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

Shares and stock options held by members of the Board of Directors and the company executives

The members of the Board of Directors of Citycon, its CEO, the other Corporate Management Committee members and their closely associated parties held a total of 348,554 company shares on 31 December 2011. These shareholdings represent 0.1 per cent of the total shares and votes in the company.

The number of stock options held by Citycon's CEO and other members of the Corporate Management Committee at the year-end 2011 are presented in the table above. The maximum number of shares that they can subscribe for by exercising these outstanding stock options amounts to 3,150,000. Members of the Board of Directors do not participate in the company's share-based incentive plans.

Updated information of the share and stock option holdings of the members of the Board of Directors and the members of the Corporate Management Committee are available on the corporate website at www.citycon.com/insiders.

Helsinki, 7 February 2012

Citycon Oyj
Board of Directors

EPRA PERFORMANCE MEASURES

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

Since 2006, Citycon has been applying the best practices policy recommendations of EPRA for financial reporting. And in 2011, Citycon started to follow EPRA best practice policy recommendations also for sustainability reporting (please see the section "Responsibility"). This section in Citycon's financial statements presents the EPRA performance measures and their calculations. For more information about EPRA and EPRA's best practice policies pls visit EPRA's web pages: www.epra.com.

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

CFO's comment on the development of EPRA Earnings: EPRA earnings (in EUR millions) increased by EUR 6.0 million to EUR 53.3 million in 2011 from EUR 47.3 million in 2010. The increase was a result of NRI growth through acquisitions, (re)development projects and positive like-for-like growth. To the contrary, EPRA Earnings was negatively impacted by increased administration and financial expenses. Administration expenses increased significantly because of the change process of the company, which lead to one-off costs amounting to EUR 2.4 million. EPRA Earnings per share (basic) stayed at EUR 0.21 compared to EUR 0.21 in 2010 due to higher EPRA Earnings offset by higher number of shares, which resulted from share issue executed in July 2011.

EPRA PERFORMANCE MEASURES

	Note	2011	2010
EPRA Earnings, EUR million	1	53.3	47.3
EPRA Earnings per share (basic), EUR	1	0.21	0.21
EPRA Earnings per share (diluted), EUR	1	0.21	0.21
EPRA NAV per share, EUR	2	3.62	3.79
EPRA NNNNAV per share, EUR	2	3.29	3.49
EPRA Net Initial Yield (NIY) (%)	3	6.2	6.3
EPRA "topped-up" NIY (%)	3	6.3	6.4
EPRA vacancy rate (%)	4	4.5	4.9

The following Notes, the numbers 1 - 4, present how EPRA Performance Measures are calculated. The Notes 5 and 6 present the EPRA Key Performance Measures for the last 5 years.

1) EPRA EARNINGS

EPRA Earnings is presenting the underlying operating performance of a real estate company excluding all so called non-recurring items such as net fair value gains/losses on investment properties, profit/loss on disposals and limited other non-recurring items. It provides a measure for recurring income, but doesn't exclude exceptional items that are part of normal IFRS earnings. EPRA earnings is especially important for investors who want to assess the extent to which dividends are supported by recurring income. Citycon has been paying 0.14 EUR/share as dividends and equity return for several years already, and for the financial statements 2011, the Board of Directors propose for annual general meeting a dividend and equity return of 0.15 EUR/share.

Citycon has been previously disclosing only EPRA Earnings, diluted. In the financial statements 2011, Citycon discloses also EPRA Earnings basic and in the future is going to only disclose EPRA Earnings basic in accordance with EPRA's Recommendations.

	2011			2010		
	EUR million	Average number of shares (1,000) ¹⁾	per share, EUR	EUR million	Average number of shares (1,000) ¹⁾	per share, EUR
Earnings in IFRS Consolidated Statement of Comprehensive Income	13.0	259,778.3	0.05	78.3	228,148.2	0.34
+/- Net fair value losses/gains on investment property	35.3	259,778.3	0.14	-50.8	228,148.2	-0.22
-/+ Profit/loss on disposal of investment property	-0.6	259,778.3	0.00	-2.6	228,148.2	-0.01
+ Transaction costs related to investment property disposals	1.0	259,778.3	0.00	0.8	228,148.2	0.00
-/+ Fair value gains/losses of financial instruments	-	259,778.3	0.00	-0.2	228,148.2	0.00
-/+ Fair value gains/losses of jointly controlled entities	-0.3	259,778.3	0.00	-	228,148.2	0.00
+/- Current taxes arising from the items above	0.5	259,778.3	0.00	0.0	228,148.2	0.00
+/- Change in deferred taxes arising from the items above	-2.2	259,778.3	-0.01	11.6	228,148.2	0.05
-/+ Non-controlling interest arising from the items above	6.7	259,778.3	0.03	10.3	228,148.2	0.05
EPRA Earnings (basic)	53.3	259,778.3	0.21	47.3	228,148.2	0.21
EPRA Earnings (diluted)	57.4	276,871.4	0.21	51.4	245,806.3	0.21

1) Calculation of the number of shares is presented in Note 16. Earnings per share.

CFO's comment on the development of EPRA NAV per share and EPRA NNNAV per share:

EPRA NAV per share decreased by EUR 0.17 to EUR 3.62 (EUR 3.79) due to larger number of shares following the share issue on July 2011 and fair value losses of investment properties from the non-core portfolio. EPRA NNNAV per share decreased by EUR 0.20 to EUR 3.29 (EUR 3.49). In addition to the reasons for a decrease in EPRA NAV per share, EPRA NNNAV per share was reduced by negative valuation of interest rate hedges, owing to lower interest rates, which decreased EPRA NNNAV per share by EUR 0.09.

2) EPRA NAV PER SHARE AND EPRA NNNAV PER SHARE

EPRA NAV is presenting the fair value of net assets of a real estate company. It is based on the assumption of owning and operating investment properties for a long term and therefore it is a useful tool to compare against the share price of a real estate company. The share price of Citycon was 2.31 EUR/share on December 31, 2011.

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

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

	2011			2010		
	EUR million	Number of shares on the balance sheet date (1,000)	per share, EUR	EUR million	Number of shares on the balance sheet date (1,000)	per share, EUR
Equity attributable to parent company shareholders	902.6	277,811.3	3.25	849.5	244,565.0	3.47
Deferred taxes from the difference between the fair value and fiscal value of investment properties	57.5	277,811.3	0.21	59.7	244,565.0	0.24
Fair value of financial instruments	45.7	277,811.3	0.16	18.8	244,565.0	0.08
Net asset value (EPRA NAV)	1,005.9	277,811.3	3.62	928.1	244,565.0	3.79
Deferred taxes from the difference between the fair value and fiscal value of investment properties	-57.5	277,811.3	-0.21	-59.7	244,565.0	-0.24
Difference between the secondary market price and fair value of bonds and capital loans ¹⁾	11.4	277,811.3	0.04	3.6	244,565.0	0.01
Fair value of financial instruments	-45.7	277,811.3	-0.16	-18.8	244,565.0	-0.08
EPRA NNNAV	914.1	277,811.3	3.29	853.1	244,565.0	3.49

1) Secondary market price

When calculating the EPRA NNNAV in accordance with EPRA's recommendations, the shareholders' equity is adjusted using EPRA's guidelines so that bonds 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 convertible capital loan 1/2006 and bond 1/2009 have been valued using the price derived from the secondary market on the balance sheet date. The secondary market price for convertible capital loan 1/2006 was 82.90 per cent (95.50%) and for bond 1/2009 101.85 per cent (99.00%) as of 31 December 2011. The difference between the secondary market price and the fair value of the bonds and capital loans was EUR 11.4 million (EUR 3.6 million) as of 31 December 2011.

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

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

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

EPRA "topped-up" NIY presents the yield of a company with the full rent that is already agreed at the balance sheet date. In EPRA "topped-up" yield, the cash rent is "topped-up" to reflect rent after the expiry of lease incentives such as rent free periods and discounted rents.

EUR million	2011	2010
Fair value of investment properties determined by the external appraiser	2,515.0	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	-559.6	-487.4
Completed property portfolio	1,955.4	1,873.7
Plus the estimated purchasers' transaction costs	36.8	37.1
Gross value of completed property portfolio (A)	1,992.2	1,910.8
Annualised gross rents for completed property portfolio	179.5	170.8
Property portfolio's operating expenses	-56.6	-50.2
Annualised net rents (B)	122.9	120.6
Plus the notional rent expiration of rent free periods or other lease incentives	2.5	2.4
Topped-up annualised net rents (C)	125.4	123.0
EPRA Net Initial Yield (NIY) (%) (B/A)	6.2	6.3
EPRA "topped-up" NIY (%) (C/A)	6.3	6.4

4) EPRA VACANCY RATE (%)

EPRA vacancy rate (%) presents how much out of the full potential rental income is not received because of vacancy. Technical vacancy, which Citycon also discloses, presents how many square meters out of total GLA is vacant.

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

EUR million	2011	2010
Annualised potential rental value of vacant premises	9.8	9.6
/. Annualised potential rental value for the whole portfolio	219.4	196.5
EPRA vacancy rate (%)	4.5	4.9

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

EPRA initial yields decreased mainly due to increased property operating expenses assumption in the valuations relating to general expense increases and higher repair cost estimates. However, EPRA NIY and EPRA "topped up" NIY for 2011 and 2010 are not fully comparable due to changes in the completed property portfolio (such as property acquisitions, disposals and started and completed (re)development projects).

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

EPRA vacancy rate improved mainly due to decreased vacancy in the shopping centre -portfolio.

5) EPRA PERFORMANCE MEASURES FOR FIVE YEARS

	2011	2010	2009	2008	2007
EPRA Earnings, EUR million	53.3	47.3	50.9	43.8	38.3
EPRA Earnings per share (basic), EUR	0.21	0.21	0.23	0.20	0.19
EPRA Earnings per share (diluted), EUR	0.21	0.21	0.23	0.20	0.19
EPRA NAV per share, EUR	3.62	3.79	3.64	3.96	4.80
EPRA NNNNAV per share, EUR	3.29	3.49	3.35	3.80	4.42
EPRA Net Initial Yield (NIY) (%)	6.2	6.3	6.9	N/A	N/A
EPRA "topped-up" NIY (%)	6.3	6.4	7.1	N/A	N/A
EPRA vacancy rate (%)	4.5	4.9	5.0	4.0	4.3

6) EPRA EARNINGS (DIRECT AND INDIRECT RESULT) FOR FIVE YEARS

EUR million	2011	2010	2009	2008	2007
Earnings in IFRS Consolidated Statement of Comprehensive Income	13.0	78.3	-34.3	-124.1	200.3
+/- Net fair value losses/gains on investment property	35.3	-50.8	97.4	216.1	-211.4
-/+ Profit/loss on disposal of investment property	-0.6	-2.6	-0.1	-0.1	0.1
+ Transaction costs related to investment property disposals	1.0	0.8	0.1	0.4	0.0
-/+ Non-recurring other operating income and expenses	-	-	-	-6.0	0.0
-/+ Fair value gains/losses of financial instruments	-	-0.2	0.1	3.1	0.6
-/+ Fair value gains/losses of jointly controlled entities	-0.3	-	-	-	-
+/- Current taxes arising from the items above	0.5	-	0.3	1.8	0.0
+/- Change in deferred taxes arising from the items above	-2.2	11.6	-7.3	-29.7	46.0
-/+ Non-controlling interest arising from the items above	6.7	10.3	-5.3	-17.6	2.7
EPRA Earnings	53.3	47.3	50.9	43.8	38.3
Average number of shares (1,000)	259,778.3	228,148.2	221,035.1	220,991.5	199,403.7
EPRA Earnings per share, EUR	0.21	0.21	0.23	0.20	0.19
EPRA Earnings per share, diluted, EUR	0.21	0.21	0.23	0.20	0.19

Previously Citycon has followed the direct and indirect results. The EPRA Earnings corresponds to the direct result, but Citycon changed the presentation and renamed the direct result as EPRA Earnings in order to better comply with the EPRA's recommendations.

EUR million	2011	2010	2009	2008	2007
Direct result					
Net rental income	144.3	127.2	125.4	121.8	103.4
Direct administrative expenses	-27.1	-22.5	-17.7	-16.5	-16.5
Direct other operating income and expenses	0.2	0.3	0.0	0.1	0.5
Direct operating profit	117.4	105.0	107.7	105.3	87.4
Direct net financial income and expenses	-62.4	-55.1	-47.7	-54.2	-44.7
Direct share of profit/loss of jointly controlled entities	0.0	-	-	-	-
Direct current taxes	-0.4	-0.6	-6.2	-4.8	-3.4
Change in direct deferred taxes	0.3	-0.3	-0.2	0.2	-0.2
Direct non-controlling interest	-1.7	-1.8	-2.8	-2.8	-0.9
Total	53.3	47.3	50.9	43.8	38.3
Direct result per share (diluted), (diluted EPRA EPS), EUR	0.21	0.21	0.23	0.20	0.19
Indirect result					
Net fair value losses/ gains on investment property	-35.3	50.8	-97.4	-216.1	211.4
Profit/loss on disposal of investment property	0.6	2.6	0.1	0.1	-0.1
Indirect administrative expenses	-1.0	-0.8	-0.1	-0.4	0.0
Indirect other operating income and expenses	-	-	-	6.0	0.0
Movement in fair value of financial instruments	0.0	0.2	-0.1	-3.1	-0.6
Indirect share of profit/loss of jointly controlled entities	0.3	-	-	-	-
Indirect current taxes	0.5	-	-0.3	-1.8	0.0
Change in indirect deferred taxes	2.2	-11.6	7.3	29.7	-46.0
Indirect non-controlling interest	-6.7	-10.3	5.3	17.6	-2.7
Total	-40.3	31.1	-85.2	-167.9	162.1
Indirect result per share, diluted, EUR	-0.16	0.13	-0.39	-0.76	0.71
Profit/loss for the period attributable to parent company shareholders	13.0	78.3	-34.3	-124.1	200.3

CITYCON OYJ'S CONSOLIDATED FINANCIAL STATEMENTS FOR 1 JANUARY - 31 DECEMBER 2011

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR million	Note	1 Jan.-31 Dec. 2011	1 Jan.-31 Dec. 2010
Gross rental income	6	206.0	185.9
Service charge income		11.1	10.0
Turnover	7	217.1	195.9
Property operating expenses	8, 11	71.6	67.4
Other expenses from leasing operations	9	1.2	1.3
Net rental income		144.3	127.2
Administrative expenses	10, 11, 12	28.0	23.3
Other operating income and expenses	13	0.2	0.3
Net fair value losses/gains on investment property	17	-35.3	50.8
Profit/losses on disposal of investment property	17, 23	0.6	2.6
Operating profit/loss		81.8	157.7
Financial income		54.4	73.7
Financial expenses		-116.8	-128.6
Net financial income and expenses	14	-62.4	-54.9
Share of profit/loss of jointly controlled entities	18	0.3	-
Profit/loss before taxes		19.7	102.8
Current taxes		-0.9	-0.6
Change in deferred taxes		2.5	-11.8
Income taxes	15, 21	1.6	-12.5
Profit/ loss for the period		21.3	90.4
Profit/loss attributable to			
Parent company shareholders		13.0	78.3
Non-controlling interest		8.3	12.0
Earnings per share attributable to parent company shareholders:			
Earnings per share (basic), EUR	16	0.05	0.34
Earnings per share (diluted), EUR	16	0.05	0.34
Other comprehensive expenses/ income			
Net losses/gains on cash flow hedges	14	-35.9	5.1
Income taxes relating to cash flow hedges	15, 21	9.0	-1.3
Exchange gains/losses on translating foreign operations		0.6	3.1
Other comprehensive expenses/ income for the period, net of tax		-26.2	6.9
Total comprehensive loss/profit for the period		-4.9	97.3
Total comprehensive loss/profit attributable to			
Parent company shareholders		-13.4	83.4
Non-controlling interest		8.5	13.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

EUR million	Note	31 Dec. 2011	31 Dec. 2010
ASSETS			
Non-current assets			
Investment properties	17	2,522.1	2,367.7
Investments in jointly controlled entities	18	0.6	-
Intangible assets	19	1.9	1.5
Property, plant and equipment	20	1.0	1.0
Deferred tax assets	21	14.5	5.6
Derivative financial instruments and other non-current assets	22, 23	0.0	2.3
Total non-current assets		2,540.1	2,378.1
Investment properties held for sale	24	12.7	1.5
Current assets			
Trade and other receivables	22, 25	33.2	37.4
Derivative financial instruments	22, 23	0.5	-
Cash and cash equivalents	22, 26	91.3	19.5
Total current assets		125.0	56.9
Total assets		2,677.7	2,436.5

EUR million	Note	31 Dec. 2011	31 Dec. 2010
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to parent company shareholders			
Share capital	27	259.6	259.6
Share premium fund		131.1	131.1
Fair value reserve		-45.7	-18.8
Invested unrestricted equity fund		273.7	198.8
Translation reserve		-7.8	-8.2
Retained earnings		291.7	287.0
Total equity attributable to parent company shareholders		902.6	849.5
Non-controlling interest		59.2	50.7
Total shareholders' equity		961.8	900.2
LIABILITIES			
Long-term liabilities			
Loans	22, 28	1,339.5	1,212.4
Derivative financial instruments	22, 23	53.9	18.7
Deferred tax liabilities	21	59.8	62.6
Other liabilities	22	0.4	0.5
Total long-term liabilities		1,453.7	1,294.2
Short-term liabilities			
Loans	22, 28	208.4	185.3
Derivative financial instruments	22, 23	0.6	1.6
Trade and other payables	22, 29	53.2	55.3
Total short-term liabilities		262.2	242.2
Total liabilities		1,715.9	1,536.3
Total liabilities and shareholders' equity		2,677.7	2,436.5

CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR million	Note	1 Jan.-31 Dec. 2011	1 Jan.-31 Dec. 2010
Cash flow from operating activities			
Profit/loss before taxes		19.7	102.8
Adjustments:			
Depreciation and amortisation	12, 31	1.0	0.8
Net fair value losses/gains on investment property	17, 31	35.3	-50.8
Profit/losses on disposal of investment property	17, 24, 31	-0.6	-2.6
Financial income	14, 31	-54.4	-73.7
Financial expenses	14, 31	116.8	128.6
Other adjustments	31	0.8	0.0
Cash flow before change in working capital		118.6	105.1
Change in working capital	31	1.6	2.9
Cash generated from operations		120.2	108.0
Interest expenses and other financial expenses paid			
		-60.1	-68.0
Interest income and other financial income received			
		0.6	0.5
Realised exchange rate losses and gains			
		-1.8	-10.6
Taxes received/paid			
		7.2	-9.9
Net cash from operating activities		66.0	20.0
Cash flow from investing activities			
Acquisition of subsidiaries, less cash acquired	17	-33.7	-6.7
Acquisition of investment properties	17	-105.5	-
Capital expenditure on investment properties	17	-81.1	-126.0
Capital expenditure on investments in jointly controlled entities, intangible assets and PP&E	18, 19, 20	-1.4	-1.0
Sale of investment properties	17, 24	18.6	66.3
Net cash used in investing activities		-203.0	-67.5
Cash flow from financing activities			
Sale of treasury shares	27	0.4	0.2
Proceeds from share issue	27	98.9	62.2
Share subscriptions based on stock options	27	-	3.3
Proceeds from short-term loans	28	160.9	109.0
Repayments of short-term loans	28	-100.2	-192.6
Proceeds from long-term loans	28	594.6	346.5
Repayments of long-term loans	28	-511.8	-252.2
Dividends and return from the invested unrestricted equity fund	27	-34.3	-31.2
Net cash from financing activities		208.5	45.2
Net change in cash and cash equivalents		71.6	-2.3
Cash and cash equivalents at period-start	26	19.5	19.8
Effects of exchange rate changes		0.2	2.0
Cash and cash equivalents at period-end	26	91.3	19.5

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS

EUR million	Equity attributable to parent company shareholders						Total	Non-controlling interest	Total shareholders' equity
	Share capital	Share premium fund	Fair value reserve	Invested unrestricted equity fund	Translation reserve	Retained earnings			
Balance at 31 Dec. 2009	259.6	131.1	-22.7	155.2	-9.5	217.3	731.1	36.8	767.9
Profit for the period						78.3	78.3	12.0	90.4
Net gains/losses on cash flow hedges, net of tax (Notes 14, 15 and 21)			3.8				3.8		3.8
Exchange gains/losses on translating foreign operations					1.2		1.2	1.9	3.1
Total other comprehensive income/expenses for the period, net of tax			3.8		1.2		5.0	1.9	6.9
Total comprehensive profit/loss for the period			3.8		1.2	78.3	83.4	13.9	97.3
Share issue (Note 27)				62.2			62.2		62.2
Share subscriptions based on stock options (Notes 27 and 30)				3.3			3.3		3.3
Recognised gain in the equity arising from convertible bond buybacks (Note 28)						0.0	0.0		0.0
Sale of treasury shares (Note 27)				0.2			0.2		0.2
Dividends and return from the invested unrestricted equity fund (Note 27)				-22.1		-8.8	-30.9		-30.9
Share-based payments (Notes 27 and 30)						0.3	0.3		0.3
Balance at 31 Dec. 2010	259.6	131.1	-18.8	198.8	-8.2	287.0	849.5	50.7	900.2
Profit for the period						13.0	13.0	8.3	21.3
Net losses/gains on cash flow hedges, net of tax (Notes 14, 15 and 21)			-26.8				-26.8		-26.8
Exchange gains/losses on translating foreign operations					0.4		0.4	0.2	0.6
Total other comprehensive expenses/income for the period, net of tax			-26.8		0.4		-26.4	0.2	-26.2
Total comprehensive loss/profit for the period			-26.8		0.4	13.0	-13.4	8.5	-4.9
Share issue (Note 27)				98.9			98.9		98.9
Sale of treasury shares (Note 27)				0.4			0.4		0.4
Dividends and return from the invested unrestricted equity fund (Note 27)				-24.5		-9.8	-34.2		-34.2
Share-based payments (Notes 27 and 30)						1.5	1.5		1.5
Balance at 31 Dec. 2011	259.6	131.1	-45.7	273.7	-7.8	291.7	902.6	59.2	961.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIC COMPANY DATA

As a real estate investment company specialising in retail properties, Citycon operates largely in the Helsinki Metropolitan Area and Finland's major regional centres as well as in Sweden and the Baltic Countries. Citycon is a Finnish, public limited liability company established under Finnish law and domiciled in Helsinki, the address of its registered office being Pohjoisesplanadi 35 AB, FI-00100 Helsinki. The Board of Directors has approved the financial statements on 7 February 2012. In accordance with Finnish Company Law, annual general meeting has the right to not approve the financial statements approved by the Board of Directors and return the financial statements back to the Board of Directors for a correction.

A copy of Citycon's Consolidated Financial Statements is available on the corporate website at www.citycon.fi and from the Group's headquarters at the address Pohjoisesplanadi 35 AB, FI-00100 Helsinki, Finland.

2. BASIS OF PREPARATION

Citycon has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and applied the IFRS/IAS standards, effective as of 31 December 2011, which refer to the approved applicable standards and their interpretations under European Union Regulation No. 1606/2002. Notes to the consolidated financial statements are also in compliance with Finnish accounting legislation and Community legislation.

Citycon has used IFRS as the primary basis of its financial statements preparation from the beginning of 2005. Available-for-sale financial assets, derivative contracts and investment properties, are measured at fair value following their initial recognition. In other respects, the consolidated financial statements are prepared at historical cost. The financial statements are shown in millions of euros and rounded in thousands of euros.

Preparing the financial statements under IFRS requires that the company's management make certain accounting estimates and assumptions, which have an effect on the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses, as well as notes to the accounts. These estimates and associated assumptions are based on historical experience and various other factors deemed reasonable under the circumstances, the results of which form the basis of management judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised

for the period in which the estimate is revised if the revision affects only that period, or in the current and future periods if the revision affects both current and future periods. The chapter 5 Key estimates and assumptions, and accounting policies requiring judgment provides a more detailed description of the factors underlying judgements and assumptions.

3. CHANGES IN IFRS AND ACCOUNTING POLICIES

3.1 New standards as well as interpretations and changes applied in 2011

The following new standards as well as amendments and interpretations to the existing standards have been adopted in the financial statements 2011. These new standards and amendments were not relevant to Citycon as they didn't significantly change Citycon's accounting policies.

- IFRS 1 First-Time adoption of International Financial Reporting Standards (IFRS): Limited exemption from comparative IFRS 7 disclosures for first-time adoptors,
- IAS 24 Related party disclosures (amendment),
- IAS 32 Classification of rights issues (amendment),
- IFRIC 14 Prepayments of a minimum funding requirement (amendment),
- IFRIC 19 Extinguishing financial liabilities with equity instruments,
- Improvements to IFRS (May 2010).

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:

The following standards and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2012 or later periods, but the group has not early adopted them. These are those that Citycon reasonably expects to have an impact on disclosures, financial position or performance when applied at future date. Citycon will adopt these standards when they become effective.

- IAS 1 Financial statement presentation,
- IAS 12 Income taxes (amendment),
- IAS 27 Separate financial statements (as revised in 2011),
- IAS 28 Investments in associates and joint ventures (as revised in 2011),
- IFRS 9 Financial instruments,
- IFRS 10 Consolidated financial statements,
- IFRS 11 Joint arrangements,
- IFRS 12 Disclosure of involvement with other entities, and
- IFRS 13 Fair value measurement.

The following standards and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2012 or later periods, but the group has not early adopted them. These are not relevant to Citycon, because according to the company's current view, they will not significantly change its accounting policies nor presentation of the accounts.

- IFRS 1 First-Time adoption of International Financial Reporting Standards (IFRS) (amendment),
- IAS 19 Employee benefits (amendment),
- IFRS 7 Financial instruments disclosures: Enhanced derecognition disclosure requirement.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Group accounting

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

4.1.1 Subsidiaries

Subsidiaries refer to companies in which the Group holds a controlling interest. This controlling interest implies that the Group has the power to govern the entity's financial and operating policies for the purpose of profiting from its operations. Subsidiaries are consolidated from the date on which control is transferred to the Group, until the date on which said control ceases.

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

When an acquisition is made, the judgment is needed whether the acquisition is treated as an asset acquisition or either as a business acquisition (see Chapter 5.2.2 Business acquisitions and asset acquisitions for judgment principles). An asset acquisition does not generate goodwill, but the entire acquisition cost is allocated to land, buildings and other assets and liabilities.

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

4.1.2 Jointly controlled assets

Mutual real estate companies in Finland, in which the ownership of Citycon is less than 100%, are treated as jointly controlled assets in accordance with IAS 31 Interests in Joint Ventures. Jointly controlled assets are included in the consolidated financial statements using proportionate consolidation, whereby the Group's share of assets, liabilities, income and expenses are

included in the consolidated financial statements line-by-line. The proportionate consolidation method applies to all joint ventures of this kind, regardless of the Group's holding in the joint venture.

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

4.1.3 Jointly controlled entities

Citycon has an interest in joint venture, which is treated as a jointly controlled entity based on IAS 31 Interest in Joint Ventures. In jointly controlled entity, venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. Citycon recognises its interest in jointly controlled entity with equity method. The Group presents the aggregate share of profit or loss from the jointly controlled entity on the face of its income statement in line "Share of profit of jointly controlled entities". In the Note 18 "Investments in jointly controlled entities" the assets and liabilities of jointly controlled entities are presented.

4.2 Foreign currency transactions

Transactions denominated in foreign currencies are measured at the exchange rate quoted on the transaction date. Any exchange rate differences resulting from currency translation are entered under financial expenses and income in the income statement.

Monetary receivables and payables denominated in foreign currencies on the balance sheet date are measured at the exchange rate quoted on the balance sheet date. Non-monetary items denominated in foreign currencies and measured at fair value are translated into euros using the exchange rates quoted on the valuation date, while other non-monetary items are measured at the exchange rate quoted on the transaction date.

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

4.3 Investment property

Investment property refers to land or a building, or part of a building, held to earn rental income or capital appreciation, or both. Under IAS 40, investment property is measured at fair value, with gains and losses arising from changes in fair values being included in the income statement.

The investment properties are measured initially at cost, in-

cluding transaction costs such as consultant fees and transfer taxes. After their initial measurement investment properties are subject to a fair value model valuation, which is conducted by an external appraiser for the first time at the end of the quarter following the acquisition.

Fair value is defined as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms' length transaction. An investment property's fair value reflects the actual market position and circumstances on the balance-sheet date, best manifested in prices paid for properties on the active market on the review date, and the location and condition of these properties corresponding to those of the property under review while applying similar lease or other contracts.

Using International Valuation Standards (IVS), an external professional appraiser conducts the valuation of the company's property at least once a year, or at more regular intervals due to any major changes in the market. During 2011 and 2010, Citycon had its properties valued by an external appraiser on a quarterly basis.

A ten-year cash flow analysis based on the net rental income is used to determine the fair value of investment properties. The basic cash flow is determined by the company's lease agreements valid at the valuation date. Upon the lease's expiry, the market rent assessed by an external appraiser is used to replace the contract rent. Gross rental income less operating expenses and investments equals cash flow, which is then discounted at the property-specific yield requirements. Yield requirements are determined for each property in view of property-specific and market risks. The total value of the property portfolio is calculated as the sum of the individual properties based on the cash-flow method.

Citycon redevelops its investment properties. When Citycon begins to redevelop its existing investment property, the property remains as an investment property, which is measured based on a fair value model in accordance with IAS 40.

The fair value of (re)development projects i.e. investment properties under construction (IPUC) is determined under IAS 40 and Citycon uses a normal cash flow analysis or a special project model to measure the fair value of its (re)development projects, depending on the nature of the project. Both models take account of capital expenditure on the (re)development project and the property's future cash flows according to the (re)development project's schedule. Citycon takes into account the (re)development projects in its fair value evaluation, as soon as the Board of Directors has made a positive investment decision on the project and the external appraiser considers that sufficient information is available for a reliable valuation. In the fair value evaluation on 31 December 2011, Citycon valued 5 properties (7 properties on 31 December 2010) as (re)development projects.

All potential development projects have been left out of the valuation conducted by the external appraiser. The valuation of

properties with potential development projects is based on the situation and the estimated rental value on the valuation date. All undeveloped lots, or those under development, are evaluated based on their zoning on the valuation date. The value in each case was set based on market observations.

The fair value of Citycon's investment properties in the balance sheet equals the property portfolio's total value determined by the external appraiser, capital expenditure on development projects that have not been taken into account by the external appraiser, as well as the value of new properties acquired during the reporting quarter.

Gains and losses resulting from fair-value changes for investment properties are stated as separate items in the income statement.

4.4 Investment properties held for sale

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

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

However, investment properties held for sale are still recognised at fair value in accordance with IAS 40. Investment properties held for sale totalled EUR 12.7 million on 31 December 2011 (EUR 1.5 million on 31 December 2010).

4.5 Inventory properties

Under IAS 40, a property must be reclassified under inventories in the event of a change in the use of the property, evidenced by development starting with a view to a sale. If an investment property is being built/developed with a view to a sale, it will be treated in accordance with IAS 2 Inventories: it is recognised either at cost or below at net realisable value. If the property was acquired with a view to a sale, it will also be treated in accordance with IAS 2 Inventories. When a property is treated in accordance with IAS 2 Inventories, the property's value is presented under

'Inventory properties' in the statement of financial position. Citycon had no inventory properties on 31 December 2011 or 31 December 2010.

4.6 Property, plant and equipment

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

PPEs are depreciated on a straight-line basis over the asset's expected useful economic life. The asset's useful economic life and estimated residual values are reviewed on an annual basis. If any major differences occur between the values, the depreciation plan is revised to correspond to these new values. The following depreciation periods apply:

- Machinery and equipment are depreciated on a straight-line basis over ten years.
- Other PPEs are depreciated on a straight-line basis over three to ten years.
- This also applies to tangible assets leased under finance lease. Such an asset is depreciated over its useful economic life or within the shorter lease term.

Capital gains or losses on the sale of PPEs are recognised in the income statement.

4.7 Intangible assets

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

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

These assets include mainly computer software. They are amortised over their useful life on a straight-line basis over five years.

4.8 Impairment of tangible and intangible assets

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

4.9 Financial assets and liabilities

4.9.1 Recognition and measurement

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

1. loans and other receivables not held for trading,
2. available-for-sale financial assets and
3. financial assets at fair value through profit or loss.

The classification of a financial asset is determined by the purpose for which the asset is purchased at the time of its purchase.

Loans and other receivables not held for trading include financial assets which the company has created by providing money, goods or services directly to the debtor. Initially recognised at cost, these assets under current and non-current assets are carried at amortised cost. Their balance sheet value is impaired by the amount of any credit loss. In the company's consolidated statements of financial position as at 31 December 2011 and 31 December 2010, loans and other receivables include the items "Other non-current assets", "Trade and other receivables" and "Cash and cash equivalents".

Available-for-sale financial assets are non-derivative assets carried at fair value. Changes in their fair value are recognised in the fair value reserve under shareholders' equity and in the income statement when the asset is disposed of or it has lost its value to the extent that an impairment loss must be recognised for the asset. Available-for-sale financial assets are intended to be held for an indefinite period and can be sold at a time deemed appropriate. On 31 December 2011 or 31 December 2010, Citycon had no available-for-sale financial assets.

Citycon concludes derivative contracts for hedging purposes only. Derivative contracts not fulfilling the criteria set for hedge accounting, or for which Citycon has decided not to apply hedge accounting, are classified as financial assets or liabilities at fair value through profit or loss. On 31 December 2011 and 31 December 2010, Citycon didn't have any derivative contracts classified as financial assets at fair value through profit or loss.

Financial liabilities are classified as

1. financial liabilities at fair value through profit or loss or
2. financial liabilities at amortised cost.

Financial liabilities are initially recognised at fair value. Afterwards, financial liabilities excluding derivative debt are recognised at amortised cost using the effective interest method. In the company's consolidated statement of financial position, on 31 December 2011 and 31 December 2010, financial liabilities at amortised cost include the items 'Loans', 'Other liabilities' and 'Trade payables and other payables'. On 31 December 2011 Citycon didn't have any derivative contracts classified as financial liabilities at fair value through profit or loss on 31 December 2011 and on 31 December 2010.

Financial assets and liabilities are recognised in the balance sheet on the basis of the settlement date.

4.9.2 Derivative contracts and hedge accounting

Derivatives are initially measured at cost (if available) and re-measured at fair value on each balance sheet date.

Citycon uses interest rate swaps to hedge the interest rate cash flow risk. These interest rate swaps hedge against volatility in future interest payment cash flows (cash flow hedging) resulting from interest rate fluctuations, and the resulting profit fluctuations. Citycon applies hedge accounting to the majority of its interest rate swaps, under IAS 39, according to which the amount of financial instruments' fair value change stemming from effective hedging is recognised under other comprehensive income, whereas the amount stemming from ineffective hedging is recognised in the statement of comprehensive income under financial income and expenses. The amount in the fair value reserve is recognised in the statement of comprehensive income during the period when the cash flow from the hedged item is realised and affects earnings. If the criteria for hedge accounting are not met, changes in fair value are recognised in full through profit or loss.

Interest payments based on interest rate swaps are included in interest expenses. Changes in "fair value through profit or loss" are recognised as financial expenses or income, as hedge accounting is not applied. The fair value of interest rate swaps is shown in current or non-current receivables or short-term or long-term liabilities in the statement of financial position. The fair value of interest rate swaps is based on the present value of estimated future cash flows.

The company uses foreign exchange derivatives to hedge against exchange rate risk relating to financial assets and liabilities denominated in foreign currency. Fair value changes related to foreign exchange derivatives are recognised in the statement of comprehensive income, since fair value changes related to financial assets and liabilities denominated in foreign currencies are also recognised therein.

4.9.3 Embedded derivatives

Under IAS 39, an embedded derivative – a derivative instrument included in another contract, or a host contract, whose financial characteristics are not closely related to those of its host contract – must be separated from the host contract under certain circumstances, accounted for at fair value and changes in its fair value must be recognised in the statement of comprehensive income. The Group has no embedded derivatives.

4.9.4 Impairment of financial assets

A financial asset is impaired if its carrying amount exceeds its estimated recoverable amount. If there is objective evidence that a financial asset measured at amortised cost is impaired, the resulting impairment loss must be recognised in the statement of comprehensive income. If the amount of impairment loss de-

creases during a subsequent financial period and this fall can be regarded as relating to an event after the date of impairment recognition, the asset's impairment will be reversed.

4.10 Cash and cash equivalents

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

4.11 Share capital

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

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

4.12 Provisions

Provisions are recognised when Citycon has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of this obligation can be made.

Long-term provisions shown in the financial statements are based on net present values.

4.13 Income recognition

4.13.1 Rental income

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

Citycon also has leases including rent-free periods or rental discounts and which have been agreed in the original lease. Such lease incentives are treated according to SIC Interpretation 15 Operating Leases – Incentives and are recognised on a straight-line basis over the lease term, although rent payments are not received on the same basis. Citycon has also allowed rental discounts which have not been agreed in the original lease. In such cases, the lease-

holder has requested a rental discount due to the market situation or the property's (re)development project. Such temporary rental discounts are recognised in the income statement during the period for which rent reductions have been granted.

On behalf of the lessee, Citycon may perform alteration work on premises rented by the lessee and charge the lessee for the resulting costs, in the form of a rent increase. The Group recognises the alteration-related rent increase as rental income over the lease term. Rent increase and the expense arising from the alteration work are taken into account when measuring the fair value of investment property.

4.13.2 Service charges

Service charges are recognized in the period in which the expense it relates to is expensed. Service charges are included gross of the related costs in turnover as Citycon considers to act as principal in this respect.

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

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

4.13.3 Sale of an existing property

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

4.13.4 Sale of a property under construction

When property is under (re)development and agreement has been made to sell such property when construction is complete, Citycon considers whether it was agreed to construct a property or to sell a completed property. If agreed to sell the completed property, the property is regarded as sold when the significant risks and rewards of ownership have been transferred to the buyer. If agreed to construct a property, the revenue from disposal is recognised using the percentage of completion method as construction progresses, if the risks and rewards of the work in progress are transferred to the buyer as construction progresses.

4.13.5 Interest income

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

4.13.6 Dividend income

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

4.14 Borrowing costs

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

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

4.15 Taxes

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

Deferred tax assets and liabilities are calculated on temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts. A major temporary difference arises between the fair value and taxable value of investment properties. In such a case, taxes are calculated on the difference between the property's fair value and the debt-free acquisition cost of shares in the mutual real estate company in question, or the non-depreciated residual value of the directly owned property.

It is the company's policy to realise its shareholding in property companies by selling the shares it holds. For properties owned abroad, such deferred taxes are not recognised because, due to the ownership structure, property disposal does not lead to tax implications.

No deferred tax on subsidiaries' retained earnings is recognised, to the extent that the difference is unlikely to be discharged in the foreseeable future.

Deferred tax assets are recognised to the extent that it appears probable that future taxable profit will be available, against which the temporary differences can be utilised.

If the recognition of deferred taxes is attributable to an item recognised in shareholders' equity, such as a change in the fair

value of a derivative instrument used for hedging purposes, deferred taxes will also be recognised in shareholders' equity.

The tax rate enacted by the balance sheet date is used to determine deferred tax.

4.16 Leases – Citycon as lessor

Leases, for which Citycon acts as a lessee, are classified as finance leases and recognised as assets and liabilities if the risks and rewards related to the property have been passed on to the company. Leases are classified at their inception and recognised at the lower of the present value of the minimum lease payments, and the fair value of the asset under PPE and financial liabilities. PPE is depreciated over its useful economic life or during the lease term. Lease payments in the income statement are recognised as interest or the repayment of financial liabilities.

Leases are classified as operating leases if substantially all of the risks and rewards inherent in holding such leased assets have not been transferred to the lessee.

4.17 Pensions

The Group's employee pension cover is based on statutory pension insurance. Pension schemes are classified into two categories: defined contribution plans and defined benefit plans. Where contributions under defined contribution plans are recognised in the income statement for the period during which such contributions are made, defined benefit pension plans are based on actuarial calculations.

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

4.18 Share-based payments

Citycon has applied IFRS 2 Share-based Payment to its stock options and to the long-term share-based incentive plan. Such stock options and share-based incentive plans are measured at fair value on the grant date and expensed over their vesting period. Stock options granted before the above date have not been expensed.

Citycon uses the Black & Scholes option-pricing model to measure the fair value of stock options.

4.19 Dividend distribution

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

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

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

5.1 Key estimates and assumptions

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

5.1.1 Fair value of investment properties

Measuring the fair value of investment property is a key accounting policy that involves the management's judgement and assumptions about future uncertainties. Market rents, occupancy rate, operating expenses and yield requirement form the key variables used in the investment property's fair-value measurement. The evaluation of these variables involves the management's judgement and assumptions. On 31 December 2011, the fair value of investment properties totalled EUR 2,522.1 million (EUR 2,367.7 million). An analysis of investment properties' sensitivity to key variables is presented under Note 17. Investment Properties.

Citycon uses a net rental income based cash flow analysis to measure the fair value of its investment properties. Net rental income and the yield requirement of each property must be defined for the cash flow analysis. Net rental income equals gross rental income less operating expenses. The yield requirement is used for discounting the yearly net rental income less investments, to which the discounted residual value and other assets, such as unused building rights and lots, are added to obtain the fair value of investment property. The key parameters of the cash flow analysis are the following items:

- Market rents, which affect rental income in the cash flow analysis, are determined by market supply and demand. The external appraiser defines the market rents for each property.
- The occupancy rate stands for that part of the leasable space (Gross Leasable Area, GLA) that is leased. The occupancy rate is determined by the lease agreements valid on the valuation date. Upon a lease expiry, measuring the occupancy rate involves the management's assumptions. The occupancy rate affects the yearly rental income.
- Operating expenses comprise costs resulting from the property's management, maintenance, heating, electricity, water supply etc. Operating expenses are determined based on the

previous year's operating expenses and the benchmark data collected by the external appraiser.

- The yield requirement comprises risk-free interest as well as property-specific and market risk. The property-specific risk is defined by Citycon and this definition involves the management's judgement and assumptions. Market risks are defined by an external appraiser. Yield requirement added by inflation assumption is used as the discount rate in the cash flow analysis. When the yield requirement decreases, the fair value of investment properties increases.

Other variables involving estimates and assumptions are the current leases' extension probability, the duration of vacant areas, investments, the inflation rate and rental growth assumptions.

Citycon uses a normal cash-flow analysis or a special project model to measure the fair value of its (re)development projects depending on the nature of the project. Although the project model applies principles similar to those used in the cash flow analysis measuring the investment property's fair value, it is better suited to modelling changes, in many cases significant ones, in premises and contracts during the development project. Based on the project model, the property can be divided into different parts and the current leases, future leases, project schedules and capital expenditure can be defined for each of these parts, which may comprise the various floors, areas or a larger space within the building. In addition, risks associated with the development project and the property's future use can be defined for the yield requirement for development projects. Following this, each part is subject to the cash flow analysis and the parts' combined cash flow constitutes the development project's fair value.

When evaluating the fair value of (re)development projects, either with a normal cash flow analysis or with the use of a special project model, the judgement or assumptions about future investments, rental agreements and the project's timetable must be made.

5.1.2 Taxes

Citycon is subject to income taxation in several countries. The complexity of tax legislation, as well as constant changes in it and in the operating environment, require Citycon to use estimates and assumptions when preparing its tax calculations. Future taxable income is uncertain, and the final amount of taxes may deviate from the originally recorded amount. If final tax deviates from originally recorded amounts, such differences may affect the period's taxable profit, tax receivables or liabilities as well as deferred tax assets or liabilities. Citycon's current taxes in 2011 amounted to EUR 0.9 million (EUR 0.6 million in 2010).

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

The major temporary difference arises between the fair value and taxable value of investment properties. Under the policy adopted by Citycon, deferred tax describes the tax payable on potential gains on sale in the case of a property being sold. This means that Citycon needs to estimate the future realisation of its property sales. In the main, Citycon realises its properties' sales by selling shares representing ownership in the property and by reporting deferred tax according to this rule. Deferred tax liability recognised from the difference between the fair value and taxable value of investment properties was EUR 57.5 million on 31 December 2011 (EUR 59.7 million on 31 December 2010).

Other main temporary differences relate to unused tax losses and financial instruments. When tax receivables are recognised for tax losses that have been confirmed in taxation, the company must evaluate whether it is probable that such tax losses can be used against a taxable profit arising in the future. Deferred tax asset from tax losses amounted to EUR 1.1 million million on 31 December 2011 (EUR 1.3 million on 31 December 2010).

No deferred tax is recognised on subsidiaries' retained earnings, to the extent that it is considered unlikely that such a difference will be discharged in the future. On 31 December 2011, Citycon had confirmed losses for which tax assets of EUR 19.4 million (EUR 16.6 million in 2010) were not recognised.

Deferred taxes are calculated on the balance sheet day using valid tax rates.

5.2 Accounting policies requiring judgment

Citycon must use judgement when applying the following accounting policies.

5.2.1 Classification of properties

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

- Properties which are neither held for sale nor used in Citycon's administration or other operations but, rather, held to earn rentals or for capital appreciation or both, are classified as investment properties. Citycon had investment properties EUR 2,522.1 million on 31 December 2011 (EUR 2,367.7 million on 31 December 2010).
- Properties in which a redevelopment is initiated for the purpose of a sale, or which are being built/developed with a view to a sale, are classified as inventory properties. Citycon had no inventory properties on 31 December 2011 or 31 December 2010.
- Properties which are held to earn rentals and/or for capital appreciation, but whose sale is deemed probable, are classified as investment properties held for sale. Citycon had investment properties held for sale EUR 12.7 million on 31 December 2011 (EUR 1.5 million on 31 December 2010).

5.2.2 Business acquisitions and asset acquisitions

Citycon purchases investment properties through asset acquisitions and business acquisitions. It applies IAS 40 Investment Property to the accounting treatment of asset acquisitions and IFRS 3 Business Combinations to the accounting treatment of business acquisitions. Citycon exercises judgement in assessing whether the purchase of an investment property or an investment property portfolio is classified as an asset acquisition or business acquisition. Acquisitions are treated as business acquisitions when significant set of activities is acquired in addition to the property. The significance of activities is assessed in accordance with the definition of ancillary services (e.g. maintenance, cleaning, security, book-keeping, etc.) of IAS 40. Citycon didn't have any business acquisitions in 2011 and 2010.

5.2.3 Sale of investment properties and sale of business

When investment properties are sold, Citycon exercises judgement in estimating whether the sale is classified as a real estate

sale or sale of a business. For Citycon, characteristics of a sale of a business include, for example, the sale of a major line of business or geographical area of operations that also involves the transfer of staff and/or management essential to the business.

In the case of real estate sale, IAS 40 Investment Property or IAS 2 Inventory based accounting treatment is applied. Policies concerning the sale of individual investment properties or properties are described in 4.4 Investment properties held for sale and 4.5 Inventory properties.

In the case of sale of a business, IFRS 5, Non-current Assets Held for Sale and Discontinued Operations based accounting treatment is applied. Businesses i.e. disposal groups such as segments or property portfolios are classified as assets held for sale when their carrying amount is to be recovered, principally through a sale transaction, and a sale is considered highly probable. A sale is considered highly probable based on the policies presented under 4.4 Investment properties held for sale. Profit for the period from the business held for sale must be stated as a separate item in the consolidated statement of comprehensive income, while the business held for sale must be presented in the statement of financial position, separately from other assets. In addition, liabilities under the the business held for sale must be presented in the statement of financial position, separately from other liabilities. Citycon had no businesses held for sale on 31 December 2011 or 31 December 2010.

6. GROSS RENTAL INCOME

A) Breakdown of gross rental income

EUR million	2011	2010
Straight-lining of lease incentives	0.3	0.6
Temporary rental discounts	-2.4	-3.0
Additional rent from turnover based rental agreements	3.8	2.4
Gross rental income (excl. items above)	204.3	185.9
Total	206.0	185.9

B) General description of Citycon's lease agreements

In accordance with the table presented below, Citycon had 3,955 lease agreements on 31 December 2011 (3,765 agreements on 31 December 2010). The increase in number of lease agreements were due to acquisitions of shopping centre properties in the Baltic Countries and Sweden, opening of redevelopment projects and offset by divestments of shopping centre and supermarket properties in Finland and residential units in Sweden. In the majority, i.e. in 89 per cent (89% on 31 Dec. 2010) of Citycon's leases the rent is divided into base rent, tied to the cost-of-living index, and the maintenance charge. The maintenance charge, charged separately from the lessee, covers operating expenses incurred by the property owner due to property maintenance, while enabling the provision of any additional services requested by the lessee.

Part of Citycon's lease agreements also contain a turnover-linked component in addition to a cost-of-living -indexation. Turnover based rent agreements accounted for roughly 49 per cent (43 per cent at 31.12.2010) of Citycon's lease portfolio at 31.12.2011. In Note 6. A) Breakdown of gross rental income, the additional rent received from turnover based rental agreements is presented.

Thus, Citycon's leases are chiefly leases with contingent rent payments in accordance with IAS 17.4, because the entire portfolio is tied to the cost-of-living index, a predetermined minimum rent increase and/or the lessee's turnover.

Number of lease agreements	31 Dec. 2011	31 Dec. 2010
Finland	1,699	1,672
Sweden	1,818	1,784
Baltic Countries	438	309
Total	3,955	3,765

In accordance with the table presented below, the average remaining length of Citycon's lease portfolio was 3.4 years on 31 December 2011 (3.2 years on 31 December 2010). Citycon mainly seeks to prepare fixed-term contracts. As a main rule, new leases are signed for a fixed period in all countries. Along-

side storage facilities and individual parking spaces, apartments form the main exception to this. Fixed-term agreements represented about 78 per cent of Citycon's property portfolio on 31 December 2010 (75 per cent on 31 December 2010) and initially fixed-term contracts 10 per cent on 31 December 2011 (11 per cent on 31 December 2010). The rest of the agreements are leases in effect until further notice (12 per cent out of all leases on 31 December 2011 and 14 per cent on 31 December 2010).

A new lease's duration depends on the type of premises to be leased and the tenant. With an anchor tenant, the company typically concludes long-term leases of 10 or even 20 years. Leases for smaller retail premises, however, are chiefly negotiated for a term of 3-5 years.

Average remaining length of lease portfolio at the end of financial year, year	31 Dec. 2011	31 Dec. 2010
Finland	3.5	3.0
Sweden	2.9	3.1
Baltic Countries	4.2	4.6
Average	3.4	3.2

C) Future minimum lease payments receivable under non-cancellable leases

Non-cancellable leases include fixed-term and initially fixed-term leases until the end of their terms. Leases in effect until further notice are assumed as non-cancellable leases for the equivalent of their notice period.

EUR million	31 Dec. 2011	31 Dec. 2010
Not later than 1 year	50.7	54.8
1-5 years	112.6	109.7
Over 5 years	46.2	24.8
Total	209.5	189.3

7. SEGMENT INFORMATION

The presentation of segment information is based on the Group's geographical business units. In turn, these units are based on the Group's organisational structure and internal financial reporting. Furthermore, the Group's profit is reported to the Board of Directors, which is the chief operating decision maker, by the geographical business units. Citycon's management and Board of Directors assess the business units' performance on the basis of net rental income and EPRA operating profit. Fair value changes are also reported to Citycon's management and Board of Directors, by business unit. In addition to geographical business units, Citycon's management and Board of Directors monitor property-specific net rental income.

Segment assets and liabilities consist of operating items which the segment uses in its operations or which can be allo-

cated to the segment on a reasonable basis. Unallocated items include tax and financial items, as well as corporate items. No internal sales take place between segments.

Capital expenditure includes additions to the investment properties, property, plant and equipment and intangible assets in the statement of financial position.

Citycon's turnover mainly consists of rental income. Rental income arises mainly from retail premises from two different property types: shopping centres, and supermarkets and shops. Citycon presents its gross rental income broken down by property type.

Principal customers include the five biggest tenants, one of whose share of gross rental income exceeds 10 per cent. The proportion of gross rental income and the segment is specified for each of these tenants. The proportion of gross rental income is based on the rent roll at 31 Dec. 2011 and at 31 Dec. 2010.

A) Segment information

The geographical segments are Finland, Sweden and the Baltic countries. The segment Other mainly includes the administrative expenses arising from the Group's headquarter.

Finland

Citycon is Finland's largest company in the shopping-centre business. It owns 23 shopping centres, in addition to 37 other retail properties. 29 of the Finnish properties are located in the Helsinki Metropolitan Area and 31 elsewhere in Finland.

Sweden

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

Baltic Countries

Citycon owns four shopping centres in the Baltic region, three in Estonia and one in Lithuania.

EUR million 1 Jan.-31 Dec. 2011	Finland	Sweden	Baltic Countries	Other	Total
Gross rental income	127.3	57.4	21.2	-	206.0
Service charge income	5.1	2.7	3.3	-	11.1
Turnover	132.5	60.1	24.5	-	217.1
Property operating expenses	41.7	23.9	6.0	0.0	71.6
Other expenses from leasing operations	0.3	0.9	0.0	0.0	1.2
Net rental income	90.5	35.4	18.4	0.0	144.3
Administrative expenses	7.6	4.9	1.3	13.2	27.1
Other operating income and expenses	0.3	-	0.0	-0.1	0.2
EPRA operating profit	83.2	30.4	17.1	-13.4	117.4
Indirect administrative expenses	0.7	0.3	-	-	1.0
Net fair value losses/gains on investment property	-40.4	1.7	3.4	-	-35.3
Profit on disposal of investment property	0.0	0.6	0.0	-	0.6
Operating profit/loss	42.3	32.4	20.5	-13.4	81.8
Net financial income and expenses				-62.4	-62.4
Share of profit/loss of jointly controlled entities				0.3	0.3
Income tax expense				1.6	1.6
Profit for the period					21.3
Allocated assets					
Investment properties	1,547.4	697.1	277.6	-	2,522.1
Investment properties held for sale	-	12.7	-	-	12.7
Other allocated assets	10.6	21.5	1.0	94.9	128.0
Unallocated assets					
Deferred tax assets				14.5	14.5
Derivative financial instruments				0.5	0.5
Assets	1,558.0	731.3	278.6	109.8	2,677.7
Allocated liabilities					
Trade and other payables	5.1	19.4	1.6	27.0	53.2
Unallocated liabilities					
Interest-bearing liabilities				1,547.9	1,547.9
Deferred tax liabilities				59.8	59.8
Derivative financial instruments				54.5	54.5
Other unallocated liabilities				0.4	0.4
Liabilities	5.1	19.4	1.6	1,689.8	1,715.9
Capital expenditure	62.5	45.5	108.1	0.6	216.7

EUR million 1 Jan.-31 Dec. 2010	Finland	Sweden	Baltic Countries	Other	Total
Gross rental income	122.1	49.8	13.9	-	185.9
Service charge income	4.3	2.9	2.7	-	10.0
Turnover	126.5	52.8	16.7	-	195.9
Property operating expenses	39.3	23.3	4.8	0.0	67.4
Other expenses from leasing operations	0.4	0.7	0.1	0.0	1.3
Net rental income	86.7	28.7	11.8	0.0	127.2
Administrative expenses	6.1	4.6	1.2	10.5	22.5
Other operating income and expenses	0.3	-	0.0	-	0.3
EPRA operating profit	80.9	24.1	10.6	-10.5	105.0
Indirect administrative expenses	0.0	0.7	-	-	0.8
Net fair value gains/losses on investment property	24.5	22.8	3.5	-	50.8
Profit on disposal of investment property	2.2	0.5	0.0	-	2.6
Operating profit/loss	107.5	46.7	14.1	-10.5	157.7
Net financial income and expenses				-54.9	-54.9
Income tax expense				-12.5	-12.5
Profit for the period					90.4
Allocated assets					
Investment properties	1,533.0	668.6	166.1	-	2,367.7
Investment properties held for sale	1.5	-	-	-	1.5
Other allocated assets	6.2	20.1	0.7	32.4	59.4
Unallocated assets					
Deferred tax assets				5.6	5.6
Derivative financial instruments				2.2	2.2
Assets	1,540.6	688.8	166.8	40.3	2,436.5
Allocated liabilities					
Trade and other payables	18.3	19.9	2.3	14.8	55.3
Unallocated liabilities					
Interest-bearing liabilities				1,397.7	1,397.7
Deferred tax liabilities				62.6	62.6
Derivative financial instruments				20.3	20.3
Other unallocated liabilities				0.5	0.5
Liabilities	18.3	19.9	2.3	1,495.9	1,536.3
Capital expenditure	76.3	50.6	6.0	0.8	133.7

B) Turnover by property types

Me	2011	2010
Shopping centres	187.9	165.8
Supermarkets and shops	29.2	30.2
Total	217.1	195.9

C) Major tenants

2011	Proportion of gross rental income, %	Segment 2011
Kesko	17.2	Finland
S Group	5.6	Finland and the Baltic Countries
ICA AB	3.4	Sweden and the Baltic Countries
Stockmann	3.1	Finland, Sweden and the Baltic Countries
Tokmanni	1.7	Finland
Total	31.1	

Proportion of gross rental income is based on the rent roll at 31 Dec. 2011

2010	Proportion of gross rental income, %	Segment 2010
Kesko	19.9	Finland
S Group	4.9	Finland and the Baltic Countries
ICA AB	3.6	Sweden and the Baltic Countries
Stockmann	3.3	Finland, Sweden and the Baltic Countries
Tokmanni	1.8	Finland
Total	33.5	

Proportion of gross rental income is based on the rent roll at 31 Dec. 2010

8. PROPERTY OPERATING EXPENSES

EUR million	2011	2010
Heating and electricity	24.2	22.0
Maintenance expenses	23.3	23.0
Land lease fees and other rents	1.3	1.3
Property personnel expenses	0.6	0.6
Administrative and management fees	2.3	2.3
Marketing expenses	5.6	5.0
Property insurances	0.5	0.5
Property taxes	6.4	6.3
Repair expenses	7.5	6.5
Other property operating expenses	-0.1	0.0
Total	71.6	67.4

One property had no income during the year 2011 (two properties in 2010), but it generated expenses of EUR 0.0 million (EUR 0.1 million).

9. OTHER EXPENSES FROM LEASING OPERATIONS

EUR million	2011	2010
Tenant improvement expenses and commissions	0.4	0.3
Credit losses	0.8	1.0
Total	1.2	1.3

Significant tenant improvements are recognised as investments.

Credit losses include decrease of EUR 0.1 million in credit loss provisions (increase of EUR 1.0 million) in the consolidated statement of comprehensive income. Credit loss provisions in the statement of financial position are presented in Note 25. Trade and other receivables.

10. ADMINISTRATIVE EXPENSES

EUR million	2011	2010
Personnel expenses	15.1	11.0
Non-recurring personnel expenses arising from employment terminations	1.7	1.3
Consultancy and advisory fees as well as external services	4.8	5.6
Office and other administrative expenses	5.4	4.4
Depreciation and amortisation	1.0	0.8
Total	28.0	23.3

Non-recurring personnel expenses arising from employment terminations include one-off compensations (incl. pension and social charges) payable to 11 persons in 2011 and to two persons in 2010.

The following audit fees and services from the audit firm Ernst & Young Oy are included within the consulting and advisory fees included in the administrative expenses and within the administrative and management fees included in the property operating expenses.

EUR million	2011	2010
Audit fees	0.3	0.2
Other advisory services	0.7	0.2
Total	0.9	0.4

11. PERSONNEL EXPENSES

EUR million	2011	2010
Wages and salaries of management		
CEO	0.5	0.4
Management committee	1.2	1.0
Board	0.7	0.7
Other wages and salaries	8.8	6.6
Pension charges: defined contribution plans	1.6	1.2
Pension charges: defined benefit plans	-0.1	0.0
Social charges	1.3	1.1
Expense of share based payments	1.7	0.6
Total	15.7	11.6

Personnel expenses of EUR 0.6 million (EUR 0.6 million) are included in property operating expenses and EUR 15.1 million (EUR 11.0 million) in administrative expenses.

Citycon used to have a defined benefit pension plan related to the pension plan of the previous CEO Petri Olkinuora. As Petri Olkinuora left the company, Citycon settled its obligations related to Olkinuora's pension plan during 2010. Therefore, there were no defined benefit pension liability recognized in the statement of financial position on 31 December 2011 and 2010. The defined benefit pension income of EUR 0.1 million in 2011 arose from the difference between the accrued settlement in 2010 and the final actuarial calculations.

The share-based payment plans are described in Note 30. Employee benefits.

Information on management benefits is presented in Note 33. Related party transactions.

Average Group staff by Business Units during the period	2011	2010
Finland	55	52
Sweden	35	34
The Baltic Countries	11	11
Headquarter	30	26
Total	131	123

12. DEPRECIATION AND AMORTISATION

Depreciation and amortisation of EUR 1.0 million (EUR 0.8 million) on machinery and equipment, as well as on intangible assets, is included in administrative expenses.

13. OTHER OPERATING INCOME AND EXPENSES

EUR million	2011	2010
Other operating income	0.3	0.3
Other operating expenses	-0.1	-
Total	0.2	0.3

14. NET FINANCIAL INCOME AND EXPENSES**A) Recognised in the income statement**

EUR million	2011	2010
Interest income	0.6	0.5
Foreign exchange gains	53.8	73.0
Fair value gain from derivatives	-	0.2
Other financial income	0.0	0.1
Financial income, total	54.4	73.7
Interest expenses	61.0	55.4
Foreign exchange losses	53.7	72.8
Development interest capitalised	-2.5	-3.3
Other financial expenses	4.6	3.8
Financial expenses, total	116.8	128.6
Net financial income and expenses	62.4	54.9
Of which attributable to financial instrument categories:		
Interest-bearing loans and receivables	48.0	20.6
Finance lease liabilities	0.0	0.0
Derivative financial instruments	14.1	34.2
Other liabilities and receivables	0.2	0.1
Net financial income and expenses	62.4	54.9

In 2011, foreign exchange gains of EUR 0.1 million (loss of EUR -8.9 million) were recognised in the statement of comprehensive income from foreign exchange derivative agreements.

Interest on development expenditure is capitalised at a rate of 4.31% as at 31 December 2011 (4.32% as at 31 December 2010).

Citycon's interest expenses in the statement of comprehensive income contain interest expenses from interest-bearing debt as well as all interest expenses arising from derivative financial instruments used for hedging purposes. Additional information on Citycon's derivative financial instruments, their fair values and hedge accounting treatment can be found in Note 23. Derivative Financial Instruments.

B) Recognised in the other comprehensive income

EUR million	2011	2010
Losses arising during the period from cash flow hedges	-50.1	-17.7
Less: interest expenses recognised in the income statement on cash flow hedges	14.2	22.9
Net losses/gains on cash flow hedges	-35.9	5.1

15. INCOME TAXES

EUR million	2011	2010
Current tax	0.9	0.6
Tax for prior periods	0.0	0.0
Deferred tax	-2.5	11.8
Income taxes	-1.6	12.5

Reconciliation between tax charge and Group tax at the Finnish tax rate (26.0%):

EUR million	2011	2010
Profit/loss before taxes	19.7	102.8
Taxes at Finnish tax rate	5.1	26.8
Fair value gains and losses from subsidiaries owned abroad	-4.9	-12.0
Difference in foreign subsidiaries' tax rate	-3.3	-1.6
Unrecognised tax receivables from losses	2.1	4.1
Utilisation of previously unrecognised tax losses	-0.2	-4.8
Other	-0.5	0.0
Income taxes	-1.6	12.5
Effective tax rate	-8.3%	12.1%

16. EARNINGS PER SHARE

Earnings per share (basic) is calculated by dividing the net profit/loss attributable to parent company shareholders by the share issue adjusted weighted average number of shares.

EUR million	2011	2010
Earnings per share, basic		
Profit/loss attributable to parent company shareholders (EUR million)	13.0	78.3
Average number of shares (1,000)	259,778.3	228,148.2
Earnings per share (basic) (EUR)	0.05	0.34

EUR million	2011	2010
Earnings per share, diluted		
Profit/loss attributable to parent company shareholders (EUR million)	13.0	78.3
Expenses from convertible loan, less the tax effect (EUR million) ¹⁾	-	4.1
Profit/loss used in the calculation of diluted earnings per share (EUR million)	13.0	82.5
Average number of shares (1,000)	259,778.3	228,148.2
Convertible capital loan impact (1,000) ¹⁾	-	17,519.6
Adjustment for stock options (1,000)	-	1.8
Adjustments for long-term share-based incentive plan (1,000)	128.8	136.8
Average number of shares used in the calculation of diluted earnings per share (1,000)	259,907.1	245,806.3
Diluted earnings per share (EUR)	0.05	0.34

1) The potential new shares from the conversion of convertible capital loan and the expenses from convertible loan (less the tax effect) are not included in calculating 2011 diluted per-share figures, because the earnings per share basic would be less than diluted earnings per share. Adjustments for long-term share-based incentive plan and stock options are taken into account when calculating the diluted earnings per share.

Diluted earnings per share is calculated by adjusting the weighted average number of shares to assume the conversion of all dilutive potential shares. The Group currently has three categories of dilutive shares in place: convertible capital loan, stock options and long-term share-based incentive plan.

- The holder of the convertible loan has the right, during 12 September 2006 - 27 July 2013, to convert the loan nominal amount into company shares. Based on the conversion price applicable on the balance sheet date, the dilution from full conversion of the loan nominal is approximately 17.0 million shares. When calculating the dilution effect, the loss/profit for the period is adjusted by the expenses arising from the convertible loan (including the tax effect).
- Stock options have dilutive potential when the subscription price of shares based on the stock options is lower than the share's fair value. The dilutive potential of stock options is calculated by taking account of the total number of shares that can be subscribed based on stock options, less the number of shares the group could acquire using assets derived from exercising stock options.
- The share-based incentive scheme has a dilutive effect when the earning period has ended, the performance conditions for the bonus have been fulfilled, and the shares have not yet been granted. In calculating the diluting effect of the share-based incentive scheme, the remaining work covered by the scheme is assigned a per-share value, which is compared to the fair value of a share. When the value of the remaining work performance is lower than the fair value of a share, the share-based incentive

scheme has a dilutive effect. In calculating the dilutive effect of the share-based incentive scheme, the number of shares the company would have received had it used assets to the value of the remaining work performance, to acquire treasury shares at fair value, is considered a deductive factor in the full number of shares granted.

Average number of shares used in the calculation of earnings per share	days	number of shares
1.1.2011	195	244,564,972
15.7.2011	3	244,811,297
18.7.2011	167	277,811,297
Weighted average (daily) number of shares	365	259,778,329

17. INVESTMENT PROPERTIES

Citycon divides its investment properties into two categories: Investment Properties Under Construction (IPUC) and Operative Investment Properties. At 31 December 2011, the first mentioned category included Iso Omena, Koskikeskus and Myllypuro in Finland as well as Åkermynntan Centrum in Sweden and Magistral in Estonia. At 31 December 2010, the first mentioned category included Espoontori, Kirkkonummen Liikekeskus, Lahden Hansa (Trio), Myllypuro, Marttilaakso and Myyrmanni in Finland as well as Åkersberga Centrum in Sweden. IPUC-category includes the fair value of the whole property even though only part of the property may be under construction.

Contractual obligations to purchase, construct or develop investment properties are presented in Note 32. B) Pledges and other contingent liabilities.

EUR million 31 Dec. 2011	Investment property under construction	Operative investment properties	Investment properties total
At period-start	326.1	2 041.6	2 367.7
Acquisitions during the period	-	139.9	139.9
Investments during the period	23.5	48.9	72.4
Disposals during the period	-	-16.6	-16.6
Capitalised interest	0.5	2.0	2.6
Fair value gains on investment property	20.3	19.5	39.8
Fair value losses on investment property	-0.2	-74.9	-75.1
Exchange differences	0.1	3.9	4.0
Transfer between IPUC and operative investment properties and transfer into investment properties held for sale	156.0	-168.7	-12.7
At period-end	526.4	1 995.7	2 522.1

EUR million 31 Dec. 2010	Investment property under construction	Operative investment properties	Investment properties total
At period-start	269.8	1 877.6	2 147.4
Acquisitions during the period	1.9	4.8	6.8
Investments during the period	69.5	52.2	121.7
Disposals during the period	-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
Transfer between IPUC and operative investment properties	-7.8	6.3	-1.5
At period-end	326.1	2 041.6	2 367.7

Under the IAS 40 Investment Property -standard, Citycon measures its investment properties at fair value. An external professional appraiser has conducted the valuation of the company's properties using a net rental income based cash flow analysis. Market rents, occupancy rate, operating expenses and yield requirement form the key variables used in the cash flow analysis.

A global property valuation expert Jones Lang LaSalle conducted the valuation of Citycon's properties for the financial statements 2011. Realia Management conducted the property valuation for the year 2010 and for the first three quarters of 2011. The resulting fixed fees based on the 2011 valuations total EUR 0.2 million (EUR 0.1 million in 2010).

The fair value of Citycon's investment properties in the balance sheet equals the property portfolio's total value determined by the external appraiser, capital expenditure on development projects not taken into account by the external appraiser, transfer into investment properties held for sale as well as the value of new properties acquired during the reporting quarter. The reconciliation between the fair value determined by the external appraiser and the fair value of investment properties in Citycon's balance sheet, is as follows.

Me	31.12.2011	31.12.2010
Fair value of investment properties determined by the external appraiser as at Dec. 31¹⁾	2,515.0	2,361.1
Capital expenditure on development projects	7.1	5.6
Transfer into investment properties held for sale	-	-1.5
Acquisition of new properties	-	2.5
Fair value of investment properties as at Dec. 31	2,522.1	2,367.7

1) The properties held for sale (EUR 12.7 million) were not included within the fair value determined by the external appraiser on 31 December 2011.

The segments' assumptions used by the external appraisers in the cash flow analysis on 31 December 2011 and on 31 December 2010 are presented in the table below. The average yield requirements decreased in all countries e.g. due to property acquisitions and disposals. In Sweden the average yield requirement decreased also due to increased demand for prime properties in the property markets. The average yield requirement for the total property portfolio remained, however, unchanged at 6.4% as proportion of the Baltic portfolio increased due to acquisition of Kristiine Shopping Centre. Market rents increased slightly from 23.6 EUR/sq.m. on 31 December 2010 to 23.8 EUR/sq.m. on 31 December 2011. The vacancy assumption for the cash flow period increased by 30bps from 4.4% on 31 December 2010 to 4.7% on 31 December 2011.

EUR million 31 Dec. 2011	Finland	Sweden	Baltic Countries	Average
Yield requirement (%)	6.3	5.9	8.0	6.4
Initial yield (%)	6.0	5.5	8.2	6.1
Reversionary yield (%)	6.8	6.6	8.4	6.9
Market rents (€/m ²)	24.4	23.6	20.8	23.8
Vacancy during the cash flow period (%)	4.9	5.5	2.0	4.7
Inflation assumption (%)	2.00	2.05	2.71	-
Operating expense growth assumption (%)	2.00	2.05	3.00	-

EUR million 31 Dec. 2010	Finland	Sweden	Baltic Countries	Average
Yield requirement (%)	6.4	6.1	8.1	6.4
Initial yield (%)	6.1	6.0	7.9	6.2
Reversionary yield (%)	6.9	6.8	8.3	6.9
Market rents (€/m ²)	23.6	24.1	21.4	23.6
Vacancy during the cash flow period (%)	4.6	4.1	3.6	4.4
Inflation assumption (%)	2.00	2.00	2.50	-
Operating expense growth assumption (%)	2.25	2.25	2.75	-

Sensitivity analysis

A number of factors contribute to the value of retail properties, such as national and local economic development, investment demand created by property investors, and interest rates. While changes in investment properties' fair value have an effect on the company's profit for the financial year, they do not have an immediate impact on cash flow. The yield requirement, rents, the occupancy rate and operating expenses form the key variables used in an investment property's fair-value measurement, based on a ten-year cash-flow analysis. Sensitivity to change in the properties' fair value, or the risk associated with fair value, can be tested by altering the above key parameters. The sensitivity analysis below uses the investment properties' fair value of EUR 2,515.0 million defined by the external appraiser at 31 December 2011 as the starting value. Sensitivity analysis indicates that the market value is most sensitive to the market rents and yield requirement. A ten percent decrease in the yield requirement results in an approximately 11 percent increase in market value. Correspondingly, a ten percent increase in gross income increases the value by approximately 14 percent. The market value reacts to change in vacancy and operating expenses, but their relative effect is not as great as changes to rental income and yield requirement.

Change %	Value of properties (EUR million)				
	-10%	-5%	±0%	+5%	+10%
Yield requirement	2,794.4	2,647.3	2,515.0	2,395.2	2,286.3
Market rents	2,167.0	2,341.0	2,515.0	2,688.9	2,862.9
Operating expenses	2,626.2	2,570.6	2,515.0	2,459.3	2,403.7
Change, percentage points	-2	-1	±0	1	2
Vacancy	2,598.8	2,556.9	2,515.0	2,473.0	2,431.1

18. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

During 2011, Citycon Oyj acquired a 50% interest in Espagalleria Oy, jointly controlled entity, which is the management company of Kämp Galleria shopping centre in Finland. Included in the consolidated financial statements are the following items that represent the Group's interest in the assets and liabilities, revenues and expenses of the jointly controlled entities.

EUR million	2011	2010
Total assets	0.8	-
Total liabilities	0.2	-
Net assets	0.6	-
Turnover	6.1	-
Net rental income	0.3	-
Asset management fee of the property	-0.3	-
Profit on valuation of investment property	0.3	-
Operating profit/loss	0.3	-
Profit/ loss for the period	0.3	-

Citycon didn't have any contingent liabilities and capital commitments in relation to its interest in jointly controlled entities. Jointly controlled entities themselves didn't have either any contingent liabilities and capital commitments.

19. INTANGIBLE ASSETS

EUR million	2011	2010
Acquisition cost Jan. 1	2.9	1.9
Additions during the period	1.0	1.0
Accumulated acquisition cost Dec. 31.	3.9	2.9
Accumulated depreciation and impairment losses, Jan. 1	1.4	1.0
Depreciation during the period	0.5	0.5
Accumulated depreciation and impairment losses, Dec 31.	2.0	1.4
Net carrying amount Jan 1.	1.5	0.9
Net carrying amount Dec 31.	1.9	1.5

Intangible assets consisted mainly of computer software and licenses.

20. PROPERTY, PLANT AND EQUIPMENT

EUR million	2011	2010
Acquisition cost Jan. 1	3.0	2.3
Additions during the period	0.4	0.7
Accumulated acquisition cost Dec. 31.	3.4	3.0
Accumulated depreciation and impairment losses, Jan. 1	2.0	1.6
Depreciation during the period	0.5	0.4
Accumulated depreciation and impairment losses, Dec 31.	2.5	2.0
Net carrying amount Jan 1.	1.0	0.7
Net carrying amount Dec 31.	1.0	1.0

Property, plant and equipment consisted mainly of machinery and equipment. Machinery and equipment acquired through financial leases amounted to EUR 0.7 million (EUR 0.6 million).

21. DEFERRED TAX ASSETS AND LIABILITIES

Changes in deferred tax assets and liabilities in 2011:

EUR million	1 Jan. 2011	Recognized in income statement	Recognized in other comprehensive income	31 Dec. 2011
Deferred tax assets				
Tax losses	1.3	-0.2	-	1.1
Measurement of interest-rate swaps at fair value	4.4	-	9.0	13.3
Deferred tax assets, total	5.6	-0.2	9.0	14.5
Deferred tax liabilities				
Measurement of investment property at fair value	59.7	-2.2	-	57.5
Temporary difference in financial expenses	2.8	-0.5	-	2.3
Deferred tax liabilities, total	62.6	-2.7	-	59.8

Changes in deferred tax assets and liabilities in 2010:

EUR million	1 Jan. 2010	Recognized in income statement	Recognized in other comprehensive income	31 Dec. 2010
Deferred tax assets				
Tax losses	0.0	1.3	-	1.3
IAS 19 Defined benefit pension obligation	0.0	0.0	-	0.0
Measurement of interest-rate swaps at fair value	8.6	-0.6	-3.6	4.4
Deferred tax assets, total	8.6	0.7	-3.6	5.6
Deferred tax liabilities				
Measurement of investment property at fair value	48.7	11.0	-	59.7
Temporary difference in financial expenses	1.3	1.5	-	2.8
Deferred tax liabilities, total	50.0	12.5	-	62.6

Citycon's deferred taxes mainly arise from changes in the fair value of investment properties. In 2011, deferred taxes resulting from the changes in the investment properties' fair value recognised in the income statement totalled EUR 2.2 million (EUR -11.0 million). The fair value of an investment property reflects the market price that would be paid for the property on the date of measurement, while deferred taxes refer to taxes imposed on any gain on sale if the property were to be sold.

Citycon's policy is to realise its properties' sales by selling its shares representing ownership in the property. The ownership structure is mainly organised so that one real estate company owns one building. The sale of shares representing ownership in properties owned by subsidiaries abroad does not have tax implications. Consequently, Citycon does not recognise deferred taxes related to the fair value of investment properties owned abroad. If Citycon did recognise such deferred taxes, the tax impact would have been EUR -4.9 million in 2011 (EUR -12.0 million) (See the Note 15. Income taxes).

On the contrary, divesting a property in Finland through an asset or share sale does have tax implications, due to which, Citycon recognises deferred taxes arising from the fair value changes of its investment properties located in Finland. The taxation of limited companies in Finland decreases from earlier 26% to 24.5% in 2012. The deferred taxes have been calculated based on the 2012 rate. Deferred taxes are calculated on the difference between an investment property's fair value and its taxable value. The taxable value consists of the acquisition cost of shares in the mutual real estate company and loans receivable from the company or a directly owned property's undepreciated, residual value.

The change in deferred taxes between the opening and closing balance sheets is recognised in the income statement as expense/income.

The fair value of investment properties is measured in accordance with IFRS (International Financial Reporting Standards). The provisions of Finnish accounting and tax legislation affect the value of shares in, and loans receivable from, the mutual real estate company. For instance, investments conducted by the mutual real estate company or depreciation recorded by subsidiaries with outstanding debt entail a change in the value of shares and loans receivable.

On 31 December 2011, Group companies had confirmed losses for which tax assets of EUR 19.4 million (EUR 16.6 million in 2010) were not recognised, since these Group companies are unlikely to record a taxable profit, before the expiration of carry forwards of these losses, against which loss carry forwards can be utilised. Citycon had impairment of EUR 6.6 million (EUR 0.0 million), which was not deducted in taxation on 31 December 2011.

22. CLASSIFICATION OF FINANCIAL INSTRUMENTS

A) Classification of financial instruments and their carrying amounts and fair values

EUR million	Note	Carrying amount 2011	Fair value 2011	Carrying amount 2010	Fair value 2010
Financial assets					
I Loans and other receivables					
Trade and other receivables	25	33.2	33.2	37.4	37.4
Cash and cash equivalents	26	91.3	91.3	19.5	19.5
II Derivative contracts under hedge accounting					
Derivative financial instruments	23	0.5	0.5	2.2	2.2
Financial liabilities					
Financial liabilities amortised at cost					
I.I Loans					
Loans from financial institutions	28	1 439.5	1 442.9	1 291.3	1 293.6
Convertible capital loan 1/2006	28	68.1	71.3	66.3	71.3
Bond 1/2009	28	39.6	40.0	39.5	40.0
Finance lease liabilities	28	0.7	0.7	0.6	0.6
I.II Other liabilities					
Other liabilities		0.4	0.4	0.5	0.5
Trade and other payables	29	53.2	53.2	55.3	55.3
II Derivative contracts under hedge accounting					
Derivative financial instruments	23	54.5	54.5	20.3	20.3

B) The principles for determining the fair values of financial instruments

Citycon applies IFRS valuation principles when determining the fair value of financial instruments. The following presents the principles for determining the fair values of all financial assets and liabilities.

Cash and cash equivalents, investments,

trade and other receivables, trade payables and other payables

Due to their short maturity, the fair value of trade payables and receivables and other short-term receivables and payables is regarded as corresponding to their original carrying amount.

Derivative financial instruments

Derivative financial instruments are initially measured at cost in the statement of financial position and subsequently re-measured at their fair value on each balance-sheet date. The fair value of interest-rate swaps is calculated using the present value of estimated future cash flows. The fair value of a forward agreement is based on the difference between the exchange rate of the agreement and the prevailing exchange rate fixing on each balance-sheet date. The fair value of derivative financial instruments is the estimated amount that the Group would receive or pay to settle the related agreements.

Fair value of interest rate derivative financial instruments is determined by the counterparty banks based on customary valuation techniques used by market participants in the OTC derivative market. The fair value of interest rate derivative financial instruments corresponds to level 2 according to IFRS-7p27a. The fair value of foreign exchange derivative contracts is based on quoted market prices.

Loans from financial institutions

Citycon's loans from financial institutions are floating rate loans which have fair value equal to the nominal amount of the loan. The difference between the fair value and carrying amount is the unamortised capitalised arrangement fees of the loans.

Convertible capital loan 1/2006

Convertible capital loan 1/2006 is a fixed rate loan which has a fair value equal to the nominal amount of the loan. The difference between the fair value and carrying amount is the unamortised capitalised arrangement fees of the loan, together with the market value of the option component on the issue date.

Bond 1/2009

Bond1/2009 is a fixed rate loan which has a fair value equal to the nominal amount of the loan. The difference between the fair value and carrying amount is the unamortised capitalised arrangement fees for the loan.

Finance lease liabilities

The fair value of finance leases is based on discounted future cash flows. The discount rate used corresponds to that applied to similar leases.

23. DERIVATIVE FINANCIAL INSTRUMENTS**A) Nominal amounts and fair values of derivative financial instruments**

EUR million	Nominal amount 2011	Fair value 2011	Nominal amount 2010	Fair value 2010
Interest rate derivatives				
Interest rate swaps				
Maturity:				
less than 1 year	30.0	-0.5	40.0	-1.6
1-2 years	28.2	-1.3	30.0	-0.8
2-3 years	152.5	-5.7	161.2	-10.2
3-4 years	173.9	-6.6	202.0	-6.6
4-5 years	257.1	-15.0	123.6	0.5
over 5 years	363.8	-25.4	313.1	0.6
Subtotal	1,005.4	-54.4	869.8	-18.1
Foreign exchange derivatives				
Forward agreements				
Maturity:				
less than 1 year	20.8	0.3	-	-
Total	1,026.3	-54.1	869.8	-18.1

Interest on floating-rate loans is mainly fixed every three or six months. Interest-rate swaps have been concluded for the same days, to ensure the optimum interest cash flow hedging.

Citycon uses interest rate swaps to hedge the interest rate cash flow risk. The Group applies hedge accounting to all of its interest rate swaps valid as at 31 December 2011, under IAS 39, according to which the amount of financial instruments' fair value change stemming from effective hedging is recognised under other comprehensive income.

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

The fair values include a foreign exchange gain of EUR 0.3 million (loss of EUR 1.5 million), which is recognised in the statement of comprehensive income.

Hedge accounting is applied to interest rate swaps, which have a nominal amount of EUR 1005.4 million (EUR 869.8 million).

The average fixed interest rate of the interest rate swaps as at 31 December 2011 was 3.16 per cent (3.48 %).

B) Cash flow hedging with derivatives**Cash flow hedging**

Interest rate derivatives EUR million	Assets 2011	Liabilities 2011	Assets 2010	Liabilities 2010
Fair value	-	-54.4	2.2	-18.8

Citycon's cash flow hedges consist of interest rate and cross-currency swaps which are used to protect against exposure to changes in Citycon's interest expense cash outflow for variable rate interest bearing debt. Hedged instruments consist of long term floating rate debt and short term floating rate debt, which is expected to be refinanced upon maturity on similar terms.

The critical terms of the interest rate derivatives have been negotiated to match the respective terms of the variable rate loans.

The cash flow from all hedged liabilities over time is the basis for determining the gain and loss on the effective portions of derivatives designed as cash flow hedges. Gains and losses are initially recognised under other comprehensive income and are transferred to the statement of comprehensive income when the forecast cash flows affect the statement of comprehensive income.

At 31 December 2011 and at 31 December 2010, interest rate derivatives assigned as cash flow hedges were assessed as highly effective. The fair values (net of taxes) of these derivatives were EUR -41.1 million (EUR -12.3 million) and the change of these fair values (net of taxes) EUR -26.8 million (EUR 3.8 million) is recognised under other comprehensive income, taking the tax effect into account.

24. INVESTMENT PROPERTIES HELD FOR SALE

On 31 December 2011, the Investment Properties Held for Sale comprised two properties Landvetter and Floda located in Sweden. Both transactions are expected to be finalised during the first quarter in 2012. Landvetter will be sold to Torstaden and a gain on sale of EUR 0.2 million is estimated to be recorded from this transaction. Floda will be sold to Floda Torg Fastighets Ab. From this transaction, a gain on sale of EUR 2.5 million is estimated to be recognised. In 2010, the investment properties held for sale included MREC Naantalin Tullikatu 16, which was sold in January 2011.

EUR million	2011	2010
Acquisition cost Jan. 1	1.5	26.0
Investments	-	-
Disposals	-1.5	-28.5
Exchange differences	-	2.5
Transfers from investment properties	12.7	1.5
Accumulated acquisition cost Dec. 31.	12.7	1.5

25. TRADE AND OTHER RECEIVABLES

EUR million	2011	2010
Trade receivables	6.2	4.9
Credit loss provision	-1.2	-1.3
Trade receivables (net)	5.1	3.7
Accrued income and prepaid expenses	5.2	5.3
Tax receivables (incl. VAT-receivables)	18.6	27.0
Other receivables	4.3	1.4
Total	33.2	37.4

Ageing structure of trade receivables:

EUR million	2011	2010
NOT past due nor impaired	1.6	1.6
Past due, less than 1 month	1.5	0.6
Past due, 1-3 months	0.9	0.8
Past due, 3-6 months	0.6	0.5
Past due, 6-12 months	1.3	1.4
Past due, 1-5 years	0.4	0.1
Total	6.2	4.9

Movement in credit loss provisions

EUR million	2011	2010
At the beginning of the year	-1.3	-0.3
Exchange difference	0.0	0.0
Charge for the year	-0.1	-1.0
Utilised	0.2	0.1
Unused amounts reversed	0.0	0.0
Credit loss provision at the end of the year	-1.2	-1.3

Trade receivables are non-interest bearing and their payment terms vary between 2-20 days. Rent collaterals equal 2-6 month of rent and other payments.

26. CASH AND CASH EQUIVALENTS

EUR million	2011	2010
Cash in hand and at bank	91.3	19.4
Short-term deposits	0.1	0.1
Total	91.3	19.5

Cash and cash equivalents in the cash flow statement comprise the items presented above.

27. SHAREHOLDERS' EQUITY**A) The effect of the changed number of shares on funds included in the shareholders' equity**

	Outstanding number of shares ¹⁾	Treasury shares	Share capital (EUR million)	Share premium fund (EUR million)	Invested unrestricted equity fund (EUR million)	Total (EUR million)
1 Jan. 2010	221 059 735	-	259,6	131,1	155,2	545,9
Directed share issue without payment to Citycon Group key employees	124 020	-	-	-	-	-
Directed share issue without payment to Citycon itself	-	80 000	-	-	-	-
Sale of treasury shares	80 000	-80 000	-	-	0.2	0.2
Share issue	22 000 000	-	-	-	62.2	62.2
Share subscriptions based on stock options	1,301,217	-	-	-	3.3	3.3
Return from the invested unrestricted equity fund	-	-	-	-	-22.1	-22.1
31 Dec. 2010	244 564 972	0	259.6	131.1	198.8	589.4
Directed share issue without payment to Citycon Group key employees	101 325	-	-	-	-	-
Directed share issue without payment to Citycon itself	-	145 000	-	-	-	-
Sale of treasury shares	145 000	-145 000	-	-	0.4	0.4
Share issue	33 000 000	-	-	-	98.9	98.9
Return from the invested unrestricted equity fund	-	-	-	-	-24.5	-24.5
31 Dec. 2011	277 811 297	0	259.6	131.1	273.7	664.3

1) All outstanding shares were fully-paid on 31 December 2011 and 31 December 2010.

B) Description of funds and reserves included in the shareholders' equity**Share capital**

The company has a single series of shares, each share entitling to one vote at general meetings of shareholders. The shares have no nominal value and the share capital has no maximum value.

Share premium fund

Since the entry into force of the new Finnish Companies Act, no new items are recognised in the share premium fund. The share premium fund accumulated before 2007 due to option schemes and share issues.

Invested unrestricted equity fund

The invested unrestricted equity fund is credited, for instance, with that part of the subscription price of the shares that, according to the Memorandum of Association or the share issue decision, is not to be credited to the share capital. The invested unrestricted equity fund accumulated in 2011 and 2010, due to share issue and sale of treasury shares. In addition, in 2010, subscriptions under option schemes increased the invested unrestricted equity fund.

Fair value reserve

The fair value reserve contains fair value changes of derivative instruments used to hedge cash flows.

Translation reserve

The translation reserve contains translation differences arising from the currency translation of foreign subsidiaries' financial statements.

C) Board proposal for dividends and return from the invested unrestricted equity fund

To the Annual General Meeting to be held on 21 March 2012, the Board of Directors of Citycon proposes a dividend of EUR 0.04 per share for the financial year 2011 (EUR 0.04 for the financial year 2010) and an equity return of EUR 0.11 per share from the invested unrestricted equity fund (EUR 0.10 for the financial year 2010). The proposal for dividends and equity return from the invested unrestricted equity fund has not been recognised in the consolidated financial statements on 31 December 2011.

28. LOANS

All Citycon loans were interest-bearing liabilities on 31 December 2011 and 2010. These interest-bearing loans are explained here in detail.

A) Breakdown of interest-bearing liabilities

EUR million	Effective interest (%)	Carrying amount 2011	Carrying amount 2010
Long-term interest-bearing liabilities			
Bonds			
Convertible capital loan 1/2006	7.580	68.1	66.3
Bond 1/2009	5.461	39.6	39.5
Syndicated term loans			
EUR 435 million term loan facility	Reference rate + 0.675	332.6	352.0
EUR 220 million term loan facility	Reference rate + 1.400	221.3	-
EUR 200 million term loan facility	Reference rate + 0.675	199.7	204.5
Revolving credit facilities			
EUR 150 million revolving credit facility	STIBOR + 0.550	-	84.8
EUR 50 million revolving credit facility	EURIBOR + 0.600	-	43.0
Bilateral bank loans			
EUR 75 million bank loan	EURIBOR + 1.550	71.0	-
SEK 500 million bank loan	STIBOR + 0.600	56.1	55.8
EUR 50 million bank loan	Reference rate + 1.500	50.9	50.6
EUR 50 million bank loan	EURIBOR + 1.525	49.9	49.9
EUR 50 million bank loan	EURIBOR + 1.500	49.9	49.9
EUR 30 million bank loan	EURIBOR + 0.750	27.5	30.0
EEK 470 million bank loan	5.599	-	25.2
Finance lease liabilities	-	0.4	0.3
Other interest-bearing liabilities	-	172.5	160.6
Total long-term interest-bearing liabilities		1 339.5	1 212.4
Short-term interest-bearing liabilities			
Short-term syndicated and bank loans and revolving credit facilities-			
Current portion of interest-bearing liabilities	-	25.9	21.0
Commercial papers	-	48.7	11.9
Finance lease liabilities	-	0.3	0.3
Total short-term interest-bearing liabilities		208.4	185.3

The carrying amounts of term loan facilities, convertible capital loan 1/2006 and bond 1/2009 are stated at amortised cost, using the effective yield method. The fair values of liabilities are shown in Note 22. Classification of Financial Instruments.

The market value of the option component on the issue date of the convertible capital loan 1/2006 of EUR 15.1 million is recognised in equity attributable to parent company shareholders, under the share premium fund.

Maturity of long-term interest-bearing liabilities

EUR million	2011	2010
1-2 years	453.8	132.3
2-3 years	315.1	491.4
3-4 years	161.8	312.3
4-5 years	238.1	157.7
over 5 years	170.7	118.7
Total	1 339.5	1 212.4

Long-term interest-bearing liabilities by currency, EUR million

	2011	2010
EUR	800.3	740.1
EEK	-	43.1
SEK	530.2	429.2
LTL	9.0	-
Total	1 339.5	1 212.4

Short-term interest-bearing liabilities by currency, EUR million

	2011	2010
EUR	91.5	48.4
EEK	-	1.2
SEK	116.7	125.8
LTL	0.2	9.8
Total	208.4	185.3

B) Terms and conditions of subordinated capital loans**Convertible capital loan 1/2006**

On 2 August 2006, Citycon Oyj issued a seven-year convertible capital loan, 1/2006, of EUR 110 million at a fixed annual nominal interest rate of 4.50 per cent. After the buyback transactions performed during 2008, 2009 and 2010, the outstanding amount was EUR 71.3 million. The loan's conversion price is EUR 4.2000 per share and a full conversion of the loan would result in the issue of 16,964,285 shares. The loan's issue price accounted for 100.00 per cent of the nominal loan amount, and its maturity date is 2 August 2013.

The main terms and conditions of convertible capital loan 1/2006:

- 1) In the event of company dissolution or bankruptcy, obligations on the issuer arising from the convertible capital loan shall be subordinated in right of payment to the claims of all unsubordinated creditors of Citycon Oyj, but shall rank pari passu with all other obligations which qualify as a capital loan.
- 2) The loan's principal, including interest accumulated until the repayment date, will be repaid in one instalment on 2 August 2013 if full margin is available for the restricted shareholders' equity and other non-distributable earnings, based on the company's and its Group's latest adopted balance sheet, after the repayment. The accrued interest for the loan was EUR 1.3 million as of 31 December 2011.

- 3) Fixed annual interest of 4.50% will be paid annually in arrears on the loan's principal until 2 August 2013. In the event, that the loan is not repaid in full on its maturity date of 2 August 2013, interest on the unpaid loan principal after that date is 3-month Euribor plus 5 percentage points. Interest can be paid only if this amount can be allocated to profit distribution based on the company's and its Group's latest adopted balance sheet. In the event, that the interest is not fully paid on any interest payment date, the interest on the unpaid interest amount after the interest payment date is 3-month Euribor plus 5 percentage points.
- 4) The holder of the loan has the right during 12 September 2006 - 27 July 2013 to convert the loan nominal amount into shares of the company. The conversion price of the loan is EUR 4.20 per share. The conversion price is subject to amendments in certain circumstances as specified in the terms of the loan. Based on the conversion price, the conversion of the whole loan nominal would result in the issue of a maximum of 16,964,285 shares.
- 5) The company has the right to repay the loan in full on or after 23 August 2010 at its principal amount, if the closing price of the share on each of at least 20 dealing days in any period of 30 consecutive dealing days is 140 per cent of the conversion price in effect on said dealing day.

During 2008, 2009 and 2010, from the open markets, Citycon has repurchased the convertible capital loan for a nominal amount of EUR 38.8 million, with a weighted average purchase price of 58.1%. The amount repurchased by Citycon equals approximately 35.2 per cent of the initial nominal amount of the loans issued. Net financial expenses in the statement of comprehensive income include a one-off gain of EUR 0.1 million for the buybacks of the convertible capital loan in 2010.

C) Breakdown of finance lease liabilities

EUR million	2011	2010
Maturity of finance lease liabilities:		
Finance lease liabilities		
- minimum lease payments		
Not later than 1 year	0.3	0.3
1-5 years	0.4	0.4
Total	0.7	0.7
Finance lease liabilities - present value of minimum lease payments		
Not later than 1 year	0.3	0.3
1-5 years	0.4	0.3
Total	0.7	0.6
Future finance charges on finance leases	0.0	0.0
Total finance lease liabilities	0.7	0.7

Citycon's finance leases mainly apply to computer hardware and office machinery and equipment.

D) Risk Management

Objectives

Citycon uses a holistic Enterprise Risk Management (ERM) programme. The objective of risk management is to ensure that Citycon will reach its business targets and to identify key risks which may threaten its ability to meet these targets before they realise.

Citycon's risk management process involves identifying, analysing, measuring, mitigating and controlling business-related risks. The Board of Directors has approved the company's risk management guidelines specifying risk management principles, which are subject to updating in order to take account of changes in business operations. During the ERM process for each business unit, a risk management policy has been prepared which outlines objectives, responsibilities and development plans within the unit.

Part of the ERM process includes identification of existing, and the planning of new, risk mitigation plans in the event that current actions are not deemed sufficient for each risk identified. Successful risk management decreases the likelihood of risk realisation and mitigates the negative effects of realised risk.

Process

Risk management under ERM in Citycon comprises three main elements, namely 1) risk management implemented in the main business processes 2) risk reporting and 3) continuous improvement of risk management.

Citycon has analysed and identified five main business processes during the implementation of ERM. These are property acquisitions, takeover of acquired properties, shopping centre management, property development and planning and control. Each main process has been carefully analysed from a risk management angle. A detailed process description has been prepared for each process determining the target state of the process, after implementation of improvement measures and taking risk management requirements into account. The implementation of these common best practices in daily operations forms an essential part of daily risk management throughout the organisation.

The risk reporting process gathers analytical data on risks and the respective mitigation plans, for reporting to the Board of Directors. During the risk reporting period, each business unit and legal and finance unit independently defines its near term targets, risks threatening these targets and mitigation plans related to the risks. In order to evaluate the importance of each risk, an estimate of the loss associated with the risk is determined together with the probability of risk realisation and the effectiveness of each mitigation plan on the loss and/or probability. An

additional feature of risk reporting involves each business unit reporting the potentially realised risks during the previous year, and mitigation plans put into effect during the period. Risk data is inputted into one group-wide risk register, from which business unit risk reports are prepared for the Board of Directors and Audit Committee. In addition, from the risk register a consolidated Citycon Group risk report and analysis is prepared, which aims to recognise group level risk concentrations across business units. Risk reports to the Board of Directors and Audit Committee are prepared in conjunction with budgeting during the autumn and the strategy review during the spring. Risk management and business unit risk reports are additionally discussed four times a year by the Corporate Management Committee.

Citycon aims to continuously evaluate and develop its ERM process and risk management in general. Four times a year, a risk management supervisory group meets, whose tasks include acceptance of the risk reports, annually evaluating the sufficiency of the risk management measures taken in the light of identified risks, monitoring progress in the implementation of the mitigation plans, and annually assessing the adequacy of Citycon's risk management capabilities.

Organisation

Each business unit and the legal and finance units have a dedicated person responsible for the ERM process, who is in charge of reporting the risks and mitigation plans and following up on their implementation. The Group Treasurer prepares the risk report for the Board of Directors and Audit Committee. The membership of the risk management supervisory group includes the CEO, CFO, Head of Legal Affairs, Group Treasurer and business unit directors, or the dedicated risk management person from each business unit.

Financial risk management

Financial risks have been defined as business critical risks for Citycon. Financial risk arises for Citycon in the form of financial instruments, which are mainly used to raise financing for operations. The Group also uses interest rate and foreign exchange derivatives to manage interest rate and currency risks arising from operations and financing sources. The Board of Directors has approved a Treasury Policy which defines the objectives, responsibilities and risk management indicators applicable to interest rate, foreign exchange, counterparty, liquidity and electricity risk management. The execution of financial risk management is performed by the Group Treasurer and Treasury Manager, under the supervision of the CFO. The Group Treasurer reports compliance with the objectives, in conjunction with the interim and annual report, to the Board of Directors and CFO.

Citycon's identified, key financial risks include interest rate risk related to cash flow, liquidity risk, credit risk and foreign currency risk. These risks are summarised below.

Interest rate risk

Citycon's key financial risk is the interest rate risk of its interest bearing liabilities, whereby changes in money market interest rates lead to fluctuations in future interest cash flows on floating rate borrowings. Interest rate risk management aims to reduce or eliminate the adverse effect of interest rate fluctuations on the company's profit and cash flow. The company aims at a loan portfolio with the right balance of fixed and variable rate debts. Under the company's interest rate risk management policy, the target debt portfolio is one in which a minimum of 70 and a maximum of 90 per cent of interest bearing liabilities are based on fixed interest rates.

The company uses interest rate swaps to manage its interest rate risks and to convert floating rate loans into fixed rate loans. A portion of the hedges can also be performed using inflation derivatives. The interest sensitivity of Citycon's loan portfolio at the end of 2011 is depicted by the fact that a one-percentage point rise in money market interest rates would increase its interest expenses for 2012 by EUR 2.5 million, while a fall of one-percentage point in such rates would decrease them by EUR 2.5 million in the same year.

Interest rate sensitivity

The following table shows interest expenses' sensitivity to a 100 basis point change in short term interest rates, assuming that all other variables remain constant. The impact is shown as a change in interest expenses resulting from changes in the interest rate related to a floating rate debt.

Effect on interest expenses of an increase of 100 basis points

EUR million	2011	2010
Euro	1.1	0.6
Swedish krona	1.3	1.8
Other currencies	0.1	0.3
Yhteensä	2.5	2.6

The following table shows the consolidated shareholders' equity's sensitivity to a 100 basis point change in short term interest rates, assuming that all other variables remain constant. The impact is shown as a change in shareholders' equity resulting from changes in interest rates, which relate to interest rate derivatives under hedge accounting treatment.

Effect on interest expenses of an increase of 100 basis points

EUR million	2011	2010
Euro	14.9	11.5
Swedish krona	15.7	12.2
Total	30.6	23.7

Liquidity risk

Given that Citycon's strategy is to expand in the Nordic and Baltic countries, the company will need both equity capital and borrowings. Minimum shareholders' equity is determined by the company's loan covenants. The Group uses cash-flow forecasts to continuously assess and monitor financing required for its business. Here, the goal is to arrange financing on a long term basis and avoid any large concentration of due dates for the loan agreements. Citycon aims to guarantee the availability and flexibility of financing, through unused credit limits and by using several banks and financing methods as sources of finance.

Citycon's financing policy states that the company's committed credit limits or liquid assets should cover all approved and on-going investments. In addition, available liquidity should provide a sufficient buffer for unexpected payments, based on the management's assessment of the amount required, and the company will arrange committed back-up limits for all funds drawn under commercial paper programmes. On 31 December 2011, unused credit limits amounted to EUR 253.7 million.

The table below summarises the maturity profile of the Group's financial liabilities, based on contractual payments. The table includes both principal and interest flows of loans and payments arising from derivative financial instruments. Future interest payments of floating rate loans have been determined based on the interest rate applicable on the balance sheet date, and are not discounted. Future interest payments for derivative financial instruments are based on discounted net present values and future interest rates are obtained through interpolation based on the yield curve prevailing on the balance sheet date.

EUR million 31 December 2011	Less than 1 month	1 to 12 months	1-5 years	Over 5 years	Total
Loans from financial institutions	18.4	236.7	1 162.8	181.7	1599.6
Convertible capital loan 1/2006	-	3.2	74.5	-	77.7
Bond 1/2009	-	2.0	44.1	-	46.1
Finance lease liabilities	-	0.3	0.4	-	0.7
Derivative financial instruments	0.1	10.4	40.5	1.5	52.4
Trade and other payables (excl. interest liabilities)	36.6	2.9	6.3	-	45.8

EUR million 31 December 2010	Less than 1 month	1 to 12 months	1-5 years	Over 5 years	Total
Loans from financial institutions	7.1	209.9	1 065.3	132.7	1415.0
Convertible capital loan 1/2006	-	3.2	77.7	-	80.9
Bond 1/2009	-	2.0	46.1	-	48.2
Finance lease liabilities	-	0.3	0.3	-	0.6
Derivative financial instruments	0.1	13.6	7.3	-3.6	17.4
Trade and other payables (excl. interest liabilities)	33.6	10.2	4.5	-	48.3

Citycon's rent revision procedures, long leases and high occupancy ratio generate a stable long-term cash flow profile. Citycon expects to meet its liabilities shown in the table above from this stable cash flow and undrawn committed credit facilities. In the long term, debt refinancings and disposals of investment properties can be considered. The table below shows the maturity profile of the undrawn committed credit facilities.

EUR million 31 December 2011	Less than 1 month	1 to 12 months	1-5 years	Over 5 years	Total
Undrawn committed credit facilities	-	43.7	210.0	-	253.7

EUR million 31 December 2010	Less than 1 month	1 to 12 months	1-5 years	Over 5 years	Total
Undrawn committed credit facilities	-	24.9	150.6	50.0	225.5

The above mentioned credit facilities are freely available to Citycon based on group's financing needs.

Credit risk

The Group's most significant credit-risk concentration relates to receivables from Kesko Group. Citycon controls its receivables within the framework of the given credit limits and has not so far identified any major credit risk associated with them. Credit-risk management caters for tenant-risk management, which is aimed at minimising the adverse effect of unexpected changes in the customers' financial standing on Citycon's business and financial results. Customer-risk management is primarily based on the knowledge of the customers' business and active monitoring of customer data. Citycon's lease agreements include lease deposit provisions used to contribute to managing customers' risks. The maximum exposure from trade receivables is the carrying amount as disclosed in Note 25. Trade and other receivables.

Credit risk arising from cash and cash equivalents and certain derivative agreements relate to a default of a counterparty with a maximum exposure equal to the carrying amount of these instruments. Citycon invests its liquidity in a manner which does not put the nominal amount at risk. Citycon does not, for example, invest in equity markets. Citycon's cash and cash equivalents are primarily placed in short term money market deposits, in which the counterparties are commercial banks participating in Citycon's credit agreements. Citycon's financing policy also sets forth the approved financial instruments in which the company can invest, and includes counterparty limits for those investments.

Exchange rate risk

Citycon's entry into countries outside the euro-zone exposes the company to exchange rate risk. Exchange rate risk stems from transaction risks resulting from the conversion of foreign currency denominated transactions into local currency, on the one hand, and from translation risks in the balance sheet associated with investments in foreign subsidiaries. The company hedges against exchange rate risk in the balance sheet by aiming to finance its foreign investments mainly in the local currency. The company uses foreign exchange derivatives to manage the transaction risk on committed transactions. Foreign exchange derivatives may also be used to hedge a possible mismatch between assets and liabilities denominated in the same currency in the balance sheet. Currently, the company's exchange rate risk mainly relates to fluctuations in the euro/ Swedish krona exchange rate.

Foreign exchange sensitivity

The following table shows the sensitivity in the statement of comprehensive income to a five percent change in foreign exchange rates, assuming that all other variables remain constant. Such an impact is attributable to a change in the fair value of financial instruments, given the assumed change in foreign exchange rates.

Effect of a five percent change in foreign exchange rates on net financial expenses

EUR million	2011	2010
Swedish krona	0.1	-0.2
Other currencies	-	-
Total	0.1	-0.2

Other currencies comprise those of Estonia and Lithuania. The foreign exchange rate in these countries is pegged to the euro and Estonia has adopted euro as its functional currency as of 1 January 2011.

E) Capital management

The objective of the company's capital management is to support the growth strategy, maximise shareholder value, comply with loan agreement provisions and ensure the company's ability to pay dividends. Citycon's capital structure is managed in an active manner and capital structure requirements are taken into account when considering various financing alternatives. The company can adjust the capital structure by deciding on the issuance of new shares, raising debt financing or making adjustments to the dividend.

The company's long term equity ratio target is 40 per cent and its current syndicated loan agreements require a minimum equity ratio of 32.5 per cent. The equity ratio of the loan agreements is calculated by making certain adjustments to the equity ratio defined in the Financial Supervisory Authority standard 5.1. Disclosure of periodic information, among other things, adding the convertible capital loan issued by the company to the shareholders' equity. As of 31 December 2011, the company's equity ratio stood at 36.0 per cent and the equity ratio as defined in the loan agreement was around 39.0 per cent.

Citycon monitors its capital structure based on equity ratio and gearing. The formulas for calculating the equity ratio and gearing can be found on page 53 in the consolidated financial statements.

Company monitors its capital structure mainly with equity ratio.

Equity ratio:

EUR million	2011	2010
Total shareholders' equity (A)	961.8	900.2
Total assets	2,677.7	2,436.5
Less advances received	9.6	12.7
./.(Total assets - advances received) (B)	2,668.2	2,423.8
Equity ratio (A/B)	36.0%	37.1%

Gearing-%:

EUR million	2011	2010
Interest-bearing debt total (Note 28)	1,547.9	1,397.7
Less cash and cash equivalents (Note 26)	91.3	19.5
Interest-bearing net debt (A)	1,456.6	1,378.2
Total shareholders' equity (B)	961.8	900.2
Gearing-% (A/B)	151.4%	153.1%

Equity ratio decreased in 2011 due to fair value losses on investment properties and lower fair value of interest rate derivatives under hedge accounting, which led to lower equity as a proportion of total assets. Gearing decreased in 2011 mainly as a result of a share issue executed in 2011, which led to a improved ratio of equity to net interest-bearing debt.

29. TRADE AND OTHER PAYABLES

Trade and other payables

EUR million	2011	2010
Trade payables	18.5	18.0
Short-term advances received	9.6	12.2
Interest liabilities	7.3	6.9
Other liabilities	13.5	12.6
Accrued expenses total	20.8	19.6
VAT-liabilities	4.4	5.1
Other short-term payables	-0.1	0.5
Other short-term payables total	4.3	5.5
Total	53.2	55.3
Due dates of future payments of trade and other payables:		
Due in less than 1 month	37.8	34.7
Due in 1-3 months	2.8	6.3
Due in 3-6 months	5.4	5.7
Due in 6-12 months	0.8	4.1
Due in 1-2 years	6.3	4.5
Due in 2-5 years	-	-
Due in over 5 years	0.0	0.0
Total	53.2	55.3

30. EMPLOYEE BENEFITS

A) Stock option schemes

Stock option plan 2004

The AGM held on 15 March 2004 decided to issue a maximum of 3,900,000 A/B/C stock options to Citycon Group personnel. This stock option plan expired at the end of March 2011 simultaneously with the expiry of the subscription period with C-options. No shares were subscribed by exercising C-options. The unexercised stock options have been deleted as worthless from their holder's book-entry accounts.

Stock option plan 2011

The Board of Directors of Citycon Oyj decided on 3 May 2011, by virtue of an authorisation granted by the Annual General Meeting held on 13 March 2007, to issue stock options to the key personnel of the company and its subsidiaries. The company had a weighty financial reason for the issue of stock options, since the stock options are intended to form part of the incentive and commitment program for the key personnel. The purpose of the stock options is to encourage the key personnel to work on a long-term basis to increase shareholder value. The purpose of the stock options is also to commit the key personnel to the company.

The maximum total number of stock options that can be issued is 7,250,000, and they entitle their owners to subscribe for a maximum total of 7,250,000 new shares in the company or existing shares held by the company. The stock options will be issued gratuitously. Stock options entitle their holders to subscribe for company shares at the price and within the period specified in the terms and conditions of the stock options. If an employee leaves the Group, (s)he will forfeit his/her right to exercise stock options for which the share subscription period has not begun on the date of the termination of his/her employment/executive contract. However, the Board of Directors can specifically decide that the stock-option holder retains his/her stock options or some of them. The Board of Directors shall also decide upon the re-distribution of the stock options returned to the company.

By the end of 2011, a total of 6,320,000 stock options 2011A-D(I), 2011A-D(II) and 2011A-D(III) had been granted to 24 key employees within the Group. These option rights entitle their holders to subscribe for an equal number of shares in 2012–2018.

Citycon uses the Black & Scholes option-pricing model to measure the fair value of stock options at the grant date and reports them under personnel expenses in the statement of comprehensive income allocated over the instrument's vesting period. In 2011, the expense recognised in the statement of comprehensive income totalled EUR 1.5 million (EUR 0.0 million in 2010). The expected volatility is determined by calculating the company share price's historical volatility.

The subscription prices of the shares to be subscribed for by exercising the 2011 stock options were determined on the basis of the trade volume weighted average price of Citycon share quoted on the NASDAQ OMX Helsinki Ltd. during twenty (20) trading days following the release date of the company's Full Year 2010 Results, Q1/2011 Interim Report as well as Q3/2011 Interim Report as follows:

Option category	Subscription price determination period	Subscription price, EUR
2011A-D(I)	10 February–9 March 2011	3.17
2011A-D(II)	5 May–1 June 2011	3.31
2011A-D(III)	13 October–9 November 2011	2.63

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)
Share subscription period begins	1 April 2012	1 April 2013	1 April 2014
Share subscription period ends	31 March 2018	31 March 2018	31 March 2018

Summary of the stock option plan 2011 on 31 December 2011:

Stock option plan 2011	Stock options 2011A-D(I)	Stock options 2011A-D(II)	Stock options 2011A-D(III)
Type of scheme	Share-based options, granted to the Group's key personnel	Share-based options, granted to the Group's key personnel	Share-based options, granted to the Group's key personnel
Grant date	3 May 2011	3 May 2011	11 October 2011
No. of instruments granted	2,250,000	2,350,000	1,720,000
Exercise price, EUR	3.17	3.31	2.63
Share subscription price, EUR	3.17	3.31	2.63
Vesting period as per option terms (No. of days) ¹⁾	332-1,427	332-1,427	172-1,267
Vesting conditions	Employment during vesting period. In case of prior employment termination, stock options forfeited.	Employment during vesting period. In case of prior employment termination, stock options forfeited.	Employment during vesting period. In case of prior employment termination, stock options forfeited.
Exercise	In terms of shares	In terms of shares	In terms of shares
Expected volatility, %	35.00	33.00	35.00
Expected exercise period at grant date (No. of days) ¹⁾	1,095-2,190	1,095-2,190	1,095-2,190
Risk-free interest rate, %	3.18	2.87	1.73
Expected dividend/share, EUR	0.14	0.14	0.14
Instrument fair value determined at grant date, EUR	0.78	0.73	0.46
Option-pricing model	Black&Scholes	Black&Scholes	Black&Scholes

1) The number of days varies among the sub-categories of the options

Changes in the stock options and their weighted average exercise prices during the period were as follows:

	2011		2010	
	Exercise price, weighted average, EUR/share	No. of stock options	Exercise price, weighted average, EUR/share	No. of stock options
At period-start	4.22	1,050,000	3.43	2,140,000
New stock options granted	3.08	6,320,000	-	-
Forfeited stock options	3.31	160,000	-	-
Redistributed stock options	3.31	160,000	-	-
Exercised stock options	-	-	2.56	1,072,998
Lapsed stock options	4.15	1,050,000	2.52	17,002
At period-end	3.08	6,320,000	4.22	1,050,000

Exercisable stock options at period-end

The company had no exercisable stock options at period-end and no stock options were exercised during 2011. In 2010, the per-share exercise price of the exercised stock options averaged EUR 2.56. The stock options exercised during 2010 brought in EUR 3.3 million, which were recognised in invested unrestricted equity fund.

Exercise prices and lapse periods of outstanding stock options on the balance sheet date were as follows:

Year of lapse	2011		2010
	Exercise price, EUR	No. of shares, 1,000	No. of shares, 1,000
2011	-	-	1,273
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	3.17 / 3.31 / 2.63	6,320,000	-

B) Long-term share-based incentive plan

On 26 April 2007, the Board of Directors decided on a long-term share-based incentive plan for key personnel of Citycon Group. The incentive plan was divided into three incentive periods: 2007, 2008 and 2009. In addition, on 9 February 2010, Citycon Oyj's Board of Directors decided to continue the long-term share-based incentive plan by one year into the financial year 2010.

The incentives are granted to key personnel during the years 2008-2013, so that the incentives earned during each incentive period are paid evenly in the following three years. The incentive granted comprises Citycon shares, cash or both.

Incentives paid in shares are charged to administration expenses and recognised as an increase in shareholders' equity. Incentives paid in cash are charged to administration expenses and recognised as liabilities. In 2011, expenses recognised in the statement of comprehensive income amounted to EUR 0.2 million (EUR 0.7 million in 2010).

The following table presents additional information on the share-based incentive plan:

	Incentive period 2010	Incentive period 2009	Incentive period 2008	Incentive period 2007	Total
Grant date	9 February 2010	22 April 2009	15 May 2008	26 April 2007	-
No. of key personnel at period end	18	16	13	-	-
Maximum number of shares to be granted on grant date	86,800	221,600	82,200	38,700	429,300
Shares granted in 2008	-	-	-	4,293	4,293
Shares granted in 2009	-	-	20,109	4,288	24,397
Shares granted in 2010	-	60,041	18,965	3,960	82,966
Shares granted in 2011	13,410	68,183	16,700	-	98,293

According to the terms and conditions of the incentive plan, a participant can also choose to receive shares instead of the cash component intended for paying the related income tax. In addition to shares granted as presented above, 3,032 shares were granted in 2011 (41,054 shares in 2010) instead of paying the cash component in cash.

31. CASH GENERATED FROM OPERATIONS

EUR million	2011	2010
Profit/loss before taxes	19.7	102.8
Adjustments for:		
Depreciation and amortisation (Note 12)	1.0	0.8
Net fair value losses (+)/ gains (-) on investment property (Note 17)	35.3	-50.8
Profit (-)/losses (+) on disposal of investment property (Notes 17 and 24)	-0.6	-2.6
Share-based payments (Note 30)	1.5	0.3
Other non-cash income	-0.7	-0.4
Foreign exchange gains (-)/ losses (+) in financing expenses (Note 14)	-0.1	-0.1
Fair value gains (-)/ losses (+) of derivatives (Note 14)	-	-0.2
Interest and other financing income (Note 14)	-0.6	-0.6
Interest and other financing expenses (Note 14)	63.1	55.8
Changes in working capital		
Trade and other receivables (Note 25)	-4.2	-8.2
Trade and other payables (Note 29)	5.8	11.0
Cash generated from operations	120.2	108.0

32. COMMITMENTS AND CONTINGENT LIABILITIES

A) Other leases - Group as lessee

Future minimum lease payments under non-cancellable other leases are as follows:

EUR million	2011	2010
Not later than 1 year	0.9	0.9
1-5 years	0.7	0.9
Total	1.6	1.8

Leases mainly concern premises and cars. Leases of premises are in effect until further notice and have a notice period of six months. For most leases, rent increases are tied to the cost-of-living index. Car lease agreements are in effect for three years. While the lease agreements have no renewal clause, in practice the contract period can be extended for one to two years.

Lease payments recognised as expenses during the period were EUR 1.1 million (EUR 1.0 million) and they don't include contingent rents or sublease payments. Lease expenses recognised in the statement of comprehensive income are included in Administrative expenses on row office and other administrative expenses (Note 10. Administrative expenses)

B) Pledges and other contingent liabilities

EUR million	2011	2010
Loans, for which mortgages are given in security and shares pledged		
Loans from financial institutions	27.7	27.7
Contingent liabilities for loans		
Mortgages on land and buildings	35.9	36.9
Bank guarantees	39.2	43.4
Capital commitments	20.4	32.3
VAT refund liabilities	60.7	51.2

Mortgages on land and buildings

Mortgages relate to certain bank loans of the subsidiaries where the subsidiary has given security on the loan via mortgages.

Bank guarantees

Bank guarantees relate to bank loans of subsidiaries which Citycon Oyj has guaranteed via parent guarantee or alternatively third party bank guarantees.

Capital commitments

Capital commitments mainly relate to on-going (re)development projects.

VAT refund liability

There are value-added tax refund liabilities arising from capitalised renovations and new investments in Citycon's investment properties. The VAT refund liabilities will realise if the investment property is sold or transferred for non-VAT-liability use within 10 years. Exception to 10-year review rule apply to investments in Finland that have been completed prior to 2008, and the review period is 5 years.

C) Equity ratio commitment and interest coverage ratio

Under a commitment given in the terms of the syndicated loan facilities, Citycon Group undertakes to maintain its equity ratio at above 32.5% and its interest coverage ratio at a minimum of 1.8. For the calculation of equity ratio, shareholders' equity includes capital loans and excludes non-cash valuation gain/loss from derivative contracts recognised in equity and the minority interest. The interest coverage ratio is calculated by dividing the EBITDA - adjusted by extraordinary gains/losses, provisions and non-cash items - by net financial expenses.

Accordingly, equity ratio on 31 December 2011 stood at around 39.0 per cent and interest coverage ratio at around 2.0 (2010: equity ratio was around 39.4 per cent and interest coverage ratio around 2.0).

33. RELATED PARTY TRANSACTIONS**A) Related parties**

Citycon Group's related parties comprise the parent company, subsidiaries, associated companies, minority companies, Board members, CEO, Corporate Management Committee members and Gazit-Globe Ltd., whose shareholding in Citycon Oyj accounted for 48.0 per cent on 31 December 2011 (31 December 2010: 47.3%).

Group companies	Country	Group holding, %	Parent company holding, %
Parent company: Citycon Oyj	Finland		
1 Aematie 3 Koy	Finland	100.0	100.0
2 Asolantien Liikekiinteistö Oy	Finland	100.0	100.0
3 Citycon AB	Sweden	100.0	100.0
4 Citycon Development AB	Sweden	100.0	-
5 Citycon Estonia Oü	Estonia	100.0	-
6 Citycon Estonian Investments B.V.	The Netherlands	100.0	-
7 Citycon Hedging C.V.	The Netherlands	100.0	-
8 Citycon Holding S.à r.l.	Luxembourg	100.0	100.0
9 Citycon Högdalen Centrum AB	Sweden	100.0	-
10 Citycon Imröret AB	Sweden	100.0	-

Group companies	Country	Group holding, %	Parent company holding, %
11 Citycon Jakobsbergs Centrum AB	Sweden	100.0	-
12 Citycon Liljeholmstorget Galleria AB	Sweden	100.0	-
13 Citycon Services AB	Sweden	100.0	-
14 Citycon Shopping Centers AB	Sweden	100.0	-
15 Citycon Treasury B.V.	The Netherlands	100.0	-
16 Citycon Tumba Centrumfastigheter AB	Sweden	100.0	-
17 Drabantvägen bostäder AB	Sweden	100.0	-
18 Espoon Asemakuja 2 Koy	Finland	100.0	100.0
19 Excellency HoldCo Oy	Finland	100.0	100.0
20 Forssan Hämeentie 3 Koy	Finland	100.0	100.0
21 Jyväskylän Forum Koy	Finland	100.0	100.0
22 Jyväskylän Kauppakatu 31 Koy	Finland	100.0	100.0
23 Kaarinan Liiketalo Koy	Finland	100.0	100.0
24 Karjaan Ratakatu 59 Koy	Finland	100.0	100.0
25 Karjalan Kauppakeskus Koy	Finland	100.0	100.0
26 Kauppakeskus Columbus Koy	Finland	100.0	100.0
27 Kauppakeskus Isokarhu Oy	Finland	100.0	100.0
28 Kivensilmänkuja 1 Koy	Finland	100.0	100.0
29 Kotkan Keskuskatu 11 Koy	Finland	100.0	100.0
30 Kouvolan Valtakadun Kauppakeskus Koy	Finland	100.0	100.0
31 Kristiine Keskus Oü	Estonia	100.0	-
32 Kuopion Kauppakatu 41 Koy	Finland	100.0	100.0
33 Kuusankosken Kauppakatu 7 Koy	Finland	100.0	100.0
34 Kuvernöörintie 8 Koy	Finland	100.0	100.0
35 Lahden Hansa Koy	Finland	100.0	100.0
36 Lahden Kauppakatu 13 Koy	Finland	100.0	100.0
37 Lappeenrannan Villimiehen Vitonen Oy	Finland	100.0	100.0
38 Lentolan Perusyhtiö Oy	Finland	100.0	100.0
39 Liljeholmstorget Development Services AB	Sweden	100.0	-
40 Lillinkulma Koy	Finland	100.0	100.0
41 Lintulankulma Koy	Finland	100.0	100.0
42 Lippulaiva Koy	Finland	100.0	100.0
43 Magistral Kaubanduskeskuse Oü	Estonia	100.0	-
44 Martinlaakson Kivivuorentie 4 Koy	Finland	100.0	100.0
45 Minkkikuja 4 Koy	Finland	100.0	100.0
46 Montalbas B.V.	The Netherlands	100.0	100.0
47 Myyrmanni Koy	Finland	100.0	100.0
48 Oulun Galleria Koy	Finland	100.0	100.0
49 Porin Asema-Aukio Koy	Finland	100.0	100.0
50 Porin Isolinnankatu 18 Koy	Finland	100.0	100.0
51 Riddarplatsen Fastigheter HB	Sweden	100.0	-
52 Rocca al Mare Kaubanduskeskuse AS	Estonia	100.0	-
53 Runeberginkatu 33 Koy	Finland	100.0	100.0
54 Sinikalliontie 1 Koy	Finland	100.0	100.0

Group companies	Country	Group holding, %	Parent company holding, %
55 Säkyän Liiketaloy	Finland	100.0	100.0
56 Talvikittie Koy 7-9	Finland	100.0	100.0
57 Tampereen Hatanpää Koy	Finland	100.0	100.0
58 Tampereen Herranni Koy	Finland	100.0	100.0
59 Tampereen Suvantokatu Koy	Finland	100.0	100.0
60 UAB Citycon	Lithuania	100.0	-
61 UAB Prekybos Centras Mandarinas	Lithuania	100.0	-
62 Ultima Oy	Finland	100.0	100.0
63 Valkeakosken Torikatu 2 Koy	Finland	100.0	100.0
64 Vantaan Laajavuorenkuja 2 Koy	Finland	100.0	100.0
65 Varkauden Relanderinkatu 30 Koy	Finland	100.0	100.0
66 Wavulinintie 1 Koy	Finland	100.0	100.0
67 Veniamo-Invest Oy	Finland	100.0	100.0
68 Vaakalintu Koy	Finland	95.8	95.8
69 Lappeen Liikekeskus Koy	Finland	90.6	90.6
70 Lahden Trio Koy	Finland	89.9	89.9
71 Linjuriin Kauppakeskus Koy	Finland	88.5	88.5
72 Lappeenrannan Brahenkatu 7 Koy	Finland	84.5	84.5
73 Tikkurilan Kauppakeskus Koy	Finland	83.8	83.8
74 Koskikeskuksen Huolto Oy	Finland	81.7	81.7
75 Hervannan Liikekeskus Oy	Finland	79.4	79.4
76 Orimattilan Markkinataloy	Finland	77.3	77.3
77 Strömpilen AB	Sweden	75.0	-
78 Åkersberga Centrum AB	Sweden	75.0	-
79 Myyrmäen Kauppakeskus Koy	Finland	74.0	74.0
80 Stenungs Torg Fastighets AB	Sweden	70.0	-
81 Heikintori Oy	Finland	68.7	68.7
82 Kirkkonummen Liikekeskus Oy	Finland	66.7	66.7
83 Espoontori Koy	Finland	66.6	66.6
84 Tampereen Koskenranta Koy	Finland	63.7	63.7
85 Myyrmäen Autopaikointi Oy	Finland	62.7	-
86 Vantaan Säästötaloy	Finland	61.2	61.2
87 Espoontorin Pysäköintitaloy	Finland	60.1	-
88 Big Apple Top Oy	Finland	60.0	-
89 Manhattan Acquisition Oy	Finland	60.0	-
90 Tikkurilan Kassataloy As Oy	Finland	59.7	59.7
91 Espoon Asematoriin Koy	Finland	54.1	54.1
92 Laajasalon Liikekeskus Oy	Finland	50.4	50.4
93 Espagalleria Oy	Finland	50.0	50.0
94 Retail Park Oy	Finland	50.0	50.0
95 Espoon Louhenkulma Koy	Finland	48.9	48.9
96 Pihlajamäen Liiketaloy	Finland	42.7	42.7
97 Länsi-Keskus Koy	Finland	41.4	41.4
98 Hakunilan Keskus Oy	Finland	41.1	41.1

Group companies	Country	Group holding, %	Parent company holding, %
99 Hansaparkki Koy	Finland	36.0	-
100 Kontulan Asemakeskus Koy	Finland	34.8	34.8
101 Puijonlaakson Palvelukeskus Koy	Finland	31.3	31.3
102 Salpausseläntie 11 Koy	Finland	31.3	31.3
103 Valtakatu 5-7 Koy	Finland	31.3	31.3
104 Jyväskylän Ydin Oy	Finland	29.0	21.5
105 Soukan Itäinentorni As Oy	Finland	27.3	27.3
106 Valkeakosken Liikekeskus Koy	Finland	25.4	25.4
107 Lauttasaaren Liikekeskus Oy	Finland	23.7	23.7
108 Hakucenter Koy	Finland	18.7	18.7
109 Liesikujan Autopaikat Oy	Finland	8.0	-
110 Tapiolan Alueen Kehitys Oy	Finland	7.7	7.7
Partnerships for taxation purposes:			
Parkeringshuset Väpnaren	Sweden	64.0	-

B) Related party transactions

Group companies

Group companies have paid each other fees such as maintenance and financial charges, interest expenses, loan repayments and other administrative service charges.

Such income and expenses have been eliminated from the consolidated financial statements. There have been no other related party transactions between Group companies.

Management benefits

CEO wages and salaries, EUR	2011	2010
Marcel Kokkeel (CEO as of 24 March 2011)	448,966	-
Petri Olkinuora (CEO until 23 March 2011)	70,464	403,207

Citycon's Board of Directors appoints the CEO and decides on the terms and conditions of his/her executive contract in writing. On 13 January 2011, the Board of Directors appointed Mr. Marcel Kokkeel (MA, born in 1958), a Dutch citizen, Citycon's new CEO, and approved the terms and conditions of his executive contract. The new CEO assumed his duties on 24 March 2011. According to his service agreement, the CEO's annual gross base salary amounts to EUR 450,000. At the full discretion of the Board of Directors, the CEO may be awarded an additional cash bonus up to a maximal amount corresponding to his annual gross base salary. However, the minimum bonus payable for the year 2011 shall be an amount corresponding to not less than 50 per cent of the annual gross base salary. In addition to this, the CEO is entitled to the following fringe benefits: company car, housing, telephone and luncheon benefits. The CEO's pension benefit is in line with mandatory provisions of the Finnish Pension Act. The CEO's service agreement has been signed for a fixed term and will expire at the end of February 2015. The company may terminate the agreement even earlier without cause at any time upon six months' notice period, in which case the CEO will be paid, in addition to the salary payable for the notice period, a severance pay consisting of 1.5 times the annual base salary at the moment of termination as well as 1.5 times the most recent annual bonus payment.

Related to the company's stock option plan 2011, the CEO has been granted 1,000,000 stock options 2011A-D(I), 250,000 stock options in each sub-category.

Citycon Oyj's CEO since 2002, Petri Olkinuora left his position in the company following the company's Annual General Meeting on 23 March 2011. In line with Mr Olkinuora's service contract, he was paid a lump-sum cash compensation equalling his 18-month salary in addition to his regular

salary for the notice period, as well as a gratitude bonus equaling his 6-month salary. In July 2011, Mr Olkinuora was issued 30,951 incentive shares (39,680 shares in 2010) related to the company's long-term share-based incentive plan, earned according to the plan but not yet distributed at the end of the contractual relationship. Due to the termination of CEO Olkinuora's service contract, the company has recognised non-recurring personnel expenses of EUR 0.0 million in 2011 (EUR 1.2 million in 2010).

Personnel expenses for the entire corporate management committee, EUR million	2011	2010
Wages and salaries	1.7	1.4
Pensions: defined contribution plans	0.3	0.2
Pension charges: defined benefit plans	-	0.0
Social charges	0.2	0.1
Total	2.2	1.8

In addition to wages and salaries, Corporate Management Committee members received income of EUR 0.2 million (EUR 0.2 million) from stock options and share-based incentive plan. Also, non-recurring personnel expenses of EUR 0.5 million (EUR 1.3 million) arising from employment terminations of Corporate Management Committee members were recognised in 2011.

Remuneration of the members of the Board of Directors, EUR	2011	2010
Ashkenazi Ronen	68,600	71,900
Bolotowsky Gideon (Board member until 23 March 2011)	2,000	54,500
Katzman Chaim (Board member as of 17 May 2010)	170,400	127,313
Kempe Roger (Board member as of 23 March 2011)	47,500	-
Komi Kirsi (Board member as of 23 March 2011)	49,800	-
Korpinen Raimo (Board member until 23 March 2011)	2,200	56,700
Lähdesmäki Tuomo (Board member until 23 March 2011)	1,900	57,200
Ottosson Claes	49,000	51,000
Segal Dor J.	46,000	51,500
Sonninen Jorma (Board member as of 23 March 2011)	48,000	-
Wernink Thomas W.	71,200	89,604
Westin Per-Håkan	49,000	57,000
Zochovitzky Ariella	51,800	56,500
Total	657,400	673,217

Board members do not participate in the company's share-based incentive schemes. During 2011, the travel expenses of the Board members amounted to EUR 0.2 million (EUR 0.5 million).

Transactions with Gazit-Globe Ltd.

Convertible capital loan 1/2006

The outstanding amount of convertible capital loan was EUR 71.3 million on 31 December 2011 (EUR 71.3 million on 31 December 2010) and the carrying amount was EUR 68.1 million on 31 December 2011 (EUR 66.3 million). Based on the information Citycon has received, Gazit-Globe Ltd. held 58.9 per cent (58.9%) out of the outstanding amount of convertible capital loan, i.e. EUR 40.1 million (EUR 39.1 million) out of the carrying amount of convertible capital loan on 31 December 2011. Total of EUR 1.9 million (EUR 1.9 million) out of the convertible capital loan annual coupon payment made in 2011 belong to Gazit-Globe Ltd. and EUR 0.8 million (EUR 0.8 million) out of the convertible capital loan interest liability on 31 December 2011.

Purchases of services and expenses charged forward

Citycon has paid expenses of EUR 0.3 million (EUR 0.6 million) to Gazit-Globe Ltd. and its subsidiaries and charged expenses of EUR 0.2 million (EUR 0.1 million) forward to Gazit-Globe Ltd. and its subsidiaries.

Share issue 2010

In September 2010, the company issued 22 million new shares in a share issue directed to Finnish and international institutional investors, raising approximately EUR 63 million in new equity. Gazit-Globe Ltd. subscribed 10 million shares in this share issue.

Share issue 2011

In July 2011, the company issued 33 million new shares in a share issue directed to Finnish and international institutional investors, raising approximately EUR 99 million in new equity. Gazit-Globe Ltd. subscribed 14.9 million shares in this share issue.

Reporting to Gazit-Globe Ltd

The company's main shareholder, Gazit-Globe Ltd, holding approximately 48 per cent of the shares in the company, has announced that it has been applying International Financial Reporting Standards (IFRS) in its financial reporting starting from 2007. According to IFRS, one company may exercise a controlling interest in another company even if its shareholding in that company does not exceed 50 per cent. Gazit-Globe Ltd. holds the view that it exercises a controlling interest, as defined in IFRS, in Citycon Oyj based on the fact that it has been able to exercise controlling interest in Citycon Oyj's shareholders' meetings pursuant to its shareholding. In accordance with an agreement concluded between the companies, Citycon Oyj will provide Gazit-Globe Ltd. with a more detailed breakdown of the accounting information it discloses in its interim and full-year reports, so

that Gazit-Globe Ltd. can consolidate Citycon Group figures into its own IFRS financial statements.

34. CHANGES IN GROUP STRUCTURE IN 2011

Companies acquired

Espagalleria (50% of the shares)
Citycon Högdalen Centrum AB (former Centeni Högdalen AB)
Citycon Imröret AB (former Kungsleden Imröret AB)
As Oy Tikkurilan Kassatalo (increase of ownership by 51.6% to 59.7% of the shares)
Hervannan Liikekeskus Koy (increase of ownership by 4.8% to 79.4% of the shares)
Heikintori Oy (increase of ownership by 3.4% to 68.7% of the shares)

Companies established

Kristiine Keskus Oü
Citycon Estonian Investments B.V.
Citycon Holding S.à r.l.
Citycon Treasury B.V.
Citycon Hedging C.V.
Excellency HoldCo Oy

Companies sold

MREC Kiinteistö Oy Mäntyyvuoksi
MREC Kiinteistö Oy Naantalin Tullikatu 16
Tumba Bostäder AB
MREC Kiinteistö Oy Tullintori
Jakobsberg LB Bostäder AB
Otaniemen Liikekeskus Oy

Properties sold

Hakarinne 4

Companies liquidated

Myllypuron Ostoskeskus Oy

KEY FIGURES AND RATIOS

1) CONSOLIDATED KEY FIGURES AND RATIOS FOR FIVE YEARS

EUR million	Formula	2011	2010	2009	2008	2007
Statement of comprehensive income data						
Turnover		217.1	195.9	186.3	178.3	151.4
Other operating income and expense		0.2	0.3	0.0	6.1	0.5
Operating profit/loss		81.8	157.7	10.3	-105.0	298.7
Profit/loss before taxes		19.7	102.8	-37.5	-162.3	253.5
Profit/loss attributable to parent company shareholders		13.0	78.3	-34.3	-124.1	200.3
Statement of financial position data						
Investment properties		2,522.1	2,367.7	2,147.4	2,111.6	2,248.9
Current assets		125.0	56.9	65.9	52.4	48.1
Equity attributable to parent company shareholders		902.6	849.5	731.1	799.1	982.0
Non-controlling interest		59.2	50.7	36.8	38.2	28.9
Interest-bearing liabilities		1,547.9	1,397.7	1,321.7	1,199.5	1,154.0
Total liabilities		1,715.9	1,536.3	1,485.3	1,341.2	1,297.7
Total liabilities and shareholders' equity		2,677.7	2,436.5	2,253.2	2,178.5	2,308.6
Key performance ratios						
Equity ratio, %	1	36.0	37.1	34.2	38.5	43.9
Equity ratio for the banks, %		39.0	39.4	40.6	45.1	50.1
Gearing, %	2	151.4	153.1	169.5	141.3	111.8
Return on equity, % (ROE)	3	2.3	11.1	-4.7	-15.0	23.3
Return on investment, % (ROI)	4	3.8	10.6	-0.5	-1.5	16.3
Quick ratio	5	0.5	0.3	0.4	0.5	0.3
Gross capital expenditure, EUR million		216.7	133.7	134.6	157.9	603.9
% of turnover		99.8	68.3	72.2	88.6	398.9
Per-share figures and ratios						
Earnings per share, EUR	6	0.05	0.34	-0.16	-0.56	1.00
Earnings per share, diluted, EUR	7	0.05	0.34	-0.16	-0.56	0.91
Net cash from operating activities per share, EUR	8	0.25	0.09	0.30	0.21	0.20
Equity per share, EUR	9	3.25	3.47	3.31	3.62	4.44
P/E (price/earnings) ratio	10	46	9	-19	-3	3
Return from invested unrestricted equity fund per share, EUR		0.11	0.10	0.10	0.10	0.10
Dividend per share, EUR		0.04	0.04	0.04	0.04	0.04
Dividend and return from invested unrestricted equity fund per share total, EUR		0.15	0.14	0.14	0.14	0.14
Dividend and return of equity per earnings, %	11	300.7	40.8	-90.2	-24.9	13.9
Effective dividend and return of equity yield, %	12	6.5	4.5	4.8	8.3	4.3
Operative key ratios						
Net rental yield, %	13	6.0	5.8	6.1	5.8	5.8
Occupancy rate (economic), %	15	95.5	95.1	95.0	96.0	95.7
Citycon's GLA, sq.m.		994,730	942,280	961,150	937,650	923,980
Personnel (at the end of the period)		136	129	119	113	102

1) Board proposal

Formulas are available on page 57.

2) FIVE YEAR SEGMENT INFORMATION

EUR million	2011	2010	2009	2008	2007
Turnover					
Finland	132.5	126.5	131.3	126.8	104.3
Sweden	60.1	52.8	41.0	41.9	39.0
Baltic Countries	24.5	16.7	14.0	9.6	8.0
Total	217.1	195.9	186.3	178.3	151.4
Net rental income					
Finland	90.5	86.7	92.4	90.9	75.7
Sweden	35.4	28.7	23.2	24.1	21.6
Baltic Countries	18.4	11.8	9.8	6.8	6.0
Other	0.0	0.0	0.0	0.0	0.1
Total	144.3	127.2	125.4	121.8	103.4
EPRA operating profit					
Finland	83.2	80.9	86.3	85.4	70.4
Sweden	30.4	24.1	20.0	21.0	18.7
Baltic Countries	17.1	10.6	8.8	6.2	5.1
Other	-13.4	-10.5	-7.4	-7.3	-6.8
Total	117.4	105.0	107.7	105.3	87.4
Operating profit/loss					
Finland	42.3	107.5	21.2	-62.9	218.4
Sweden	32.4	46.7	0.3	-49.1	73.4
Baltic Countries	20.5	14.1	-3.8	14.4	13.8
Other	-13.4	-10.5	-7.4	-7.4	-6.8
Total	81.8	157.7	10.3	-105.0	298.7

PARENT COMPANY INCOME STATEMENT, FAS

EUR million	Note	1 Jan.-31 Dec. 2011	1 Jan.-31 Dec. 2010
Gross rental income		102.8	98.8
Service charge income		4.4	4.7
Turnover	2	107.3	103.5
Property operating expenses		55.1	66.6
Other expenses from leasing operations	3	0.3	0.4
Net rental income		51.9	36.5
Administrative expenses	4,5	32.7	22.5
Other operating income and expenses	6	2.2	6.1
Operating profit		21.3	20.1
Financial income		101.1	112.4
Financial expenses		-116.4	-137.5
Net financial income and expenses	7	-15.3	-25.1
Profit/loss before taxes		6.0	-5.0
Income tax expense	8	-1.6	0.0
Profit/loss for the period		7.6	-5.0

PARENT COMPANY BALANCE SHEET, FAS

EUR million	Note	31 Dec. 2011	31 Dec. 2010
ASSETS			
Non-current assets			
Intangible assets	9	24.5	12.9
Tangible assets	10	31.0	30.8
Investments			
Shares in subsidiaries	11	1,252.6	857.5
Shares in associated companies	12	33.0	34.8
Other investments	13	699.4	972.9
Total investments		1,985.0	1,865.2
Total non-current assets		2,040.4	1,908.8
Current assets			
Long-term receivables	15	1.6	-
Short-term receivables	15	28.8	25.9
Cash and cash equivalents		63.6	0.8
Total current assets		94.1	26.7
Total assets		2,134.6	1,935.5

EUR million	Note	31 Dec. 2011	31 Dec. 2010
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	16	259.6	259.6
Share premium fund		133.1	133.1
Invested unrestricted equity fund		277.2	201.5
Retained earnings		3.9	18.6
Profit/loss for the period		7.6	-5.0
Total shareholders' equity		681.3	607.8
Liabilities			
Long-term liabilities			
Convertible capital loan 1/2006		68.1	66.3
Bond 1/2009		39.6	39.5
Other long-term liabilities		1,088.1	987.9
Total long-term liabilities		1,195.8	1,093.7
Short-term liabilities			
Other short-term liabilities		257.5	234.1
Total short-term liabilities		257.5	234.1
Total liabilities		1,453.3	1,327.7
Total liabilities and shareholders' equity		2,134.6	1,935.5

PARENT COMPANY CASH FLOW STATEMENT, FAS

EUR million	1 Jan.-31 Dec. 2011	1 Jan.-31 Dec. 2010
Cash flow from operating activities		
Profit/loss before taxes	6.0	-5.0
Adjustments:		
Depreciation and impairment loss	12.0	4.2
Non-cash property operating expenses	21.8	25.3
Net financial income and expenses	15.3	25.1
Loss/gain on sale and on liquidation of shares in subsidiaries and other investments	0.7	-4.4
Cash flow before change in working capital	55.9	45.2
Change in working capital	4.6	22.8
Cash generated from operations	60.4	68.0
Interest expense and other financial expenses paid	-93.6	-64.2
Interest income and other financial income received	52.7	15.0
Realized exchange rate gains and losses	10.8	-10.6
Income taxes received/paid	7.4	-8.8
Net cash flow from operating activities	37.6	-0.5
Cash flow used in investing activities		
Investment in tangible and intangible assets	-18.0	-3.3
Proceeds from sale of tangible assets	0.7	-
Loans granted	-122.1	-98.0
Repayments of loans receivable	335.6	66.9
Increase in subsidiary shares	-792.0	-27.3
Decrease in subsidiary shares	390.3	2.8
Purchase of minority and associated companies' shares	-0.3	-0.3
Sale of associated companies' shares	1.8	3.2
Net cash used in investing activities	-204.0	-56.0
Cash flow from financing activities		
Proceeds from share issue	99.7	63.1
Sale of treasury shares	0.4	0.2
Share subscriptions based on stock options	-	3.3
Proceeds from short-term loans	135.6	107.8
Repayments of short-term loans	-98.8	-198.5
Proceeds from long-term loans	582.2	347.6
Repayments of long-term loans	-470.4	-242.0
Dividends paid and return from the invested unrestricted equity fund	-34.3	-31.0
Net cash from financing activities	214.4	50.5
Net change in cash and cash equivalents	48.0	-6.1
Cash and cash equivalents at period-start	-7.6	-1.5
Effects of exchange rate changes	-	-
Cash and cash equivalents at period-end¹⁾	40.4	-7.6

1) Cash and cash equivalents of Citycon Oyj included the Group cash pool as at 31 December 2011 and at 31 December 2010, in which the parent company's bank account can have a negative balance. Cash pool balance of EUR -23.3 million as at 31 December 2011 and EUR -8.4 million as at 31 December 2010 has been recognised in the parent company's balance sheet under short-term liabilities.

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS, FAS

1. ACCOUNTING POLICIES

The parent company's financial statements are prepared in accordance with the Finnish law.

INCOME STATEMENT FORMAT

The income statement is presented in accordance with the function-based format and it includes both gross and net rental income.

NON-CURRENT ASSETS

Non-current assets are recognized in the balance sheet at acquisition cost less impairment losses and depreciation/amortisation.

PROPERTY PORTFOLIO

The buildings' acquisition cost is depreciated annually on a straight line basis at 2–4 per cent. Repair costs are expensed as incurred.

OTHER NON-CURRENT ASSETS

Other non-current assets include capitalised costs related to the acquisition of properties, which are amortised over three years, and tenant improvements, which are amortised during the lease term.

Machinery and equipment is depreciated at 25 percent annually, using the reducing balance method of depreciation. The machinery and equipment category includes also technical equipment in buildings and the depreciation is made accordingly.

PENSION SCHEMES

The company's employee pension cover is based on statutory pension insurance.

FOREIGN CURRENCY RECEIVABLES AND PAYABLES

Receivables and payables denominated in foreign currencies as well as forward rate agreements are measured at the exchange rate quoted on the balance sheet date. Any exchange rate differences resulting from currency translations are recognised as exchange rate differences in the income statement.

CONVERTIBLE CAPITAL LOAN

Convertible capital loan is shown as separate item in liabilities.

INCOME TAXES

Current taxes are recognised on an accrual basis.

Deferred taxes arising from temporary differences between the book and fiscal values have been recognised separately in the income statement and the balance sheet.

IMPORTANT NOTE

Individual figures and sum totals presented in the financial statements have been rounded to the nearest thousands of euros; this

may cause minor discrepancies between the sum totals and the sums of individual figures as given.

2. TURNOVER

EUR million	2011	2010
Turnover by business segments:		
Shopping centres		
Helsinki Metropolitan Area	32.4	32.5
Other areas in Finland	47.9	44.8
Other retail properties	27.0	26.2
Total	107.3	103.5

Geographically the parent company's turnover is generated in Finland. Parent company turnover includes the following administrative fees received from Group companies:

EUR million	2011	2010
Administrative fees from Group companies	0.9	0.9

3. OTHER EXPENSES FROM LEASING OPERATIONS

EUR million	2011	2010
Tenant improvements and commissions	0.2	0.0
Credit losses	0.2	0.3
Total	0.3	0.4

4. PERSONNEL EXPENSES

EUR million	2011	2010
Average number of employees during period	86	81
Personnel expenses		
Wages and salaries	10.0	7.4
Pension charges	1.2	1.7
Other social charges	0.4	0.3
Total	11.6	9.4

The items presented above include non-recurring personnel expenses of EUR 1.2 million (EUR 1.3 million in 2010) arising from employment terminations.

Personnel expenses include management salaries and emoluments.

EUR million	2011	2010
CEO's salary and emoluments	0.5	0.4
Board remuneration	0.7	0.7
Total	1.2	1.1

5. DEPRECIATION AND AMORTISATION AND IMPAIRMENTS

EUR million	2011	2010
The following depreciation and amortisation as well as impairments are included in the administrative expenses:		
Amortisation on intangible assets	4.7	3.3
Depreciation on buildings and constructions	0.5	0.5
Depreciation on machinery and equipment	0.3	0.3
Impairment of shares in subsidiaries and in associated companies	6.6	-
Total	12.0	4.2

6. OTHER OPERATING INCOME AND EXPENSES

EUR million	2011	2010
Loss/gain on sale of shares in subsidiaries and other investments	-4.1	4.4
Liquidation of Myllypuron Ostoskeskus Oy	3.4	-
Leasing and asset management fees from Group companies	2.8	1.6
Other operating income	0.1	0.1
Total	2.2	6.1

7. NET FINANCIAL INCOME AND EXPENSES

EUR million	2011	2010
Dividend income		
From Group companies	11.7	0.1
From others	0.0	0.0
Total	11.7	0.1
Interest and other financial income		
From Group companies	32.5	38.8
Gain from convertible bond buybacks	-	0.2
Foreign exchange rate gains	53.7	73.0
Other interest and financial income	3.3	0.3
Total	89.4	112.3
Total financial income	101.1	112.4
Interest and other financial expenses		
To Group companies	8.0	5.3
Foreign exchange losses	53.6	72.8
Fair value loss from derivatives	-	8.6
Interest and other financial expenses	54.8	50.8
Total financial expenses	116.4	137.5
Net financial income and expenses	-15.3	-25.1

8. INCOME TAX EXPENSE

EUR million	2011	2010
Current taxes	-	-
Deferred tax benefit	-1.6	-
Income taxes	-1.6	-

9. INTANGIBLE ASSETS

EUR million	2011	2010
Intangible rights		
Acquisition cost 1 Jan.	2.0	1.7
Additions during the period	0.5	0.3
Accumulated acquisition costs 31 Dec.	2.5	2.0
Accumulated depreciation 1 Jan.	-1.2	-0.9
Depreciation for the period	-0.3	-0.3
Accumulated depreciation 31 Dec.	-1.5	-1.2
Net carrying amount 31 Dec.	1.0	0.8
Connection fees		
Acquisition cost 1 Jan.	0.2	0.2
Net carrying amount 31 Dec.	0.2	0.2
Tenant improvements and other non-current assets		
Acquisition cost 1 Jan.	23.7	18.4
Additions during the period	15.8	5.4
Transfer between items	-	0.0
Accumulated acquisition costs 31 Dec.	39.5	23.7
Accumulated depreciation 1 Jan.	-11.9	-8.9
Depreciation for the period	-4.3	-3.1
Accumulated depreciation 31 Dec.	-16.3	-11.9
Net carrying amount 31 Dec.	23.2	11.8
Total intangible assets 31 Dec.	24.5	12.9

10. TANGIBLE ASSETS

EUR million	2011	2010
Land		
Acquisition cost 1 Jan.	3.3	3.3
Reductions during the period	-0.1	-
Net carrying amount 31 Dec.	3.2	3.3
Buildings and constructions		
Acquisition cost 1 Jan.	68.7	68.7
Additions during the period	0.4	0.0
Accumulated acquisition costs 31 Dec.	69.1	68.7
Accumulated depreciation 1 Jan.	-44.6	-44.1
Depreciation for the period	-0.5	-0.5
Accumulated depreciation 31 Dec.	-45.1	-44.6
Net carrying amount 31 Dec.	24.0	24.1
Machinery and equipment		
Acquisition cost 1 Jan.	5.7	5.5
Additions during the period	0.2	0.3
Accumulated acquisition costs 31 Dec.	5.9	5.7
Accumulated depreciation 1 Jan.	-4.7	-4.3
Depreciation for the period	-0.3	-0.3
Accumulated depreciation 31 Dec.	-5.0	-4.7
Net carrying amount 31 Dec.	1.0	1.1
Machinery and equipment also include technical equipment in buildings.		
Other tangible assets		
Acquisition cost 1 Jan.	0.2	0.2
Accumulated acquisition costs 31 Dec.	0.2	0.2
Accumulated depreciation 1 Jan.	-0.2	-0.2
Accumulated depreciation 31 Dec.	-0.2	-0.2
Net carrying amount 31 Dec.	0.1	0.1
Construction in progress		
Acquisition cost 1 Jan.	2.2	4.9
Reductions/additions during the period	0.5	-2.7
Transfer between items	-	0.0
Net carrying amount 31 Dec.	2.7	2.2
Total tangible assets 31 Dec.	31.0	30.8

11. SHARES IN SUBSIDIARIES

EUR million	2011	2010
Acquisition cost 1 Jan.	857.5	830.3
Additions during the period	654.6	27.3
Impairment of shares	-5.2	-
Reductions during the period	-254.7	0.0
Transfer between items	0.3	-
Net carrying amount 31 Dec.	1,252.6	857.5

12. SHARES IN ASSOCIATED COMPANIES

EUR million	2011	2010
Acquisition cost 1 Jan.	34.8	34.8
Impairment of shares	-1.4	-
Reductions during the period	-0.4	-
Net carrying amount 31 Dec.	33.0	34.8

13. OTHER INVESTMENTS

EUR million	2011	2010
Minority holdings		
Acquisition cost 1 Jan.	0.9	3.7
Additions during the period	0.3	0.3
Reductions during the period	-	-3.2
Transfer between items	-0.3	-
Net carrying amount 31 Dec.	0.9	0.9
Loan receivables from Group companies	698.5	972.0
Other receivables from outside the Group	-	0.0
Total other investments 31 Dec.	699.4	972.9
Total investments 31 Dec.	1,985.0	1,865.2

14. SUBSIDIARIES AND ASSOCIATED COMPANIES

Parent company's subsidiaries and associated companies are presented in Note 33 Related Party Transactions in the Notes to the Consolidated Financial Statements.

15. LONG- AND SHORT-TERM RECEIVABLES

EUR million	2011	2010
Long-term receivables from outside the Group		
Deferred tax assets	1.6	-
Total long-term receivables	1.6	-
Short-term receivables from outside the Group		
Trade receivables	2.0	1.0
Other receivables	1.8	11.4
Accrued income and prepaid expenses	1.2	0.8
Total	5.0	13.2

EUR million	2011	2010
Receivables from Group companies		
Trade receivables	1.2	0.9
Loan receivables	-0.1	-0.2
Maintenance charge receivables	4.5	2.4
Other receivables	13.5	0.0
Total other receivables	17.9	2.3
Interest receivables	1.7	9.4
Other accrued income and prepaid expenses	2.9	0.1
Total accrued income and prepaid expenses	4.7	9.5
Total	23.8	12.7
Total short-term receivables	28.8	25.9

16. SHAREHOLDERS' EQUITY

EUR million	2011	2010
Share capital at 1 Jan.	259.6	259.6
Share capital at 31 Dec.	259.6	259.6
Share premium fund at 1 Jan.	133.1	133.1
Share premium fund at 31 Dec.	133.1	133.1
Invested unrestricted equity fund at 1 Jan.	201.5	157.0
Proceeds from share issue	99.7	63.1
Sale of treasury shares	0.4	0.2
Share subscriptions based on stock options	-	3.3
Equity return from the invested unrestricted equity fund	-24.5	-22.1
Invested unrestricted equity fund at 31 Dec.	277.2	201.5
Retained earnings at 1 Jan.	13.6	27.5
Dividends	-9.8	-8.8
Profit/ Loss for the period	7.6	-5.0
Retained earnings at 31 Dec.	11.5	13.6
Total shareholders' equity at 31 Dec.	681.3	607.8

17. LIABILITIES

A) Long-term liabilities

EUR million	2011	2010
Fixed-rate loans		
Convertible capital loan 1/2006 ¹⁾	68.1	66.3
Bond 1/2009	39.6	39.5
Floating-rate loans, which are		
converted into fixed rates through interest-rate swaps	1,005.4	869.8
tied to market interest rates	97.7	90.1
Total	1,103.1	959.9
Current portion of interest-bearing liabilities	-25.0	-19.7
Total	1,078.1	940.2
Other long-term liabilities		
Loans from financial institutions	1,078.1	940.2
Loans from Group companies	9.9	47.7
Total	1,088.1	987.9
Total long-term liabilities	1,195.8	1,093.7
Loans maturing later than 5 years	64.6	12.5

1) The terms and conditions of convertible capital loan are presented in Note 28 Loans in the Notes to the Consolidated Financial Statements.

B) Short-term liabilities

EUR million	2011	2010
Short-term interest-bearing liabilities		
Commercial papers	48.7	11.9
Loans from financial institutions	108.8	142.1
Current portion of interest-bearing liabilities	25.0	19.7
Loans from Group companies	40.7	19.3
Total	223.2	193.1
Short-term non-interest-bearing liabilities		
Payables to outside the Group		
Advances received	0.2	0.3
Accounts payable	1.6	1.7
Derivative financial instruments	0.1	1.5
Other payables	0.2	0.1
Total other payables	0.3	1.6
Interest liability	5.4	5.2
Other accruals	4.3	3.9
Total accruals	9.7	9.0
Total	11.7	12.7

EUR million	2011	2010
Payables to Group companies		
Accounts payable	0.0	0.6
Charge-for-financial cost payables	1.9	13.9
Other payables	20.7	13.3
Total other payables	22.6	27.2
Accruals	0.0	0.5
Total	22.6	28.3
Total short-term liabilities	257.5	234.1
Total liabilities	1,453.3	1,327.7

All derivative financial instruments in Citycon are executed by the parent company Citycon Oyj. The fair values of derivative financial instruments are presented in Note 23 Derivative Financial Instruments in the Notes to the Consolidated Financial Statements.

18. CONTINGENT LIABILITIES

The parent company doesn't have any mortgages nor given securities.

A) Lease liabilities

EUR million	2011	2010
Payables on lease commitments		
Maturing next financial year	0.8	0.9
Maturing later	0.4	0.9
Total	1.2	1.8

Citycon's finance leases mainly apply to computer hardware, machinery and equipment, cars and office premises.

B) Guarantees given

EUR million	2011	2010
Bank guarantees	39.2	43.4
On behalf of Group companies	-	5.9

C) VAT refund liabilities

EUR million	5 year review period		10 year review period	
	2011	2010	2011	2010
Property investment (net)	0.9	0.9	0.8	0.5
VAT of property investment (100%)	0.2	0.3	0.2	0.1
out of which VAT has been deducted on the date of completion	0.2	0.3	0.1	0.1
Annual amount under review	0.0	0.1	0.0	0.0
VAT refund liability at 31 Dec.	0.0	0.0	0.1	0.0

SHAREHOLDERS AND SHARES

BIGGEST SHAREHOLDERS ON 31 DECEMBER 2011

Name	Number of shares	Percentage of shares and votes
Ilmarinen Mutual Pension Insurance Company	24,943,027	8.98
The State Pension Fund of Finland	1,700,000	0.61
Sijoitusrahasto Aktia Capital	1,310,000	0.47
Odin Finland	1,265,586	0.46
Folketrygdfondet	1,171,000	0.42
Taalritehdas ArvoMarkka Investment Fund	750,000	0.27
Mutual Fund Evli Finnish Equity	620,000	0.22
Icecapital European Property	482,401	0.17
Tudeer Lauri	480,120	0.17
von Fieandt Johan	480,000	0.17
10 biggest, total	33,202,134	11.95

Nominee-registered shares

Sampo Bank Plc	115,998,111	41.75
Skandinaviska Enskilda Banken AB	34,683,910	12.48
Nordea Bank Finland Plc	32,088,996	11.55
Svenska Handelsbanken AB (publ), filial verksamheten i Finland	21,729,734	7.82
Evli Bank Plc	17,665,651	6.36
Other nominee-registered shares	4,232,413	1.53
Nominee-registered shares, total	226,398,815	81.49

Others	18,210,348	6.56
Shares, total	277,811,297	100.00

Gazit-Globe Ltd. has informed the company that the number of shares held by it on 31 December 2011 amounts to 133,456,930 shares accounting for 48.04 per cent of the shares and voting rights in the company at the year-end of 2011. Gazit-Globe Ltd.'s shareholding is nominee-registered.

Notifications of changes in shareholding during 2011

On 14 July 2011, the company was notified by Ilmarinen Mutual Pension Insurance Company that Ilmarinen had participated in Citycon's directed share offering in July and that as a result of this, Ilmarinen's shareholding in the company had exceeded the threshold of 1/20. According to the notice, on 14 July 2011, Ilmarinen held a total of 24,943,027 Citycon shares, or 8.99 per cent of the total shares and votes in the company on that date.

SHAREHOLDERS BY OWNERGROUP ON 31 DECEMBER 2011

	Number of owners	Percentage of owners	Number of shares	Percentage of shares and votes
Financial and insurance corporations	30	0.70	226,874,710	81.66
Corporations	329	7.69	4,182,580	1.51
Households	3,823	89.41	10,764,900	3.88
General government	4	0.09	26,720,027	9.62
Foreign	40	0.94	8,145,780	2.93
Non-profit institutions	50	1.17	1,123,300	0.40
Total	4,276	100.00	277,811,297	100.00
of which nominee-registered	10		226,398,815	81.49
Issued stock, total			277,811,297	

BREAKDOWN OF SHAREHOLDERS ON 31 DECEMBER 2011 BY NUMBER OF SHARES

	Number of owners	Percentage of owners	Number of shares	Percentage of shares and votes
1 - 100	456	10.66	26,777	0.01
101 - 1,000	1,818	42.52	914,559	0.33
1,001 - 5,000	1,475	34.49	3,530,044	1.27
5,001 - 10,000	250	5.85	1,835,707	0.66
10,001 - 50,000	203	4.75	4,465,793	1.61
50,001 - 100,000	31	0.72	2,155,943	0.78
100,001 - 500,000	30	0.70	6,824,054	2.45
500,001 - 1,000,000	2	0.05	1,370,000	0.49
1,000,001 -	11	0.26	256,688,420	92.40
Total	4,276	100.00	277,811,297	100.00
of which nominee-registered	10		226,398,815	81.49
Issued stock, total			277,811,297	

SHARE PRICE AND TRADING VOLUME

	Formula	2011	2010	2009	2008	2007
Share price, transactions, EUR						
Low		2.02	2.29	1.3	1.26	3.24
High		3.41	3.31	3.16	4.28	6.09
Average	16	2.77	2.84	1.99	2.94	4.76
Market capitalisation, EUR million	17	641.7	753.3	649.9	371.3	806.6
Share trading volume						
No. of shares traded as of year-start, 1,000		97,483	114,974	149,340	150,852	153,696
Percentage of total		35.1	47.0	67.0	68.3	69.6
Average number of shares, 1,000		259,778	228,148	221,035	220,991	199,404
Average number of shares, diluted, 1,000		276,871	245,806	239,502	247,223	227,122
Number of shares on 31. Dec., 1,000		277,811	244,565	221,060	220,999	220,981

FORMULAS FOR KEY FIGURES AND RATIOS

1)	Equity ratio, %	$\frac{\text{Shareholders' equity}}{\text{Balance sheet total - advances received}} \times 100$	X 100
2)	Gearing, %	$\frac{\text{Interest-bearing liabilities - cash and cash equivalents}}{\text{Shareholders' equity}} \times 100$	X 100
3)	Return on equity (ROE), %	$\frac{\text{Profit/loss for the period}}{\text{Shareholders' equity (weighted average)}} \times 100$	X 100
4)	Return on investment (ROI), %	$\frac{\text{Profit/loss before taxes + interest and other financial expenses}}{\text{Balance sheet total (weighted average) - (non-interest-bearing liabilities on the balance sheet date + opening balance of non-interest-bearing liabilities)/2}} \times 100$	X 100
5)	Quick ratio	$\frac{\text{Current assets}}{\text{Short-term liabilities}}$	
6)	Earnings per share (EPS), EUR	$\frac{\text{Profit/loss for the period attributable to parent company shareholders}}{\text{Average number of shares for the period}} \times 100$	X 100
7)	Earnings per share, diluted, EUR	$\frac{\text{Profit/loss for the period attributable to parent company shareholders}}{\text{Diluted average number of shares for the period}} \times 100$	X 100
8)	Net cash from operating activities per share, EUR	$\frac{\text{Net cash from operating activities}}{\text{Average number of shares for the period}} \times 100$	X 100
9)	Equity per share, EUR	$\frac{\text{Equity attributable to parent company shareholders}}{\text{Number of shares on the balance sheet date}}$	
10)	P/E ratio (price/earnings)	$\frac{\text{Closing price at year-end}}{\text{EPS}}$	
11)	Dividend and return of equity per earnings, %	$\frac{\text{Dividend per share}}{\text{EPS}} \times 100$	X 100
12)	Effective dividend and return of equity yield, %	$\frac{\text{Dividend per share}}{\text{Closing price at year-end}} \times 100$	X 100
13)	Net rental yield, %	$\frac{\text{Net rental income (last 12 months)}}{\text{Average fair value of investment property}} \times 100$	X 100
14)	Occupancy rate, %, sq.m.	$\frac{\text{Leased space}}{\text{Leasable space}} \times 100$	X 100
15)	Occupancy rate (economic), %	$\frac{\text{Rental income as per leases}}{\text{Estimated market rent of vacant premises + rental income as per leases}} \times 100$	X 100
16)	Average share price, EUR	$\frac{\text{Value of shares traded (EUR)}}{\text{Average number of shares traded}}$	
17)	Market capitalisation	Number of shares x closing price for the period excl. treasury shares	
18)	Net interest-bearing debt (fair value), EUR million	Fair value of interest-bearing debts - cash and cash equivalents	

SIGNATURES TO THE FINANCIAL STATEMENTS

Signatures to the Financial Statements 1 January - 31 December 2011

In Helsinki, on 7 February 2012

Chaim Katzman

Ronen Ashkenazi

Roger Kempe

Kirsi Komi

Claes Ottosson

Dor J. Segal

Jorma Sonninen

Thomas W. Wernink

Per-Håkan Westin

Ariella Zochovitzky

Marcel Kokkeel
CEO

We have today submitted the report on the conducted audit.

In Helsinki, on 7 February 2012

Ernst & Young Oy
Authorized Public Accountants

Tuija Korpelainen
Authorized Public Accountant

To the Annual General Meeting of Citycon Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Citycon Oyj for the year ended 31 December 2011. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

The responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial state-

ments and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 7 February 2012

Ernst & Young Oy
Authorized Public Accountants

Tuija Korpelainen
Authorized Public Accountant

PROPERTY LIST

Property	Address	Built in / renovated in	Holding, %	Citycon's GLA, sq.m.	Occupancy rate, % ¹⁾	Occupancy rate, % ¹⁾		
FINLAND								
HELSINKI METROPOLITAN AREA								
1	Asolantien Liikekiinteistö Oy	Asolanväylä 50	01360 VANTAA	1986	100%	1,800	100.0	100.0
2	Columbus					20,900	98.4	99.6
	Kauppakeskus Columbus Koy	Vuotie 45	00980 HELSINKI	1997/2007	100%			
3	Espoon Louhenkulma Koy	Louhentie 2	02130 ESPOO	1963	49%	880	100.0	100.0
4	Espoonatori					17,100	83.3	85.7
	Espoon Asemakuja 2 Koy	Asemakuja 2	02770 ESPOO	1991	100%	6,300		
	Espoon Asematori Koy	Kamreerintie 5	02770 ESPOO	1989/2010	54%	1,800		
	Espoonatori Koy	Kamreerintie 3	02770 ESPOO	1987/2010	67%	9,000		
	Espoonatorin Pysäköintitalo Oy	Kamreerintie 1	02770 ESPOO	1987/2010	60%			
5	Hakunilan Keskus					3,780	95.8	95.0
	Hakucenter Koy	Laukkarinne 6	01200 VANTAA	1986	19%	780		
	Hakunilan Keskus Oy	Laukkarinne 4	01200 VANTAA	1982	41%	3,000		
6	Heikintori					6,300	76.0	89.8
	Heikintori Oy	Kauppamiehentie 1	02100 ESPOO	1968	69%			
7	Iso Omena					60,600	99.7	99.8
	Big Apple Top Oy	Piispansilta 9	02230 ESPOO	2001	60%			
8	Isomyyri					10,800	87.5	94.3
	Myyrmäen Kauppakeskus Koy	Liesitori 1	01600 VANTAA	1987	74%			
	Liesikujan Autopaikat Oy	Liesikuja 2	01600 VANTAA	1987	8%			
9	Aseman Ostari					4,000	80.9	89.3
	Kirkkonummen Liikekeskus Oy	Asematie 3	02400 KIRKKONUMMI	1991/2011	67%			
10	Kontulan Asemakeskus Koy	Keinulaudankuja 4	00940 HELSINKI	1988/2007	35%	4,500	100.0	100.0
11	Laajasalon Liikekeskus					2,660	99.7	99.7
	Laajasalon Liikekeskus Oy	Yliskyläntie 3	00840 HELSINKI	1972/1995	50%	2,300		
	Kuvernöörintie 8 Koy	Kuvernöörintie 8	00840 HELSINKI	1982	100%	360		
12	Lauttasaaren Liikekeskus Oy	Lauttasaarentie 28-30	00200 HELSINKI	1970	24%	1,500	100.0	100.0
13	Lippulaiva					18,500	96.7	97.2
	Lippulaiva Koy	Espoonlahdenkatu 4	02320 ESPOO	1993/2007	100%			
14	Länsi-Keskus Koy	Pihatörmä 1	02210 ESPOO	1989	41%	8,600	54.8	54.7
15	Martinlaakson Ostari					7,400	97.6	98.5
	Martinlaakson Kivivuorentie 4 Koy	Kivivuorentie 4	01620 VANTAA	2011	100%			
16	Minkkikuja 4 Koy	Minkkikuja 4	01450 VANTAA	1989	100%	2,300	100.0	100.0
17	Myllypuron Ostari					6,600	89.5	90.1
	Kivensilmänkuja 1 Koy	Kivensilmänkuja 1	00920 HELSINKI	2011-	100%			
18	Myyrmani					39,700	92.3	94.7
	Myyrmani Koy	Iskoskuja 3	01600 VANTAA	1994/2007/2011	100%			
	Myyrmäen Autopaikot Oy	Iskoskuja 3	01600 VANTAA	1994	63%			
19	Pihlajamäen liiketalo Oy	Meripihkatie 1	00710 HELSINKI	1970	43%	1,700	84.3	69.1
20	Salpausseläntie 11 Koy	Salpausseläntie 11	00710 HELSINKI	1973	31%	600	0.0	0.0

Property	Address	Built in / renovated in	Holding %	Citycon's GLA, sq.m.	Occupancy rate, % ¹⁾	Occupancy rate, % ¹⁾	Occupancy rate, % ¹⁾	
21 Sampotori	Heikintori, Kauppamiehentie 1	02100 ESPOO	lot		100%	50	100.0	100.0
22 Sinikalliontie 1 Koy	Sinikalliontie 1	02630 ESPOO	1964/1992		100%	15,700	96.1	98.3
23 Soukan Itäinentorni As Oy	Soukantie 16	02360 ESPOO	1972		27%	1,600	100.0	100.0
24 Talvikkitie 7-9 Koy	Talvikkitie 7-9	01300 VANTAA	1989		100%	9,800	64.0	38.1
25 Tikkuri						13,300	89.0	94.7
Tikkurilan Kauppakeskus Koy	Asematie 4-10	01300 VANTAA	1984/1991		84%	10,500		
Asematie 3 Koy	Asematie 3	01300 VANTAA	1972		100%	1,400		
Tikkurilan Kassatalo As Oy	Asematie 1	01300 VANTAA	1956		60%	1,400		
26 Ultima Oy	Äyritie 1	01510 VANTAA	lot		100%			
27 Vantaan Laajavuorenuja 2 Koy	Laajavuorenuja 2	01620 VANTAA	1976		100%	2,000	100.0	100.0
28 Vantaan Säästöalo Koy	Kielotie 20	01300 VANTAA	1983		61%	3,800	97.3	98.0
29 Wavulinintie 1 Koy	Wavulinintie 1	00210 HELSINKI	1950/1992		100%	1,700	29.5	13.7
OTHER AREAS IN FINLAND								
30 Forssan Hämeentie 3 Koy	Hämeentie 3	31100 FORSSA	1978		100%	4,500	0.0	0.0
31 Forum						16,500	97.8	99.4
Jyväskylän Forum Koy	Asemakatu 5	40100 JYVÄSKYLÄ	1953/1972/1980/1991/2010		100%			
32 Galleria						3,500	95.0	97.3
Oulun Galleria Koy	Isokatu 23	90100 OULU	1987		100%			
33 Isokarhu						14,900	94.6	98.2
Kauppakeskus IsoKarhu Oy	Yrjönkatu 14	28100 PORI	1972/2001/2004		100%			
34 IsoKristiina						19,400	89.6	94.6
Karjalan Kauppakeskus Koy	Brahenkatu 3	53100 LAPPEENRANTA	1987		100%	8,400		
Lappeen Liikekeskus Koy	Brahenkatu 5	53100 LAPPEENRANTA	1987		91%	7,400		
Lappeenrannan Brahenkatu 7 Koy	Brahenkatu 7	53100 LAPPEENRANTA	1993		84%	3,600		
Lappeenrannan Villimiehen Vitonen Oy	Kaivokatu 5	53100 LAPPEENRANTA	lot		100%			
35 Isolinnankatu 18 Koy	Isolinnankatu 18	28100 PORI	1986/2010-		100%	5,300	36.3	42.7
36 Jyväskeskus						5,800	92.1	93.0
Jyväskylän Kauppakatu 31 Koy	Kauppakatu 31	40100 JYVÄSKYLÄ	1955/1993		100%			
37 Kaarinan Liiketalo Koy	Oskarinaukio 5	20780 KAARINA	1979/1982		100%	9,200	94.8	96.6
38 Karjaan Ratakatu 59 Koy	Ratakatu 59	10320 KARJAA	1993		100%	3,100	100.0	100.0
39 Duo						13,500	96.2	97.9
Hervannan Liikekeskus Oy	Insinöörinkatu 23	33720 TAMPERE	1979		79%	5,200		
Tampereen Hermannin Koy	Pietilänkatu 2	33720 TAMPERE	2007		100%	8,300		
40 Koskikara						5,800	96.3	96.9
Valkeakosken Liikekeskus Koy	Valtakatu 9-11	37600 VALKEAKOSKI	1993		25%	1,500		
Valkeakosken Torikatu 2 Koy	Valtakatu 9-11	37600 VALKEAKOSKI	1993		100%	4,300		
41 Koskikeskus						28,000	100.0	100.0
Tampereen Koskenranta Koy	Hatanpään valtatie 1	33100 TAMPERE	1988/1995/2011-		64%	12,100		
Tampereen Hatanpää Koy	Hatanpään valtatie 1	33100 TAMPERE	1988/2011-		100%	7,200		
Tampereen Suvantokatu Koy	Hatanpään valtatie 1	33100 TAMPERE	1988/2011-		100%	8,700		
42 Kotkan Keskuskatu 11 Koy	Keskuskatu 11	48100 KOTKA	1976		100%	4,300	63.8	65.5

Property	Address			Built in / renovated in	Holding, %	Citycon's GLA, sq.m.	Occupancy rate, % ¹⁾ , sq.m.	Occupancy rate, % ¹⁾ , EUR	
43	Kuopion Kauppakatu 41 Koy	Kauppakatu 41	70100	KUOPIO	1977	100%	11,200	87.3	92.7
44	Kuusankosken Kauppakatu 7 Koy	Kauppakatu 7	45700	KUUSANKOSKI	1980	100%	2,100	100.0	100.0
45	Lahden Kauppakatu 13 Koy	Kauppakatu 13	15140	LAHTI	1971	100%	8,600	100.0	100.0
46	Lentolan Perusyhtiö Oy	Mäkirinteentie 4	36220	KANGASALA	2007	100%	11,900	80.7	79.4
47	Lillinkulma Koy	Jännekatu 2-4	20760	PIISPANRISTI	2007	100%	7,400	80.6	81.6
48	Linjuri						9,200	96.2	96.5
	Linjuriin Kauppakeskus Koy	Vilhonkatu 14	24100	SALO	1993/2007	89%			
49	Orimattilan Markkinatalo Oy	Erkontie 3	16300	ORIMATTILA	1983	77%	3,500	80.3	83.6
50	Aseman Ostari						18,900	34.8	34.4
	Porin Asema-aukio Koy	Satakunnankatu 23	28130	PORI	1957/1993	100%			
51	Puijonlaakson Palvelukeskus Koy	Sammakkolammentie 6	70200	KUOPIO	1971	31%	1,500	100.0	100.0
52	Runeberginkatu 33 Koy	Runeberginkatu 33	06100	PORVOO	1988	100%	6,300	100.0	100.0
53	Sampokeskus						13,700	86.0	93.6
	Rovaniemen Sampotalo	Maakuntakatu 29-31	96200	ROVANIEMI	1990	100%	11,700		
	Lintulankulma Koy	Rovakatu 28	96200	ROVANIEMI	1989/1990	100%	2,000		
54	Kiinteistö Oy Säköylän Liiketalo	Pyhäjärventie 3	27800	SÄKYLÄ	1969	100%	1,200	100.0	100.0
55	Torikeskus	Kauppatori 1	60100	SEINÄJOKI	1992/2007	100%	11,500	79.3	83.4
56	Trio						45,700	89.6	93.1
	Lahden Hansa Koy	Kauppakatu 10	15140	LAHTI	1992/2010-	100%	10,700		
	Lahden Trio Koy	Aleksanterinkatu 20	15140	LAHTI	1977/1985-1987/1992/2007	90%	35,000		
	Kiinteistö Oy Hansaparkki	Kauppakatu 10	15140	LAHTI	1992	36%			
57	Vaakalintu Koy	Keskuskatu 15	11100	RIIHIMÄKI	1980	96%	6,700	100.0	100.0
58	Valtakatu 5-7 Koy	Valtakatu 5-7	37600	VALKEAKOSKI	1938/1992	31%	460	51.2	44.6
59	Valtari						7,600	80.1	76.5
	Kouvolan Valtakadun Kauppakeskus Koy	Kouvolaankatu 15	45100	KOUVOLA	1971-1975/1994-2002	100%			
60	Varkauden Relanderinkatu 30 Koy	Relanderinkatu 28-34	78200	VARKAUS	1990	100%	8,200	100.0	100.0
60	FINLAND TOTAL						577,630	88.4	94.1
THE BALTIC COUNTRIES									
ESTONIA									
1	Rocca al Mare						53,300	100.0	100.0
	Rocca al Mare Kaubanduskeskuse AS	Paldiski mnt 102	13522	TALLINN	1998/2000/2007-2009	100%			
2	Magistral						9,500	100.0	100.0
	Magistral Kaubanduskeskuse Oü	Sõpruse pst 201/203	13419	TALLINN	2000/2011-	100%			
3	Kristiine Keskus						42,700	100.0	100.0
	Kristiine Keskus Oü	Endla 45	10615	TALLINN	1999-2002/2010	100%			
LITHUANIA									
4	Mandarinas						7,900	100.0	100.0
	UAB Prekybos Centras Mandarinas	Ateities g. 91	06324	VILNIUS	2005	100%			
4	THE BALTIC COUNTRIES TOTAL						113,400	100.0	100.0

Property	Address		Built in / renovated in	Holding %	Citycon's GLA, sq.m.	Occupancy rate, % ¹⁾	Occupancy rate, % ¹⁾	Occupancy rate, % ¹⁾
SWEDEN								
STOCKHOLM AREA AND UMEÅ								
1	Åkersberga Centrum				27,500	90.7	91.3	
	Åkersberga Centrum AB	Storängstorget	18430 ÅKERSBERGA	1985/1995/1996/2010/2011	75%			
2	Åkermyntan Centrum				8,400	98.0	99.0	
		Drivbänksvägen 1	16574 HÄSSELBY	1977	100%			
3	Kallhäll	Skarprättarvägen 36-38	17677 JÄRFALLA	1991	100%	3,700	100.0	100.0
4	Jakobsbergs Centrum				56,300	97.1	97.9	
	Citycon Jakobsbergs Centrum AB	Tornérplatsen 30	17730 JÄRFALLA	1959/1993	100%			
	Drabantvägen bostäder AB	Tornérplatsen 30	17730 JÄRFALLA	1959/1993	100%			
5	Fruängen Centrum				14,700	99.6	99.8	
		Fruängsgången	12952 HÄGERSTERN	1965	100%			
6	Liljeholmstorget Galleria				40,900	99.0	98.1	
	Citycon Liljeholmstorget Galleria AB	Liljeholmstorget 7	11763 STOCKHOLM	1973/1986/2007/2008/2009	100%			
7	Strömpilen				26,800	98.0	98.6	
	Strömpilen AB	Strömpilsplatsen	90743 UMEÅ	1927/1997	75%			
8	Länken	Gräddvägen 1-2	90620 UMEÅ	1978/2004/2006	75%	7,300	100.0	100.0
9	Tumba Centrum				29,100	99.3	99.1	
	Citycon Tumba Centrumfastigheter AB	Tumba Torg 115	14730 BOTKYRKA	1954/2000	100%			
10	Högdalen Centrum				19,200	90.3	96.0	
	Citycon Högdalen Centrum AB	Högdalsgången 1-38	12454 BANDHAGEN	1959/1995	100%			
	Citycon Imröret AB	Högdalsgången 19	12454 BANDHAGEN	1959/1995	100%			
GOTHENBURG AREA								
11	Stenungs Torg				36,400	97.4	98.4	
	Stenungs Torg Fastighets AB	Östra Köpmansgatan 2-16, 18A-C	44430 STENUNGSUND	1967/1993	70%			
12	Backa	Backavägen 3-5	41705 GOTHENBURG	1990	100%	7,800	56.0	58.9
13	Floda (Property sold, closing to take place in March 2012)	Rurik Holms väg	44830 FLODA	1960/1990	100%	11,300	91.6	93.8
14	Hindås	Hindås Stationväg 41-47	43063 HINDÅS	1978/1999	100%	1,700	100.0	100.0
15	Landvetter (Property sold, closing took place on 9 January 2012)	Brattåsvägen	43832 LANDVETTER	1975/1988/1999	100%	4,800	100.0	100.0
16	Lindome	Almåsgången	43730 LINDOME	1974	100%	7,800	96.8	97.6
16	SWEDEN TOTAL				303,700	95.7	97.0	
80	TOTAL ALL				994,730	92.0	95.5	

1) Formulas are available on page 57.

VALUATION STATEMENT

1. Scope of Instructions

In accordance with our instructions as External Valuer to the Citycon Oyj ("Company") we have carried out a market valuation of the Properties held within the Company's investment property portfolio as at 31 December 2011 to arrive at our opinion of Gross Market Value (no allowance for the deduction of typical purchaser's costs has been made).

Market Value is defined as:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

We understand that this valuation is required for financial reporting and performance measurement purposes. We confirm that our valuations are fully compliant with IFRS accounting standards and IVSC valuation standards and guidance. We also confirm that we have no involvement with the subscriber or the properties valued which is likely to cause a conflict of interest in providing this advice.

We have carried out inspections of each of the properties during September-December 2011. We have not measured the properties but have relied on the lettable areas which have been supplied to us by the Company. We have neither read copies of the leases or other related documents but have relied on the tenancy information provided by the Company which reflects the latest available tenancy position.

The valuations have been carried out by local Jones Lang LaSalle offices in Finland and Sweden. In Estonia and Lithuania we have been supported by the local affiliates in the delivery of our advice.

This report is addressed to and may be relied upon by the Company and their investors. This report has no other purpose and should not be relied upon by any other person or entity. No responsibility whatsoever is accepted to any third party other than those specified above and neither the whole of the Report, nor any part, nor references thereto, may be published in any document, statement or circular, nor in any communication with such third parties without our prior written approval of the form and context in which it will appear.

2. Economic Background

Consumer and business confidence in Western Europe have fallen substantially over the past few months as a result of the Eurozone sovereign debt crisis and the heightened financial market turmoil that has followed. The economic recovery has lost its momentum with GDP growth projections now lower than previ-

ously anticipated. At the same time, regional economic disparities persist, as highlighted by the marked contrast between the Nordics and Germany and the Southern European economies.

Finland

The Finnish economy continued on a growth track in Q3 2011 GDP expanding by 2.7% year-on-year and the forecast for the full year being around 3% which outperforms clearly the Eurozone average. The export driven economy has however been affected by the weakening economic prospects globally and the growth projections have been revised downwards over recent months. Due to the gloomy market conditions the range between the latest forecasts has been wide the most pessimistic estimates for GDP growth in 2012 being around -1.5% when the more optimistic ones are forecasting the economy to still expand almost 1%.

Even though consumers' confidence in the economy has been weakening and being clearly below its long-term average in November (0.4 vs. 13.0 since year 1995) retail sales have continued increasing which has been supported by strengthening employment situation and low interest rates. According to Statistics Finland, retail sales rose by 5.4% in October year-on-year and sales volume by 2.3%. During the 11 months of 2011 retail sales have risen by 5.8%.

Sweden

GDP growth in 2011 is forecast to be relatively strong at around 4.3%, a rate which will surpass most other European countries. Reasons for the impressive growth have been increasing exports, household consumption and business investment, which have all been assisted by relatively low interest rates and the government's expansive economic policies. However GDP growth is expected to be low in 2012 at 0.5%, as the continued economic turbulence in the World economy, especially the Eurozone starts to impact Sweden too.

Swedish retail sales have seen consistent growth over the past 14 years according to HUI (Swedish Retail Institute). During 2010, retail sales increased by 3.7% in current prices. Sales of non-daily goods increased by 5%, while sales of daily goods increased by 2.2%. In 2011, it is forecast that total retail sales, will increase by 0.5% of which non-daily goods will be 0.5% and daily goods will be 1.0%. An increase of 1.0% in total retail sales is forecast for 2012.

Estonia

During the first half of 2011 Estonian GDP was growing in real terms by 9% annually, slowing slightly to 7.9% in the Q3. Eco-

nomical growth was mainly led by export sector, also purchasing power of consumers had positive effect on economy due to improving labour markets - recovering employment rates and average salary income. The outlook of Estonian economy is dependent on developments in its exporting destination countries, i.e. Scandinavia, Baltics, Russia and Germany. In case economies in this region would rapidly contract Estonia would follow the suit.

During the 11 months of 2011 the Estonian retail sales increased annually by 4% measured at constant prices (National departments of statistics). The food sales counted over half of the total retail sales increase. At current prices the retail sector sales enjoyed 9.5% year-on-year increase during 11 months of 2011. The grocery segment saw decelerated inflationary pressure from food prices lowering from 9.3% year-on-year in September, 6.0% in October and further to 4.3% in November 2011.

Lithuania

Lithuanian economy was growing fast in the first half of 2011 by annualised rate of 6.3%, accelerating to 6.7% in Q3. According to the forecasts produced by European Commission Lithuanian GDP would achieve the second highest growth level in EU after Estonia. The growth engine of Lithuanian economy has been exports, supported by the domestic demand. In 2012 various experts forecast GDP real growth in Lithuania to be 2.5-3.4%.

Lithuanian retail sales at constant prices was growing at 7.6% year-on-year during 11 months of 2011. Retail sales growth in grocery segment was growing at double speed compared to non-food segment.

Sources: Statistics authorities, research institutes and banks

3. Property Market

Retail real estate investment in Europe remained strong in Q4 2011. Preliminary analysis suggests that direct investment in retail real estate for the year is likely to exceed €28bn representing a significant increase on 2009 and 2010 total volumes of €12.3bn and €20.7bn respectively. Geographically, the majority of activity remains focused on the UK and Germany but also France and Sweden enjoyed strong final quarters. Overall 2011 saw the development of a multispeed Europe, with national economic performance and stability dictating investment flows and pricing.

Finland

The Finnish property investment market overall has witnessed low levels of transactions since the slowdown of market in H1 2008. Even though the investment demand has been increasing

supply of prime assets has limited the transactional activity and the retail investment volume remained below €400 million in 2011. As a result of a strong investment demand both shopping centre and retail warehouse prime yields have moved in since the Q1 2010 but currently the short-term forecast for the yields is stable.

The polarisation of the market seems also to continue. Demand for core assets remains strong as equity rich investors keep on looking for safe heavens but at the same time tightening financing conditions hit the business logic of value added and opportunistic investors.

As a consequence of relatively strong development of retail sales, also retail rents have been increasing. Particularly in retail warehouse sector rental growth has however been focused just on very best locations and overall occupier demand is strongest in prime high street and shopping centre units.

Sweden

The retail property transaction volume increased from around SEK 3.22 billion in H1 2010 to SEK 8.537 billion in H1 2011. Investor demand has been driven by strong GDP and consumption growth and the increased availability of debt finance (especially for prime stock) over the last couple of years. However, demand is weaker for secondary / tertiary retail property investments. Shopping centres accounted for around 79% of retail transactions in H1 2011 whilst retail warehouses accounted for 15%.

After the sharp rise in retail property yields during the recession of 2008 and 2009; since mid-2009 prime retail yields have decreased. Prime shopping centre yields have fallen from 6.5% in mid-2009 to 5.5% in late 2011 and prime retail warehouse yields have fallen from 6.75% in mid-2009 to 6.0% in late 2011.

Strong demand for retail units in prime city centre locations has led to a continued increase in prime rents. This is partly due to the fact that demand from international brands has increased. There has also been a general 'flight to quality' trend by retailers in recent years.

Estonia

Demand for shopping centre space has been growing as shopping in centres is increasing its share in shopping habits and retail chains are expanding carefully. Despite global turmoil the outlook for Estonian retailing is positive and plans to enlarge existing shopping centres have been resumed. Largest shopping centres have enjoyed rental rate recovery by 3-5% and vacancy remains near 0%.

Average retail net initial yields in Baltic countries stay at 8+% level, although some investors demand a risk premium for investment objects located in Latvia and Lithuania due to relatively higher country risk compared to Estonia.

Lithuania

Vilnius has no new shopping centres under development, some super- and hypermarkets are under construction. Rents in centres bottomed out in 2010 and slow rental recovery is expected during 2012. Well managed shopping centres have practically no vacant space. The average vacancy on the capital's retail market is running near 5%.

4. Valuation Rationale

We have adopted a 10-year cash flow model as a main valuation method. The model has been provided by the Company. Cash flows are calculated based on the information of existing lease agreements and after their expiry the estimated rental value (ERV) based on our market opinion replaces the contract rent.

Potential Gross Rental Income equals leased space with respect to contract rents and vacant space with respect to ERV. Deducting both the ERV for the void period between the expired contract and assumed new contract, and the assumed general vacancy level, results in the Effective Gross Rental Income. Effective Gross Rental Income less operating expenses (incl. repairs and tenant improvements) equals the Net Operating Income (NOI). NOI less any capital expenditure equals the bottom level cash flow that has been discounted to reach the present value of the income stream.

The residual value at the end of the 10-year cash flow period is calculated by capitalising the 11th year bottom level cash flow with an exit yield. The value of the property is calculated as a sum of the annually discounted net income stream, the discounted residual value at the end of the calculation period and any other assets increasing the value (e.g. unused building right or unbuilt plot).

The development projects are included in the valuation of the portfolio according to the information received from the representatives of the Company. In the applied valuation model, future rental income is based on finalised rental agreements and rental projections of the valued development project. Correspondingly, the development period is considered a period when premises generate no/limited income and when uncommitted investments are included in the cost side of the valuation model as a value reducing factor. Thus, the value of development project increases automatically as investments are committed and the opening day of the renewed premises is approaching.

5. Valuation

Property Portfolio

The property portfolio consists of mainly retail properties located in Finland, Sweden, Estonia and Lithuania. Citycon Oyj owns fully or partially total number of 78 properties of which 60 in Finland, 14 in Sweden, 3 in Estonia and one in Lithuania. Core of the portfolio are 36 shopping centre properties which comprise

79% of the lettable area of the portfolio and represent the majority stake of the value of the portfolio as well. In addition to the shopping centres there are other commercial properties and development properties. All the owned properties except one plot in Helsinki metropolitan area are built.

After the previous valuation Citycon has sold few properties. In Finland Tullintori Shopping Centre in Tampere and partial ownership in Otaniemen Liikekeskus Oy have been sold. In Sweden has been sold commercial properties and apartments – Landvetter in Härryda, Floda in Lerum and shares of Jakobsberg LB Bostäder AB that owns 57 apartments in Jakobsbergs Centrum. The value of the divested properties in Q3 valuation was approximately EUR 23,500,000.

Total market value of the portfolio in Q4 2011 is approximately MEUR 2,515. Compared to Q3 2011 the value has increased by MEUR 10. When comparing the Q4 2011 and Q3 2011 market value of the portfolio excluding the disposed properties the market value has increased by MEUR 33 i.e. 1.3% but the weighted average yield requirement of the portfolio has remained same (6.4%) as in Q3. Increase in the market value is mostly driven by the investments made in Q4 and the strengthening exchange rate of Swedish krona (SEK).

In the table on the next page are presented the weighted average yields (weighted by the value of the property). Citycon portfolio includes few relatively valuable properties compared to the rest of the portfolio. This means that the weighted averages are highly influenced by changes in these few properties. Iso Omena is the most valuable property in the portfolio.

Properties in Finland

The market value of the Finnish portfolio is MEUR 1,542 thus the value of the portfolio has decreased by 0.6% (MEUR 9) compared to the Q3 value. Weighted yield requirement has stayed the same as in Q3 being 6.3% and reversionary yield has decreased by 20bps being 6.8% when compared to Q3 figure (7.0%). The weighted initial yield has decreased 10bps from Q3 being now 6.0%.

The change in the value of Finnish portfolio is mainly caused by value decrease of the other commercial properties. When excluding the sold properties the change of the value is -0.2%.

Properties in Sweden

The market value of the Swedish portfolio is MEUR 695 thus the value of the portfolio has increased by 2.2% since Q3 when the value was MEUR 680. The weighted average yield requirement for the Swedish portfolio has decreased by 10bps when compared to Q3 figure being 5.9% in Q4.

Few properties have been sold since Q3 – Landvetter in Härryda, Floda in Lerum and shares of Jakobsberg LB Bostäder AB that owns 57 apartments in Jakobsbergs Centrum. The value

of the sold properties in Q3 was MEUR 17. When excluding the sold properties the change in the value of the portfolio is +4.8% (MEUR 32).

Properties in Estonia and Lithuania

The value of the Estonian and Lithuanian portfolio is MEUR 278. Compared to the Q3 value there was 1.5% increase in the value. The weighted average yield requirement of the portfolio has increased by 10bps when compared to Q3 figure being now 8.0%. Both the weighted average initial yield and the weighted average reversionary yield have increased the reversionary yield being 8.4% (8.3% in Q3) and initial yield 8.2% (7.3% in Q3).

6. Sensitivity Analysis

The sensitivity analysis of the fair value of the portfolio has been carried out by creating a summary cash flow based on individual cash flow calculations. Changes in fair value have then been tested by modifying key input parameters of the calculations. The parameters tested were yield requirement, estimated rental value and operating expenses. The current market value of the properties was used as a starting point for the analysis. The analysis is performed by changing one parameter at a time while all others remain unchanged, and then calculating the corresponding market value of the total portfolio. The sensitivity analysis is a simplified model intended to support understanding of the value effect of different parameters on the valuation. 10% increase in estimated rental value causes approximately 14% increase in value and 10% decrease in yield requirement causes approximately 11% increase in the value. Changes in expenses have more modest effect to the value than other parameters.

7. Market Value as at 31 December 2011

We are of the opinion that the aggregate of the Market Values, free of liabilities and debt, of the properties in the subject portfolio as at 31 December 2011 is as follows: € 2,515,000,000 (Two Thousand Five Hundred Fifteen Million Euros)

19 January 2012 in Helsinki and Stockholm

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