CITYCON

CITYCON OYJ FINANCIAL STATEMENTS 2013

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REPORT BY THE BOARD OF DIRECTORS

In 2013, Citycon's turnover and net rental income developed positively, with like-for-like net rental income growing by 4.6 per cent. As a result of a cost savings programme, administrative expenses decreased during the year by 22.2 per cent to EUR 20.6 million. In January, Citycon took ownership of the Kista Galleria shopping centre in Stockholm, Sweden, together with the Canada Pension Plan Investment Board (CPPIB). The year was also characterised by successful equity and debt financing transactions.

Summary of the Fourth Quarter of 2013 Compared with the Previous Quarter

- Turnover was nearly unchanged at EUR 62.0 million (Q3/2013: EUR 62.1 million).
- Net rental income decreased by EUR 2.0 million, or 4.5 per cent, to EUR 41.9 million (EUR 43.9 million), mainly due to higher property operating expenses reflecting normal seasonal variations.
- EPRA operating profit decreased by EUR 3.0 million, or 7.6 per cent, to EUR 36.5 million (EUR 39.5 million), primarily because of lower net rental income and higher administrative expenses.
- EPRA earnings decreased to EUR 22.1 million (EUR 24.2 million), mainly due to lower EPRA operating profit. Lower financial expenses offset part of the decrease in earnings. The EPRA earnings per share (basic) was EUR 0.050 (EUR 0.055). The EPRA key figures exclude non-recurring items such as fair value changes in investment properties.
- The fair value change in investment properties was EUR 4.7 million (EUR 6.3 million), and these properties' fair value came to EUR 2,733.5 million (EUR 2,739.4 million). The weighted average net yield requirement for investment properties remained at 6.3 per cent (6.3%).

KEY FIGURES

IFRS based key figures	Q4/2013	Q4/2012	Q3/2013	2013	2012	Change-%[1]
Turnover, EUR million	62.0	62.1	62.1	248.6	239.2	3.9%
Net rental income, EUR million	41.9	42.1	43.9	168.9	162.0	4.2 %
Profit/loss attributable to parent company shareholders, EUR million	33.0	20.4	32.3	93.1	77.2	20.6%
Earnings per share (basic), EUR[2]	0.07	0.06	0.07	0.22	0.24	-9.0%
Net cash from operating activities per share, EUR[2]	0.09	0.05	0.06	0.13	0.19	-30.5%
Fair value of investment properties, EUR million	2,733.5	2,714.2	2,739.4	2,733.5	2,714.2	0.7%
Equity ratio, %	45.3	37.8	44.1	45.3	37.8	20.1%
Loan to Value (LTV), %	52.1	54.5	53.4	52.1	54.5	-4.4%

EPRA based key figures	Q4/2013	Q4/2012	Q3/2013	2013	2012	Change-%[1]
EPRA operating profit, EUR million	36.5	34.2	39.5	149.1	135.7	9.9%
% of turnover	58.8%	55.1%	63.6%	60.0%	56.7%	
EPRA Earnings, EUR million	22.1	16.2	24.2	86.7	63.9	35.8%
EPRA Earnings per share (basic), EUR[2]	0.050	0.046	0.055	0.204	0.199	2.5%
EPRA NAV per share, EUR	3.10	3.49	3.06	3.10	3.49	-11.0%
EPRA NNNAV per share, EUR	2.90	3.08	2.83	2.90	3.08	-5.8%

1) Change-% is calculated from exact figures and refers to the change between 2013 and 2012.
2) Result per share key figures have been calculated with the issue-adjusted number of shares resulting from the rights issues executed in March 2013 and October 2012.

Summary of 2013 Compared with 2012

Citycon met the financial targets that it had announced for 2013. On the publication of its Q3 interim report, the company specified some of its targets, stating that it expected growth in turnover of EUR 8–13 million, an increase of EUR 11–16 million in EPRA operating profit, and growth in EPRA earnings of EUR 22–26 million in 2013 from 2012 figures, and it forecasted an EPRA EPS of EUR 0.200–0.215. The realised 2013 figures show that turnover grew by EUR 9.4 million from the 2012 level, the EPRA operating profit by EUR 13.5 million and EPRA earnings by EUR 22.8 million, and the EPRA earnings per share was EUR 0.204.

- The Board of Directors proposes a per-share dividend of EUR 0.03 (EUR 0.04) and a return of equity from invested unrestricted equity fund of EUR 0.12 (EUR 0.11) per share.
- Turnover increased to EUR 248.6 million (2012: EUR 239.2 million).
- Net rental income increased by EUR 6.9 million, or 4.2 per cent, to EUR 168.9 million (EUR 162.0 million). Net rental income for like-for-like properties rose by EUR 5.5 million, or 4.6 per cent, excluding the impact of the stronger Swedish krona, while the completion of (re)development projects and acquisition of shopping centres in 2012 increased net rental income by EUR 1.8 million.
- Earnings per share came to EUR 0.22 (EUR 0.24). The decrease was mainly due to non-recurring financial expenses of EUR 26.8 million in Q2/2013, related mostly to the unwinding of interest rate swaps and a higher number of shares.
- EPRA earnings per share (basic) increased to EUR 0.204 (EUR 0.199).
- Net cash from operating activities came to EUR 0.13 per share (EUR 0.19), mainly on account of the above mentioned non-recurring financial expenses.

CEO's Comments

Comments on 2013 from Marcel Kokkeel, CEO:

'In 2013, Citycon demonstrated that high-quality, grocery-anchored urban shopping centres, in combination with active management, can deliver healthy income growth even in a more challenging economic environment. Our EPRA operating profit increased 9.9 per cent thanks to both successful leasing and cuts in administrative expenses. We were able to exceed the ambitious target set for 2013 of saving up to EUR 5 million on administrative expenses compared to the previous year. The economic occupancy rate of Citycon's investment properties remained stable at 95.7 per cent.

The quality of Citycon's property portfolio improved further over the course of 2013. The acquisition of Stockholm's Kista Galleria substantially strengthened Citycon's position and market share in Sweden and offered a unique opportunity to further increase the company's relevance in the eyes of international retailers. The performance of Kista Galleria has been in accordance with expectations.

Our divestment of non-core assets continued successfully in 2013. Eight properties (including one residential building) were successfully disposed of, for a total sales value of approximately EUR 60 million (including the 50 per cent sale of existing shopping centre IsoKristiina) at an average price of slightly above IFRS valuation. We will continue our strategy of maximising the value of non-core assets before divestment.

During the year we made good progress in the implementation of our strategy of diversifying funding sources and deleveraging the company. We were awarded two investment-grade credit ratings from Standard & Poor's and Moody's, raised EUR 200 million in an oversubscribed rights issue, and refinanced EUR 500 million through a successful Eurobond issue.

Citycon continues to be active in the (re)development of its properties. In the first half of the year, we started two major (re)development projects: the extension and (re)development of Iso Omena and of IsoKristiina. These projects are proceeding as planned. There are several interesting urban (re)development projects in the pipeline, among them refurbishment and upgrade of some parts of Kista Galleria.

With a strong base of 37 shopping centres in urban locations, a pipeline of accretive (re)development projects, and a strong balance sheet, Citycon is well positioned to deliver earnings growth in 2014 also.'

Main Events in 2013

Financial position

On 14 June, the company issued an unsecured EUR 500 million Eurobond. This seven-year bond will mature on 24 June 2020 and carries fixed annual interest at a rate of 3.75 per cent, payable annually. Prior to the bond issue, Citycon received two long-term corporate investment-grade credit ratings in May, BBB- from Standard & Poor's and Baa3 from Moody's, both with a stable outlook. The bond too was rated BBB- by Standard & Poor's and Baa3 by Moody's, in line with Citycon's corporate credit rating. The company used the proceeds from the bond to prepay existing bank loans, pay down lines of credit, and repurchase some of its domestic bonds maturing in 2014 and 2017 for a total value of EUR 421.9 million). In Q3, the company also repaid the maturing convertible capital loan, issued in 2006 and amounting to EUR 39.8 million. The debt prepayment and the related unwinding of interest rate swaps and bond buy-backs caused some non-recurring indirect financial expenses in Q2. These are explained in more detail in the 'Financial Performance' section, under 'Net financial expenses'.

In February, based on the authorisation granted at the EGM of 6 February 2013, the Citycon Board of Directors decided on a share issue of approximately EUR 200 million, based on the shareholders' pre-emptive subscription rights. In total, 114,408,000 new shares were offered, at EUR 1.75 per share. The subscription period was 21 February – 7 March. All shares offered were subscribed and subsequently entered in the Finnish Trade Register on 14 March.

Leasing operations

The economic occupancy rate of the shopping centres was 96.3 per cent (96.8%), equivalent to 95.7 per cent (95.7%) for the entire property portfolio. With 50 per cent consolidation of Kista Galleria included, the economic occupancy rate for the entire property portfolio would have been 96.0 per cent at the end of the year.

In May, Citycon renewed eleven grocery store lease agreements with the trading sector company Kesko. These stores are part of Citycon's supermarket and shops portfolio. The agreements cover some 44,000 square metres of leasable area and increased the average remaining lease length in Citycon's full leasing portfolio by approximately four months.

Acquisitions and divestments

On 30 December, Citycon sold the Torikeskus shopping centre in Seinäjoki to a local investor for approximately EUR 14.7 million. The divestment was in line with Citycon's strategy of focusing on urban, grocery-anchored shopping centres in the Nordics and Baltics. This asset was disposed of after value-maximisation activities.

On 28 November, Citycon sold all shares in Citycon Jakobsberg Bostäder 4 AB for SEK 41 million (approx. EUR 4.6 million) to Akelius Lägenheter AB. The sold company owns 51 apartments and two office premises in Jakobsberg Centrum in Stockholm. The aggregate gross leasable area (GLA) of the apartments and office spaces was approximately 3,900 square metres.

On 18 July, Citycon sold the office and retail property Backa, in the greater Gothenburg area, to a local buyer for approximately SEK 42 million (approx. EUR 4.9 million).

On 15 July, Citycon sold the office building on Wavulinintie, Helsinki, to ELF Invest Oy for approximately EUR 1.4 million.

On 10 July, Citycon sold a retail property in the Helsinki Metropolitan Area, Espoon Louhenkulma, to a local investor for approximately EUR 1.3 million.

On 16 April, Citycon sold Lindome, an office and retail property in the greater Gothenburg area, to a local buyer for approximately SEK 81 million (approx. EUR 9.7 million).

On 7 March, the company sold its office and retail property Hindås, located in the greater Gothenburg area, to a local buyer for approximately SEK 12 million (approx. EUR 1.4 million).

On 28 February, Citycon sold its 50 per cent share of IsoKristiina shopping centre in Lappeenranta to Mutual Pension Insurance

Company Ilmarinen. This disposal was related to the (re)development project initiated.

On 27 February, Citycon sold Ultima Oy, a company owning an undeveloped plot in Vantaa, to YIT Construction Ltd for approximately EUR 4.4 million.

On 17 January, jointly with the Canada Pension Plan Investment Board (CPPIB), Citycon acquired the Kista Galleria shopping centre, in Stockholm, from DNB Livsforsikring ASA, for approximately SEK 4.6 billion (approx. EUR 530 million). Citycon and CPPIB each own 50 per cent of the shopping centre. The centre has a gross leasable area of more than 90,000 square metres, of which 60,000 square metres consist of retail premises. More information on this transaction is available in the stock exchange release issued on 17 January 2013.

In addition, during the year Citycon agreed on the sale of one non-core asset in Finland for a price of approximately EUR 2.9 million. The closing of this sale is expected to occur in Q2 2014.

(Re)development projects

In November, Citycon started an extension and (re)development project for the shopping centre Stenungs Torg, in the greater Gothenburg area. The centre's gross leasable area is to be increased by approximately 5,000 square metres, to 41,400 square metres, with retail space for six new stores.

Also, in November, a refurbishment and extension project was started in Kista Galleria. A digital library will be added to the shopping centre as a joint investment with the City of Stockholm. The project also involves tenant alterations.

In May, Citycon announced the beginning of the first phase of extension of the Iso Omena shopping centre. The investment for this three-phase project, including partial (re)-development of the existing shopping centre, is expected to total approximately EUR 175 million. The first phase of the project, covering a EUR 120 million investment, will be carried out in a 50/50 partnership with NCC Property Development Oy. The extension will expand the leasable retail area of the shopping centre, by approximately 25,000 square metres, to over 75,000 square metres. More information on the project is available in the stock exchange and press releases issued on 31 May 2013.

In February, Citycon decided to expand and (re)develop the IsoKristiina shopping centre, in the Lappeenranta city centre. The total investment will be slightly above EUR 100 million. This (re)development will increase the centre's leasable area from 22,000 to 34,000 square metres. Ilmarinen Mutual Pension Insurance Company acquired a 50 per cent share of the existing shopping centre and is a 50 per cent partner in the project. More information on the project is available in the press release issued on 28 February 2013.

The renovation of Åkermyntan Centrum, in Stockholm, was completed in Q2 of 2013.

Other events

At its annual conference, in September, the European Public Real Estate Association (EPRA), which represents listed real estate companies, ac¬claimed Citycon's Annual and Sustainability Report 2012 as one of the best in the industry. This was Citycon's fourth consecutive Gold Award in the Financial Best Practices series. For the second year in a row, the company also won gold for Sustainability Best Practices, a new award series introduced in 2012.

On 30 January, statutory collaborative negotiations in the Finnish Business Unit were concluded concerning the reorganisation of business operations. As a result of these negotiations, Citycon reduced the number of employees in its Finnish Business Unit by 10. At the same time, a cluster-based organisational model was adopted in all of Citycon's operating countries, resulting in shopping centres being combined to form entities under the leadership of commercial directors.

Reporting of Kista Galleria

In Citycon's reporting, Kista Galleria is treated as a joint venture and the shopping centre's result or fair value does not affect the turnover, net rental income, or fair value of investment properties of the group. Kista Galleria is consolidated into Citycon's financial statements based on the equity method, meaning that Citycon's share of Kista Galleria's profit for the period is recognised in the line 'Share of result in joint ventures' in the statement of comprehensive income and Citycon's share of Kista Galleria's total assets is recognised in 'Investments in joint ventures' in the statement of financial position. In addition, the management fee received by Citycon is reported under 'Other operating income and expenses' and the interest income for the shareholder loan is reported in 'Net financial income and expenses'. In 2013, Kista Galleria contributed approximately EUR 10.3 million to the IFRS based profit for the period, consisting of Citycon's share of result in Kista Galleria and interest and fee income from Kista Galleria. Citycon's management and the Board of Directors follow the performance of Kista Galleria additionally as if it were fully consolidated with Citycon's net rental income and operating profit. The 'Notes to the Consolidated Financial Statements' on pages 38-41 (in Note 4, 'Segment Information'), include more information on Kista Galleria shopping centre.

Events after the Financial Year

On 20 January, Citycon signed an agreement to sell another residential portfolio in Sweden for a total price of approximately SEK 51 million (approx. EUR 5.8 million). The transaction is expected to close in Q2-Q3 2014.

On 30 January, Citycon sold retail property Säkylän Liiketalo Oy, located in Western Finland to a local buyer for approximately EUR 0.3 million.

On 31 January, Citycon sold its shares in the Koskikara shopping centre, in Valkeakoski Tampere region, to Pirkanmaan Osuuskauppa for approximately EUR 2.6 million.

Future Outlook

Citycon focuses on increasing both its net cash flow from operating activities and its direct operating profit. Therefore, the company pursues proactive asset management, value-added activities, and selected acquisitions.

The initiation of planned (re)development projects will be carefully evaluated against strict pre-leasing criteria. Citycon intends to continue divestment of its non-core properties after value maximisation activities.

The company expects its turnover to increase by EUR +1 to +9 million and EPRA operating profit to change by EUR -2 to +6 million compared to 2013 level, based on the existing property portfolio. The company predicts its EPRA Earnings to increase by

EUR +2 to +10 million and on the basis of the current number of shares its EPRA Earnings per share (basic) to be EUR 0.20-0.22. The EPRA Earnings per share in 2013 of EUR 0.204 has been calculated with the issue-adjusted average number of shares of approximately 425.4 million shares (current number of shares approx. 441.3 million).

These estimates are based on (re)-development projects that have already been completed and on those yet to be completed, as well as on the prevailing level of inflation, the euro–Swedish krona exchange rate, and current interest rates. No major (re)-development projects are scheduled to come online during 2014.

Business Environment

Market conditions continued to be challenging in Citycon's operating countries during 2013. There are signs of gradual strengthening of the Swedish economy, but the recovery still eludes when it comes to the Finnish economy.

Retail sales growth and the inflation rate are key factors in Citycon's business and have an impact on rent received from retail premises. Almost all of the company's leases are tied to the consumer price index. A significant number of leases also feature a turnover-linked component. Consumer prices continued to rise during the year in Finland, Estonia, and Denmark, while they remained fairly stable in Sweden and Lithuania. In December, inflation was 1.6 per cent in Finland, 0.1 per cent in Sweden, 1.4 per cent in Estonia, 0.4 per cent in Lithuania, and 0.8 per cent in Denmark (sources: Statistics Finland, Statistics Sweden, Statistics Estonia, Statistics Lithuania, and Statistics Denmark). The year saw strong growth in retail sales in Estonia and Lithuania, positive growth in Finland and Sweden, and negative growth in Denmark. Total retail sales growth for the first eleven months was 0.4 per cent in Finland, 1.9 per cent in Sweden, 5.0 per cent in Estonia, 4.4 per cent in Lithuania and -1.5 per cent in Denmark (sources: Statistics Finland, Statistics Sweden, Statistics Estonia, Statistics Lithuania, and Statistics Denmark).

Household consumer confidence improved in all of Citycon's countries of operation during the year and remained well above the euro area's average. In Estonia and Lithuania, the household consumer confidence indicator has remained negative (source: Eurostat).

In all of Citycon's operating countries, except Lithuania, seasonally adjusted unemployment rates are lower than the euro area average, of 12.1 per cent. The unemployment rate in Finland increased somewhat in the course of the year but remained at a healthy 8.4 per cent, as in November. In Sweden, unemployment remained stable at 8.0 per cent. Denmark's unemployment rate continued to be low, 6.9 per cent in November. In Estonia, the unemployment rate has been decreasing to 9.0 per cent, whereas unemployment in Lithuania has remained high, at 11.1 per cent as per October (source: Eurostat).

Property market

In Finland the property investment market saw very few transactions during the first three quarters of 2013; however, the last quarter was relatively active, recording the highest investment volume since Q1 2008. Demand for core assets remains strong, as equity rich investors keep looking for safe havens. There are also signs of investors starting to diversify their portfolios, both in terms of risk and geography. However, stronger economic fundamentals are needed before more robust growth can be expected. Shopping centre prime yields have remained stable both quarter-on-quarter and year-on-year, and no significant change is expected in 2014. Prime shopping centre rents remained stable compared to the previous quarter and year-on-year. The softening outlook for retail sales limits the rental growth potential and has already made occupiers somewhat more cautious which has lengthened leasing negotiations and slowed down decision making.

In Sweden the demand for core retail assets remains strong. In Q4 the transaction volume for retail properties was weaker compared to the previous year. Comparing 2013 and 2012 as a whole in terms of retail transaction volume, 2013 transactions represented around 95 per cent of the previous year's volume. Prime shopping centre yields remained stable quarter-on-quarter as well as year-on-year, and no significant change is expected in 2014.

In Estonia prime shopping centre rents remained stable in Q4, but increased year-on-year by approximately two per cent. Vacancy rates in professionally managed prime shopping centres are close to zero per cent and demand for small to mid-size units is high, whereas older shopping centres in remote locations face challenges to renew contracts. The investment market in Q4 featured transactions mainly in the office and industrial segment. Lack of investment product has hindered growth of transaction volumes. Prime shopping centres yields have dropped to 7.3 per cent and strong economic fundamentals support further yield compression, although at the same time the increasing cost of financing affects the yields negatively.

(Source: Jones Lang LaSalle Finland Oy)

Tenants' sales and footfall in Citycon's shopping centres

During the year under review, total sales at Citycon's shopping centres increased by one per cent and footfall remained at the level of the previous year. In Finland, sales decreased by one per cent, in Sweden sales increased by two per cent and sales in the Baltic Countries and New Business grew by six per cent. Footfall in Finland fell by three per cent, while it grew by four per cent in Sweden and by eight per cent in the Baltic Countries and New Business. The growth in footfall in Sweden resulted mainly from the larger shopping centres, such as Liljeholmstorget Galleria, and in the Baltic Countries and New business from the completion of the Magistral (re)development as the centre was closed during the comparison period. Like-for-like shopping-centre sales and footfall remained at the same level as in the previous year. It should be noted that the sales and footfall figures include estimates.

Short-Term Risks and Uncertainties

The Citycon Board of Directors considers the company's major short-term risks and uncertainties to be associated with economic developments in the company's regions of operation. Such developments affect demand, vacancy rates, and market rent levels for retail premises. In addition, key near-term risks include the fair value development of properties in today's uncertain economic conditions. Also the risks of rising financial expenses due to higher loan margins or market interest rates and lower availability of debt financing are of importance. These risks have however reduced lately, on account of the two public investment grade credit ratings received in May, the EUR 500 million Eurobond issued in June and recent positive development in banks' willingness to lend money.

Although the financial situation has so far had only minor effects on the rent levels of retail premises and on occupancy rates in Citycon's operating regions, lower demand for retail premises, higher vacancy rates, and lower market rent levels in Citycon's regions of operation pose challenges in a sluggish economic environment. Economic developments, particularly trends influencing consumer confidence and behaviour, inevitably affect demand for retail premises. Risks to economic growth persisted in 2013. In times of weak economic growth, rental levels of retail premises typically fall, leasing of new premises is more difficult, and vacancy rates rise.

The implementation of Citycon's strategy will require new financing going forward, which means that risks associated with the availability and cost of financing are meaningful to Citycon. Banks' willingness to lend money is still lower and the loan margins remain at higher levels than before the financial crises, but both the availability and cost of financing have improved during 2013. In the future we will see stricter regulation of the banking and insurance sectors (e.g., with the Basel III and Solvency II regulations) which is likely to again elevate the costs of debt financing and limit the availability of long-term bank loans. Some of Citycon's loan agreements were signed at low margins before the financial crisis; when new loans are taken out, the margins are likely to be higher. Along with rising market interest rates, such an increase in loan margins is likely to push Citycon's average interest rate upwards in the future.

The company is actively seeking to diversify its funding sources – as is demonstrated by the EUR 500 million Eurobond issued in June – in order to mitigate the risks related to bank financing. However, there are no guarantees that such alternative funding sources will be available in the future at cost-efficient margins. Bond issues, in combination with the EUR 360 million credit facility agreement signed with Nordic banks in September 2012, the EUR 90 million rights issue in October 2012, and the EUR 200 million rights issue in March 2013, considerably strengthened the company's balance sheet, improved the available liquidity, and decreased the refinancing risk for the coming years. Also the public investment grade credit ratings received in May 2013 improved the availability of funding at competitive terms.

The fair value development of investment properties continues to be characterised by uncertainty caused by the sovereign debt crisis and the resulting tough economic conditions. Several factors affect the fair value of the investment properties owned by Citycon, among them general and local economic developments, interest rate levels, foreseeable inflation rates, trends in market rent levels, vacancy rates, property investors' yield requirements, and the competitive environment. The associated uncertainty is being reflected most strongly in developments for retail properties outside major cities or in otherwise less attractive properties, because investor demand is not currently focused on these properties and banks are more reluctant to offer financing for projects related to such properties. On the other hand, the fair value of winning shopping centres, which attract investor interest amid uncertain conditions, remained stable or even increased during 2013.

The company's short-term risks and uncertainties, along with its risk management and the principles applied therein, are discussed in more depth at www.citycon.com/riskmanagement; on pages 53-56 of the Financial Statements for 2013; and on pages 58-59 of the annual report for 2013, soon to be released.

Property Portfolio

Citycon's strategy is to focus on urban grocery-anchored shopping centres in the Nordic and Baltic countries. Citycon seeks growth both through operational improvement, extensions, and (re)developments of its existing shopping centres and via selective shopping-centre acquisitions. In its updated strategy of July 2011, Citycon defined supermarkets and shops as non-core properties and announced its intention to divest itself of these properties within the next few years, after completion of value-enhancing activities.

At year end, the fair value of Citycon's property portfolio was EUR 2,733.5 million (EUR 2,714.2 million). The company owned 36 (37) shopping centres, excluding Kista Galleria, and 35 (41) other properties. Of the shopping centres, 22 (23) were in Finland, nine (9) in Sweden, four (4) in the Baltic countries, and one (1) in Denmark.

Citycon's gross capital expenditure (including acquisitions) in the year under review came to EUR 226.1 million (EUR 161.7 million), with property acquisitions accounting for EUR 2.0 million (EUR 58.8 million), acquisitions linked to joint ventures and investments in them for EUR 148.1 million (EUR 0.0 million), property development for EUR 75.5 million (EUR 101.6 million), and other investments for EUR 0.5 million (EUR 1.4 million).

Gross capital expenditure (including acquisitions) for 2013 was EUR 65.1 million (EUR 119.9 million) in Finland, EUR 150.2 million (EUR 18.1 million) in Sweden, and EUR 10.4 million (EUR 23.0 million) in the Baltic Countries and New Business. Capital expenditure at the company's headquarters amounted to EUR 0.4 million (EUR 0.7 million). The company's divestments totalled EUR 53.0 million (EUR 26.4 million), and, in all, gain on sale of EUR 0.8 million (gain on sale of EUR 4.2 million) was recognised (tax effect included).

Acquisitions

The following acquisition was made during the year:

- In January, Citycon, jointly with CPPIB, acquired Stockholm's Kista Galleria shopping centre from DNB Livsforsikring ASA, for approximately SEK 4.6 billion (approx. EUR 530 million).

Divestments

The following divestments were made during the year:

- In December, Citycon sold the Torikeskus shopping centre in Seinäjoki to a local investor for approximately EUR 14.7 million.
- In November, Citycon sold all the shares in Citycon Jakobsberg Bostäder 4 AB, located in Stockholm, for SEK 41 million (approx. EUR 4.6 million), to Akelius Lägenheter AB.
- In July, the company sold the mixed-use property Backa, in the greater Gothenburg

(RE)DEVELOPMENT PROJECTS COMPLETED IN 2012-2013 AND IN PROGRESS ON 31 DECEMBER 2013

	Location	Area before and after project completion, sq.m.	Citycon's (expected) net investment need (EUR million)	Actual gross capital investments by 30 December 2013 (EUR million)	Completion
Stenungs Torg	Stenungsund, Sweden	36,400 41,400	18.0	1.5	Q3/2015
Kista Galleria[1)]	Stockholm, Sweden	94,200 94,600	5.0	3.3	Q4/2014
Iso Omena	Espoo, Finland	63,300 90,000	88.0	13.4	Q3/2016
IsoKristiina[2)]	Lappeenranta, Finland	22,400 34,000	54.0	16.0	Q4/2015
Åkermyntan Centrum	Stockholm, Sweden	8,500 10,100	6.9	6.9	completed Q2/2013
Koskikeskus	Tampere, Finland	27,700 28, 600	41.8	41.8	completed 2012
Iso Omena	Espoo, Finland	60,600 63,100	7.6	7.6	completed 2012
Myllypuro	Helsinki, Finland	7, 700 7,300	21.3	21,3[3)]	completed 2012
Magistral	Tallinn, Estonia	9,500 11,700	7.0	7.0	completed 2012

1) Kista Galleria is treated as a joint venture and consolidated in Citycon's financial statements based on the equity method.
2) Citycon owns 50 per cent of shopping centre IsoKristiina, Ilmarinen Mutual Pension Insurance Company owns the other 50 per cent.
3) The compensation of EUR 5.9 million and its tax impact received from the City of Helsinki in 2008 has been deducted from the actual gross investments.

area, for approximately SEK 42 million (approx. EUR 4.9 million).

- In July, Citycon sold the office building on Wavulinintie, in Helsinki, for approximately EUR 1.4 million.
- Also in July, Citycon sold the retail property Espoon Louhenkulma, in the Helsinki Metropolitan Area, for approximately EUR 1.3 million.
- In April, Citycon sold the office and retail property Lindome, in the greater Gothenburg region, for approximately SEK 81 million (approx. EUR 9.7 million).
- In March, the company sold the office and retail property Hindås, also in the greater Gothenburg area, for approximately SEK 12 million (approx. EUR 1.4 million).
- In February, Citycon sold its 50 per cent share of the IsoKristiina shopping centre, in Lappeenranta, to Ilmarinen Mutual Pension Insurance Company.
- In February, Citycon sold Ultima Oy, a company with ownership of an undeveloped plot in Vantaa, for approximately EUR 4.4 million.

As a result of these divestments, the company's total gross leasable area decreased by 45,680 square metres. Since the publication of its strategy update in July 2011, the company has divested 14 non-core properties and three residential portfolios, to a total value of approximately EUR 81 million.

(Re)development projects

Citycon is pursuing a long-term increase in the footfall, cash flow, and efficiency of its retail properties and also 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, (re)-development projects may weaken the return on the properties, as some retail premises have to be temporarily vacated for refurbishment and this affects rental income. Citycon aims to complete its construction projects in stages, in order to secure continuous cash flow.

At the end of the year, the company had two major (re)development projects in progress: the Iso Omena extension and (re)development project in Espoo and the IsoKristiina extension and (re)development project in Lappeenranta. During the last quarter, the company also launched an extension and (re)development project in Stenungs Torg and a refurbishment project in Kista Galleria.

Construction work at Iso Omena started in June 2013, with this three-phase project to be completed in late summer 2016. Because the new station at the end of the western metro line will be beneath the shopping centre, the extension project is being carried out in close co-operation with the metro company Länsimetro Oy. The centre's retail mix will be increasingly focused on fashion stores and a wide offering of restaurant services. The amount of pre-leased space in the area of the extension stood at approximately 40 per cent at the end of the year.

Construction work at IsoKristiina started at the beginning of April 2013. At IsoKristiina, strong emphasis will be placed on leisure and on versatile restaurant and café services. As a special feature of the (re)development, the new Lappeenranta City Theatre premises will be inside the renovated shopping centre. The amount of pre-leased space in the area of the extension stood at approximately 70 per cent at the end of the year.

The extension and (re)development of Stenungs Torg includes creation of space for six new tenants, among them H&M, along with renovation of the main entrance of the shopping centre.

The refurbishment and extension project at Kista Galleria involves constructing a state-of-the-art 2,400 sq.m. digital library at the centre in co-operation with the City of Stockholm. The total value of the project is approximately EUR 10 million.

The renovation of Stockholm's Åkermyntan Centrum reached completion during Q2 2013.

In addition, during the year the company carried out two projects related to tenant fit-outs at Rocca al Mare and Kristiine in Tallinn, with total investments of EUR 5.3 million and EUR 3.3 million, respectively. In September, completion of the refurbishment project at Rocca al Mare was finalised when Estonia's first H&M and first branch of the Debenhams department-store chain opened at the shopping centre. The tenant fit out project at Kristiine, which involved the opening of an H&M store in the shopping centre, was completed during the end of the year.

The table below lists the most significant (re)development projects in progress, along with the projects completed in 2012-2013. Further information on the company's completed, ongoing, and planned (re)-development projects can be found on the company's web site and in the upcoming 2013 annual report.

The changes in Group structure during 2013 are presented on page 62 of the Financial Statements.

Financial Performance

The figures presented below are for 2013, and the figures in brackets are the reference figures for 2012, unless otherwise indicated.

Turnover

The company's turnover comes mainly from rental income from retail properties and from utility and service charge income. Turnover came to EUR 248.6 million (EUR 239.2 million), showing growth of EUR 9.4 million, or 3.9 per cent. Turnover growth was mainly driven by like-for-like properties which contributed EUR 6.6 million to turnover growth. Completed or partly completed (re)development projects, such as those for Magistral and Koskikeskus, accounted for EUR 1.8 million of the turnover growth, with acquisitions made in 2012 contributing EUR 2.9 million. Divestments (see the discussion of 2013 divestments under 'Property Portfolio'; sales of supermarkets and shops, along with flats, in Sweden in 2012 and 2013 are also included in the reference period's divestment portfolio) decreased turnover by EUR 2.3 million. See also the table 'Net Rental Income and Turnover by Segment and Property Portfolio'.

Turnover from like-for-like properties increased in consequence of indexing and higher rental levels. Temporary rental rebates for like-for-like properties decreased to EUR 0.3 million (EUR 0.4 million).

At year end, Citycon had 3,287 (3,792) leases in total. The leasable area decreased by 3.8 per cent to 961,790 square metres. This decrease in leasable area is due to divestments. The average remaining length of leases was 3.5 years and remained at the same level as the previous

LEASE PORTFOLIO SUMMARY

	Q4/2013	Q4/2012	Q3/2013	2013	2012	Change-%
Number of properties at the end of the period	71	78	72	71	78	-9.0%
Gross leasable area, sq.m.	961,790	1,000,270	975,790	961,790	1,000,270	-3.8%
Annualised potential rental value, EUR million [1]	246.1	245.9	249.1	246.1	245.9	0.1%
Average rent (EUR/sq.m.)	21.5	20.7	21.5	21.5	20.7	3.9%
Number of leases started during the period	163	195	156	611	792	-22.9%
Total area of leases started, sq.m. [2]	52,697	40,257	26,507	150,013	141,167	6.3%
Average rent of leases started (EUR/sq.m.) [2]	17.5	22.0	18.4	18.8	20.5	-8.3%
Number of leases ended during the period	458	153	209	1,117	1,064	5.0%
Total area of leases ended, sq.m. [2]	66,260	29,728	19,101	186,567	149,972	24.4%
Average rent of leases ended (EUR/sq.m.) [2]	18.3	24.6	22.3	18.6	18.6	0.0%
Occupancy rate at end of the period (economic), %	95.7	95.7	95.8	95.7	95.7	-
Average remaining length of lease portfolio at the end of the period, years	3.5	3.5	3.6	3.5	3.5	0.0%
Net rental yield, % [3]	6.4	6.4	6.4	6.4	6.4	-
Net rental yield, like-for-like properties, %	6.1	6.1	6.2	6.1	6.1	-

1) Annualised potential rental value for the portfolio includes annualised gross rent based on valid rent roll at the end of the period, market rent of vacant premises and rental income from turnover based contracts (estimate) and possible other rental income.
2) Leases started and ended do not necessarily refer to the same premises.
3) Includes the value of unused building rights.

year (3.5 years). Average rent rose from EUR 20.7/sq.m. to EUR 21.5/sq.m., mainly thanks to index increments, divestments and the strengthening of the Swedish krona. The economic occupancy rate was 95.7 per cent (95.7%). The rolling 12-month occupancy cost ratio for like-for-like shopping centre properties was 8.6 per cent (8.5%).

Property operating expenses

The property operating expenses consist of maintenance costs related to real property, such as electricity, cleaning, and repairs. Property operating expenses rose by EUR 2.6 million, or 3.4 per cent from EUR 75.8 million to EUR 78.4 million. Completed (re)development projects and acquisitions increased property operating expenses, while divestments decreased them. Like-for-like property operating expenses increased by EUR 0.7 million, mainly on account of the higher property management expenses (cf. Note 5: 'Property Operating Expenses').

Other expenses from leasing operations

Other expenses from leasing operations, consisting of tenant improvements and credit losses, totalled EUR 1.3 million (EUR 1.4 million). The decrease was attributable mainly to lower credit losses and provisions for credit losses.

Net rental income

Citycon's net rental income was EUR 168.9 million (EUR 162.0 million). Net rental income increased by EUR 6.9 million, or 4.2 per cent mainly thanks to like-for-like net rental income growth of EUR 5.5 million, or 4.6 per cent. Like-for-like net rental income grew mainly due to a clear increase in net rental income from shopping centres, by 4.5 million or 4.5 per cent. In addition, like-for-like net rental income for supermarkets and shops increased by 0.9 million or 5.6 per cent. Large shopping centres, such as Iso Omena, Myyrmanni, and Liljeholmstorget Galleria, contributed to the positive development in like-for-like net rental income of shopping centres. In addition, (re)development projects such as those for Magistral and Koskikeskus increased the net rental income by EUR 0.6 million, and acquisition of the shopping centres Arabia, Citytalo, and Albertslund Centrum increased it by EUR 1.2 million, while divestments reduced net rental income by EUR 1.1 million.

The net rental yield of Citycon's property portfolio was 6.4 per cent (6.4%).

The following table presents like-for-like net rental income growth by segment of the company. 'Like-for-like properties' refers to properties held by Citycon throughout the two preceding periods, excluding properties under (re)development or extension and undeveloped lots. Measured in net rental income, 71.9 per cent of the like-for-like properties are in Finland.

NET RENTAL INCOME AND TURNOVER BY SEGMENT AND PROPERTY PORTFOLIO

Net Rental Income by Segment and Property Portfolio						Turnover by portfolios
EUR million	Finland	Sweden	Baltic Countries and New Business	Other	Total	Citycon total
2011	**90.5**	**35.4**	**18.4**	**-**	**144.3**	**217.1**
Acquisitions	1.5	1.4	4.6	-	7.5	11.1
(Re)development projects	4.6	0.6	0.6	-	5.8	8.3
Divestments	-0.5	-1.7	-	-	-2.3	-4.6
Like-for-like properties	2.2	2.3	1.1	-	5.5	5.3
Other (incl. exchange rate diff.)	0.0	1.2	-0.1	0.0	1.1	1.8
2012	**98.2**	**39.2**	**24.6**	**-**	**162.0**	**239.2**
Acquisitions	0.5	0.0	0.7	-	1.2	2.9
(Re)development projects	0.8	-0.3	0.2	0.0	0.6	1.8
Divestments	-0.1	-1.0	0.0	-	-1.1	-2.3
Like-for-like properties	4.1	1.2	0.2	0.0	5.5	6.6
Other (incl. exchange rate diff.)	0.0	0.6	0.0	0.0	0.6	0.4
2013	**103.5**	**39.7**	**25.6**	**0.0**	**168.9**	**248.6**

Administrative expenses

Administrative expenses totalled EUR 20.6 million (EUR 26.5 million). This represents a reduction of EUR 5.9 million, or 22.2 per cent, due mainly to cost savings activities carried out in the beginning of 29013.

At the end of December, Citycon Group employed 127 (129) persons, in total, of whom 83 worked in Finland, 33 in Sweden, 10 in the Baltic countries, and 1 in the Netherlands.

In all, Citycon Group paid EUR 11.5 million (EUR 11.6million) in salaries and other remuneration, of which the Group's CEO's salaries and other remuneration consisted of EUR 0.9 million (EUR 1.0 million) and the equivalent figure for the Board of Directors accounted for EUR 0.8 million (EUR 0.7 million). The parent company paid out, in total, EUR 5.8 million (EUR 5.8 million) in salaries and other remuneration, of which the CEO's salary and other compensation accounted for EUR 0.9 million (EUR 1.0 million) and those of the Board of Directors came to EUR 0.8 million (EUR 0.7 million).

Net fair value gains on investment properties

Net fair value gains on investment properties totalled EUR 26.1 million (EUR 23.6 million). The fair value gain of the shopping centres was EUR 25.2 million, and that of the supermarket and shop properties was EUR 0.9 million. The company recorded a total value increase of EUR 61.2 million (EUR 54.4 million) and a total value decrease of EUR 35.2 million (EUR 30.8 million). On 31 December 2013, the average net-yield requirement defined by Jones Lang LaSalle for Citycon's entire property portfolio was 6.3 per cent (31 December 2012: 6.3 %). The average net-yield requirement for properties in Finland, Sweden, and the Baltic Countries and New Business was 6.2 per cent, 5.9 per cent and 7.3 per cent respectively.

The weighted average market rent used for the valuation rose to EUR 25.3/sq.m, up from EUR 25.1/sq.m (cf. Note 14: 'Investment Properties'). Jones Lang LaSalle's year-end

THREE-YEAR KEY FIGURES – PERSONNEL

	2013	2012	2011
Average number of personnel	123	132	131
Salaries and other remuneration, EUR million	11.5	11.6	11.2

valuation statement can be found on the company web site at www.citycon.com/valuation.

Net gains on sale of investment properties
Net gain on the sale of investment properties totalled EUR 0.8 million (gain on sale of EUR 4.2 million) (cf. 'Property Portfolio').

Operating profit
Operating profit came to EUR 176.0 million (EUR 163.4 million), being higher than in the corresponding period previous year. The increase resulted from net rental income growth, lower administrative expenses, and higher fair value gains.

Net financial expenses
Net financial expenses increased by EUR 21.9 million, to EUR 90.1 million (EUR 68.1 million). Financial expenses increased mainly through realised one-off expenses related to prepayment of loans and the buying back of bonds during the second quarter. These costs include the realised negative market value of interest rate swaps that were unwound in relation to the prepaid bank loans, write-off of capitalised fees related to prepaid debt, and the portion of the bond buy-back price in excess of the nominal value.

Citycon uses interest rate swaps to hedge the floating interest-rate risk exposure and applies hedge accounting when marking these swaps to market. Changes in fair values are reported under other comprehensive income, with the tax effect taken into account. After the bond issue, some of the proceeds were used for prepayment of existing bank loans and the related interest rate swaps were unwound. The realised losses were booked from other comprehensive income/loss to financial expenses, with the tax effect taken into consideration. Because mark to market valuation was used, the swap unwinding did not have a major impact on the equity.

At year end, the weighted average interest rate, inclusive of interest rate swaps, showed a decrease, to 4.12 per cent (4.25%), from the level of the previous year but had increased from that of the previous quarter (4.07%) after the repayment of the rest of the outstanding short-term commercial papers. The year-to-date weighted average interest rate for interest-bearing debt, including interest rate swaps, decreased slightly to 4.06 per cent from the 4.07 per cent of the previous year's corresponding period, as well as from the previous quarter level of 4.08 per cent, with the lower interest expenses following the issue of the EUR 500 million Eurobond at the end of the second quarter.

Share of profit of joint ventures
The share of profit of joint ventures totalled EUR 4.1 million (EUR 0.2 million) and represents Citycon's share of the profit from the Kista Galleria shopping centre and Espagalleria Oy.

Income taxes
Current tax expenses for the year were EUR 0.7 million (EUR 1.4 million). Change in deferred taxes came to EUR 10.7 million (EUR -6.4 million). The positive change in deferred taxes resulted mainly from the corporate income tax rate cut in Finland as well as a deferred tax receivable booked in relation to the net losses from the unwinding of interest rate swaps in the first half of 2013.

Profit for the period
Profit for the period came to EUR 100.0 million (EUR 87.7 million). Despite one-off financial expenses, profit increased due to an increase in operating profit and lower tax expenses..

Statement of Financial Position and Financing

Investment properties
At year end, the fair value of the company's property portfolio totalled EUR 2,733.5 million (EUR 2,714.2 million), with Finnish properties accounting for 61.1 per cent (61.1 %) of this, Swedish properties for 26.3 per cent (27.2 %), and the Baltic Countries and New Business properties for 12.5 per cent (11.6 %).

The fair value of investment properties increased by EUR 19.3 million from the value at the end of 2012 (31 December, 2012: EUR 2,714.2 million), due to gross capital expenditure of EUR 77.5 million, offset by divestments totalling EUR 37.0 million (see 'Property Portfolio') and by EUR 24.2 million transfer of certain residential units in Sweden and some supermarket and shop properties in Finland and Sweden to the 'investment property held for sale' category. In addition, net fair value gains on investment properties increased the value of investment properties by EUR 26.1 million (see the detailed analysis in the 'Financial Performance' section's subsection 'Net fair value gains on investment properties'). Exchange-rate changes decreased the fair value of investment properties by EUR 23.1 million.

Shareholders' equity
At the end of the year, the shareholders' equity attributable to the parent company's shareholders came to EUR 1,289.6 million (EUR 1,015.7 million), increasing by EUR 273.9 million, mainly in consequence of the rights issue, the net proceeds from which amounted to EUR 196.0 million. In addition, the shareholders' equity was increased by the profit for the reporting period attributable to parent-company shareholders, by EUR 93.1 million, along with the positive fair value change in interest derivative contracts. On the other hand, dividend payments and equity returns decreased the equity by EUR 49.0 million. Citycon applies hedge accounting, which means that fair value changes of applicable interest derivatives are recorded under 'Other Items of Comprehensive Income', which affects shareholders' equity. A gain on the fair value of interest derivatives of EUR 36.7 million was recorded for the year, taking into account their tax effect (a loss of EUR 14.1 million) (cf. Note 21, 'Derivative Financial Instruments'').

Because of the above-mentioned items and the higher number of shares that resulted from the rights issue, equity per share decreased to EUR 2.92 (31 December 2012: EUR 3.11). The equity ratio increased further to 45.3 per cent (30 September 2013: 44,1%). The company's equity ratio, as specified in the loan-agreement covenants, increased to 45.2 per cent (30 September 2013: 44.1%).

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

Loans

Liabilities totalled EUR 1,634.7 million (EUR 1,758.6 million), with short-term liabilities accounting for EUR 231.6 million (EUR 209.7 million). At year-end, Citycon's available liquidity was EUR 435.4 million, of which EUR 380.0 million consisted of undrawn, committed credit facilities, EUR 38.0 million of cash and cash equivalents and EUR 17.4 million of undrawn cash pool overdraft limits. At the year end, Citycon's liquidity, exclusive of commercial papers, stood at EUR 435.4 million (30 September 2013: EUR 387.1 million).

Interest-bearing debt showed a year-on-year decrease of EUR 70.6 million, falling to EUR 1,462.4 million (EUR 1,533.0 million). The fair value of interest-bearing debt was EUR 1,471.3 million (EUR 1,538.8 million) at year end. Cash and cash equivalents totalled EUR 38.0 million (EUR 51.0 million), making the fair value of interest-bearing net debt EUR 1,433.3 million (EUR 1,487.8 million). The average loan maturity, weighted for the amount of the loans' principal, was 4.1 years (3.2 years). This increase was due to the 7 year EUR 500 million eurobond issued in June. The average interest-rate fixing period increased to 3.9 years (3.5 years).

The interest coverage ratio increased to 2.4 (Q3/2013: 2.3).

Fixed-rate debt accounted for 83.4 per cent (89.2%) of the year-end interest-bearing debt, including interest-rate swaps with over one year to maturity.

During Q4 the company signed three new cash pool overdraft limit agreements for a total amount of EUR 18.2 million. These limits will enable to maintain lower cash levels going forward.

The company successfully issued a EUR 500 million senior unsecured Eurobond on 14 June. This seven-year bond matures on 24 June 2020. This bond carries fixed annual interest at a rate of 3.75 per cent, payable annually on 24 June, and is listed on the Official List of the Irish Stock Exchange and traded on its regulated market. Bonds were allocated to a broad base of European investors, and the bond offering was oversubscribed. Through this strategic transaction, Citycon was able to increase its liquidity, diversify the company's debt financing sources, and extend average debt maturities. The proceeds from the offering have been used to repay existing debt.

In June, Citycon repurchased some domestic senior bonds maturing in 2014 and 2017. The company repurchased a portion of its unsecured domestic bond issued on 17 December 2009 from institutional investors for 106.5 per cent of face value. The face value repurchased by the company amounted to EUR 16.9 million, corresponding to approximately 42.3 per cent of the aggregate amount of the domestic bond. The principal amount of the bond due in 2014 amounts to EUR 40 million, and it carries interest at a rate of 5.10 per cent p.a. The deals were executed on 25 June 2013. At the same time, Citycon repurchased part of its unsecured domestic bond issued on 11 May 2012 from institutional investors for 106.4 per cent of face value. The face value repurchased by the company amounted to EUR 11.6 million, corresponding to approximately 7.7 per cent of the aggregate amount of the domestic bond. The principal amount of the bond due in 2017 comes to EUR 150 million, with interest due at a rate of 4.25 per cent p.a. The deals were executed on 25 June 2013. All repurchases of the bonds were executed on the open market. In accordance with the terms and conditions of the domestic bonds, the company will cancel the repurchased bond amounts.

An agreement for a new bilateral six-year revolving credit facility loan of EUR 50 million was signed in June.

In May, Citycon received two investment-grade credit ratings, from Standard & Poor's (BBB-) and Moody's (Baa3).

On 12 February, the Citycon Board of Directors decided to issue as many as 114,408,000 new shares in a share issue for subscription at a price of EUR 1.75 per share, worth approximately EUR 200 million, based on an authorisation granted by the EGM of 6 February 2013. The shares offered represented around 35 per cent of the total shares and voting rights in the company prior to the offering and around 26 per cent post-offering. The share subscription period was 21 February – 7 March, and all of the shares offered were subscribed for in the share issue. The new shares were entered in the Finnish Trade Register on 14 March. More detailed information on the rights issue can be found in the Citycon stock-exchange releases published in February and March.

On 14 January, Citycon and CPPIB signed a standalone asset-backed loan agreement for, in total, SEK 2,290 million (approx. EUR 265 million) in order to finance the Kista Galleria shopping-centre investment. The loan is secured by Kista Galleria, and the loan period is five years. This loan is granted by Skandinaviska Enskilda Banken AB (publ), which also co-ordinated the transaction, and Swedbank AB and Aareal Bank AG.

On top of the financial covenants, Citycon's debt financing agreements have other customary restrictive clauses. These include negative-pledge and change-of-control clauses.

With respect to the negative pledge, Citycon's loan agreements limit the maximum amount of secured indebtedness to 7.5 per cent of the total financial indebtedness of the group. Change of control provisions are associated with a situation wherein a person or group of persons acting in concert would hold more than 50 per cent of the voting rights of Citycon and such change of control would, (i) in respect of the debt financing agreements, impose an obligation for the company to commence negotiations with the relevant lenders on an alternative basis for the continuation of financing or, alternatively, to repay the loans in question and, (ii) in respect of the debt securities, entitle the debt security holders to require the company to redeem such securities. Both clauses are subject to the applicable grace periods and possible waivers.

Cash Flow Statement

Net cash from operating activities

Net cash from operating activities totalled EUR 56.6 million (EUR 61.5 million). This decrease was mainly due to higher interest and other financial charges, which resulted from the realised fair value losses on interest rate swaps in the second quarter of the financial year.

Net cash used in investing activities

Net cash used in investing activities totalled EUR 168.4 million (net cash used in investing activities EUR 104.9 million). Capital expenditure related to investment properties, shares in joint ventures, and tangible and intangible assets totalled EUR 226.6 million (EUR 93.9 million). Negative cash flow from investing activities was partially offset by sales of investment properties totalling EUR 60.2 million (EUR 31.1 million).

Net cash from financing activities

Net cash from financing activities totalled EUR 99.4 million, and comparable net cash from financing activities came to EUR 2.3 million. The net cash from financing activities includes proceeds from the EUR 500 million bond issue in June, which were used mainly for repayment of existing debt. The rights issue in March increased net cash from financing activities by EUR 196.0 million.

Legal Proceedings

In March, the arbitration board rendered the award relating to arbitration proceedings against Citycon's subsidiary, MREC Espoontori related to Espoontori shopping centre's 2011 completed redevelopment project. The arbitration board awarded SRV Rakennus Oy approximately EUR 790,000 including VAT and penal interest on basis of their claim of approximately EUR 4.7 million (incl. VAT) against MREC Espoontori, who has paid the amount to SRV Rakennus Oy in April 2013. Consequently, the dispute has been finally settled in 2013.

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

Financial Performance of the Business Units

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

Finland

Citycon is a market leader in the Finnish shopping centre business. At year end, the company owned 22 shopping centres and 33 other properties in Finland, with a total leasable area of 571,890 square metres (595,670 sq.m.). The leasable area decreased through property disposals (cf. 'Property Portfolio'). The annualised potential rental value decreased marginally by 0.1 per cent to EUR 150.5 million due to divestments.

The lease agreements started during the year applied to a gross leasable area of 110,292 square metres (89,689 sq.m.), and ended lease agreements applied to 133,770 square metres

KEY FIGURES, FINLAND

	Q4/2013	Q4/2012	Q3/2013	2013	2012	Change-%
Number of properties at the end of the period	55	59	56	55	59	-6.8%
Gross leasable area, sq.m.	571,890	595,670	582,990	571,890	595,670	-4.0%
Annualised potential rental value, EUR million 1)	150.5	150.6	153.3	150.5	150.6	-0.1%
Average rent (EUR/sq.m.)	22.4	21.4	22.2	22.4	21.4	4.7%
Number of leases started during the period	109	131	95	390	453	-13.9%
Total area of leases started, sq.m. 2)	40,954	25,402	16,057	110,292	89,689	23.0%
Average rent of leases started (EUR/sq.m.) 2)	17.5	23.1	19.9	18.8	21.7	-13.4%
Number of leases ended during the period	163	80	102	498	444	12.2%
Total area of leases ended, sq.m. 2)	53,036	15,324	14,959	133,770	79,049	69.2%
Average rent of leases ended (EUR/sq.m.) 2)	18.6	28.4	22.5	19.0	21.9	-13.2%
Occupancy rate at end of the period (economic), %	95.1	95.3	95.4	95.1	95.3	-
Average remaining length of lease portfolio at the end of the period, years	3.9	3.7	4.0	3.9	3.7	5.4%
Gross rental income, EUR million	35.7	35.5	36.1	144.2	137.0	5.3%
Turnover, EUR million	37.4	37.3	37.6	150.4	143.2	5.0%
Net rental income, EUR million	26.3	25.7	26.8	103.5	98.2	5.4%
Net rental yield, % 3)	6.4	6.3	6.4	6.4	6.3	-
Net rental yield, like-for-like properties, %	6.4	6.4	6.4	6.4	6.4	-
Fair value of investment properties, EUR million	1,671.2	1,659.0	1,677.3	1,671.2	1,659.0	0.7%

1) Annualised potential rental value for the portfolio includes annualised gross rent based on valid rent roll at the end of the period, market rent of vacant premises and rental income from turnover based contracts (estimate) and possible other rental income.
2) Leases started and ended do not necessarily refer to the same premises.
3) Includes the value of unused building rights.

(79,049 sq.m.). The average rent for new lease agreements was slightly lower than the average rent for the ended lease agreements, mainly due to new large-unit retail leases in supermarket and shop properties which started during the last quarter of the year. The average rent rose from EUR 21.4/sq.m. to EUR 22.4/sq.m., mainly thanks to index increments and property disposals. The economic occupancy rate decreased to 95.1 per cent (95.3%), mainly due to a finalised (re)-development project with temporary vacancy. For shopping centres, the economic occupancy rate was 95.9 per cent and the average rent was EUR 26.0/sq.m.

Citycon's net rental income from Finnish operations during 2013 totalled EUR 103.5 million (EUR 98.2 million). Net rental income grew by EUR 5.3 million or 5.4 per cent. Net rental income for like-for-like properties in Finland increased by EUR 4.1 million, or 4.9%, mainly because of good performance at the shopping centres. In addition, the Finnish operations benefited from the EUR 1.3 million effect of completed (re)development projects such as Koskikeskus and acquisitions made in 2012, such as that of Arabia. The business unit accounted for 61.3 per cent (60.6%) of Citycon's total net rental income. Net rental yield was 6.4 per cent (6.3%).

Sweden

At the end of the year, the company had nine shopping centres (excluding Kista Galleria) and two other retail properties in Sweden, with a total leasable area of 254,500 square metres (274,300 sq.m.). These properties are located in the greater Stockholm and Gothenburg areas and in Umeå. The leasable area decreased due to the divestment of supermarket and shop properties and residential units. The annualised potential rental value increased to EUR 63.5 million due to the strengthening of the Swedish krona.

Lease agreements started during the year applied to a gross leasable area of 16,780 square metres (33,464 sq.m.), and ended lease agreements applied to 34,597 square metres (64,629 sq.m.). The average rent level for new lease agreements was significantly higher than the average rent for ended lease agreements, especially due to divestments, along with leases that were renewed at higher rent.

Average rent rose from EUR 19.3/sq.m. to EUR 20.8/sq.m. mostly due to divestments, new leases, index increments, and the strengthening of the Swedish krona. The economic occupancy rate increased to 95.1 per cent (94.7%), mostly through the divestment of one almost completely vacant supermarket and shop property.

KEY FIGURES, SWEDEN

	Q4/2013	Q4/2012	Q3/2013	2013	2012	Change-%
Number of properties at the end of the period	11	14	11	11	14	-21.4%
Gross leasable area, sq.m.	254,500	274,300	258,400	254,500	274,300	-7.2%
Annualised potential rental value, EUR million 1)	63.5	63.4	63.9	63.5	63.4	0.2%
Average rent (EUR/sq.m.)	20.8	19.3	20.7	20.8	19.3	7.8%
Number of leases started during the period	39	54	25	133	231	-42.4%
Total area of leases started, sq.m. 2)	5,416	14,218	2,883	16,780	33,464	-49.9%
Average rent of leases started (EUR/sq.m.) 2)	19.8	19.9	23.9	21.3	19.4	9.8%
Number of leases ended during the period	285	64	86	529	575	-8.0%
Total area of leases ended, sq.m. 2)	9,809	13,776	3,015	34,597	64,629	-46.5%
Average rent of leases ended (EUR/sq.m.) 2)	16.4	20.5	21.0	16.6	14.1	17.7%
Occupancy rate at end of the period (economic), %	95.1	94.7	95.2	95.1	94.7	-
Average remaining length of lease portfolio at the end of the period, years	2.8	3.0	2.7	2.8	3.0	-6.7%
Gross rental income, EUR million	14.3	15.3	14.9	59.2	60.3	-1.9%
Turnover, EUR million	15.4	16.0	15.8	63.3	63.1	0.2%
Net rental income, EUR million	9.0	10.0	10.6	39.7	39.2	1.3%
Net rental yield, % 3)	5.6	5.6	5.7	5.6	5.6	-
Net rental yield, like-for-like properties, %	5.5	5.4	5.6	5.5	5.4	-
Fair value of investment properties, EUR million	720.1	739.2	727.2	720.1	739.2	-2.6%

1) Annualised potential rental value for the portfolio includes annualised gross rent based on valid rent roll at the end of the period, market rent of vacant premises and rental income from turnover based contracts (estimate) and possible other rental income.
2) Leases started and ended do not necessarily refer to the same premises.
3) Includes the value of unused building rights.

The company's net rental income from Swedish operations increased by EUR 0.5 million or 1.3 per cent, to come to EUR 39.7 million (EUR 39.2 million). The increase in net rental income was due to increases from like-for-like properties, which grew by EUR 1.2 million, or 3.7 per cent, thanks mainly to improvements in net rental income from Liljeholmstorget Galleria and Jakobsberg Centrum. With the impact of the stronger Swedish krona excluded, net rental income from Swedish operations rose by EUR 0.2 million, or 0.5 per cent. The Swedish business unit accounted for 23.5 per cent (24.2%) of Citycon's total net rental income. Net rental yield was 5.6 per cent (5.6%).

The Baltic Countries and New Business

Citycon has four shopping centres in the Baltic region: Rocca al Mare, Kristiine, and Magistral, in Tallinn, Estonia, and Mandarinas, in Vilnius, Lithuania. In addition, in Denmark Citycon owns Albertslund Centrum in the greater Copenhagen area.

At year end, these properties' gross leasable area totalled 135,400 square metres (130,300 sq.m.). The annualised potential rental value increased to EUR 32.1 million, mainly due to the completion of the Rocca al Mare and Kristiine tenant fit-out projects during the second half of 2013. The average rent decreased from EUR 20.5/sq.m. to EUR 19.8/sq.m. due to the aforementioned tenant fit-out project.

Lease agreements started during the year applied to a gross leasable area of 22,941 square metres (18,014 sq.m.), and ended lease agreements applied to 18,200 square metres (6,294 sq.m.). The average rent level for new lease agreements was lower than that of ended lease agreements, mostly due to the completion of the above-mentioned tenant fit-out projects with three new large retail units. The economic occupancy rate increased to 99.7 per cent (99.6%) due to decreased vacancy in Albertslund Centrum.

Net rental income from the Baltic Countries and New Business operations increased by EUR 1.0 million to EUR 25.6 million (EUR 24.6 million), mainly through the acquisition of the Albertslund Centrum shopping centre and completion of the (re)development project for the Magistral shopping centre. The business unit accounted for 15.2 per cent (15.2%) of Citycon's total net rental income. Net rental yield was 8.2 per cent (8.6%). The decrease in net rental yield was due to increased fair values of the properties resulting mainly from lower net yield requirements.

KEY FIGURES, BALTIC COUNTRIES AND NEW BUSINESS

	Q4/2013	Q4/2012	Q3/2013	2013	2012	Change-%
Number of properties at the end of the period	5	5	5	5	5	0.0%
Gross leasable area, sq.m.	135,400	130,300	134,400	135,400	130,300	3.9%
Annualised potential rental value, EUR million [1]	32.1	31.9	31.9	32.1	31.9	0.6%
Average rent (EUR/sq.m.)	19.8	20.5	20.0	19.8	20.5	-3.4%
Number of leases started during the period	15	10	36	88	108	-18.5%
Total area of leases started, sq.m. [2]	6,327	637	7,567	22,941	18,014	27.4%
Average rent of leases started (EUR/sq.m.) [2]	15.6	24.8	13.1	16.7	16.5	1.2%
Number of leases ended during the period	10	9	21	90	45	100.0%
Total area of leases ended, sq.m. [2]	3,415	628	1,127	18,200	6,294	189.2%
Average rent of leases ended (EUR/sq.m.) [2]	19.2	20.2	23.3	19.0	23.3	-18.5%
Occupancy rate at end of the period (economic), %	99.7	99.6	99.2	99.7	99.6	-
Average remaining length of lease portfolio at the end of the period, years	3.3	3.7	3.3	3.3	3.7	-10.8%
Gross rental income, EUR million	7.9	7.7	7.6	30.4	28.6	6.4%
Turnover, EUR million	9.2	8.8	8.7	34.9	32.8	6.4%
Net rental income, EUR million	6.6	6.5	6.4	25.6	24.6	4.1%
Net rental yield, %	8.2	8.6	8.3	8.2	8.6	-
Net rental yield, like-for-like properties, % [3]	10.7	9.6	9.6	10.7	9.6	-
Fair value of investment properties, EUR million	342.2	316.0	334.8	342.2	316.0	8.3%

1) Annualised potential rental value for the portfolio includes annualised gross rent based on valid rent roll at the end of the period, market rent of vacant premises and rental income from turnover based contracts (estimate) and possible other rental income.
2) Leases started and ended do not necessarily refer to the same premises.
3) Includes only one property.

Environmental Responsibility

Citycon seeks to lead the way in responsible shopping centre operations and promoting 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, means that they are well positioned to face the demands of sustainable development.

In its sustainability reporting, Citycon applies the construction and real estate sector specific (CRESS) guidelines of the Global Reporting Initiative, as well as the Best Practices Recommendations on Sustainability Reporting published by EPRA. The results and indicators for environmental responsibility for 2013 are presented on pages 42-45 and 74-79 of the Annual and Sustainability Report, to be published approximately in week eight.

At its annual conference in September 2013, the European Public Real Estate Association (EPRA) acclaimed Citycon's Annual and Sustainability Report 2012 as one of the best in the industry. Citycon won the gold-level award in the sustainability Best Practices series for the second time now. Citycon was honored also with Green Star status in the Global Real Estate Sustainability Benchmark (GRESB) assessment. Citycon received this recognition for the second year in a row for its outstanding management and handling of key sustainability issues.

Environmental responsibility results 2013

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. In 2013, Citycon's aim was to reduce its carbon footprint by 2–3 per cent and its energy consumption by 2–3 per cent in comparison to 2012. Citycon also aimed to reduce water consumption in its shopping centres to an average of 3.9 litres per visitor per year. The target for the waste recycling rate in 2013 was 80 per cent and respectively the annual target for the proportion of landfill waste out of total waste was 20 per cent. The objective for sustainable construction was to assess all on-going projects in 2013 with LEED criteria.

Energy

In 2013, Citycon procured a total of 181.9 gigawatt hours (184.2 GWh) of electricity. Total consumption decreased by 1.2 per cent due to changes in the property portfolio and due to energy saving measures. Total electricity consumption (incl. tenants' electricity) in like-for-like shopping centres decreased by 1.7 per cent from previous year. Electricity consumption in common areas (excl. electricity used by tenants) amounted to 110.1 gigawatt hours (111.6 GWh), showing a decrease of 1.4 per cent from previous year. In like-for-like shopping centres electricity consumption in common areas decreased by 1.4 per cent.

Heating energy consumption came to 133.8 gigawatt hours (143.4 GWh). Total heat consumption decreased by 6.7 per cent but weather-adjusted consumption, 145.9 gigawatt hours (144.4 QWh), increased by 1.1 per cent. The winter was milder than average, especially the temperature in December. Heating energy consumption in like-for-like shopping centre properties decreased by 8.9 per cent, and weather-adjusted consumption decreased by 1.1 per cent.

Citycon's total energy consumption (incl. electricity consumption in common areas, heating and cooling) amounted to 250.5 gigawatt hours (260.3 GWh). In shopping centres, energy consumption per sales fell by 2.6 per cent and energy consumption per gross leasable area stayed on the same level. Total energy consumption in like-for-like shopping centres decreased by 5.4 per cent. The annual target for reducing energy consumption was attained.

In 2013, Citycon invested in measures that generate savings in consumption and costs, such as renewing lighting and lighting control solutions, or greater use of frequency transformers and control in ventilation systems. Furthermore, Citycon ensured the continuous optimisation of adjustments and temperature settings for technical systems, in order to meet consumption and cost saving targets. By the end of 2013, the Ministry of Employment and the Economy had granted energy support for the energy saving measures in seven shopping centres covering 20–25 per cent, or approximately EUR 915 000, of the investment costs.

Energy costs related to electricity and heating, 25.1 EUR million, remained at the same level as in 2012.

Citycon's reported energy consumption covers shopping centres and other properties where Citycon's share of ownership is over 50 per cent and where it has operational control. Kista Galleria is not included in the reported environmental data. Citycon 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 2013, the carbon footprint totalled 73,420 tonnes of carbon dioxide equivalent (74,609 $tnCO_2e$). The carbon footprint reported by Citycon covers the energy and water consumption in properties, waste logistics and the emissions generated by the Citycon organisation. Energy consumption in properties constitutes 99.4 per cent of the carbon footprint. The carbon footprint decreased by 1.6 per cent compared to the previous year. The decrease in carbon footprint was caused by changes in the property portfolio and due to decrease in heating consumption. The carbon footprint in shopping centres remained at the same level per visitor. The carbon footprint of like-for-like shopping centres decreased by 5.9 per cent. The annual target for reducing the carbon footprint by 2-3 per cent was attained.

Water

The total water consumption in all shopping centres and retail properties owned by

Citycon was 624,447 cubic metres (632,306 m³) in 2013. This includes water consumed by the real estate company and tenants. Water consumption showed a decrease of 1.2 per cent compared to the previous year. The change was caused by changes in the property portfolio. Water consumption in like-for-like shopping centre properties decreased by 1.1 per cent compared to the previous year. Water consumption proportionate to sales, decreased by 1.1 per cent compared to the previous year. In 2013, water consumption per visitor in shopping centres was 3.9 litres and 3.6 litres in like-for-like shopping centres, which means the target for reducing water consumption per visitor was met in 2013.

Waste

The total waste volume generated by Citycon's shopping centres amounted to 14,446 tonnes (14,118 tn), with landfill waste accounting for 2,112 tonnes (2,375 tn), or 14.6 per cent (15.9%). Waste volumes in shopping centres increased by 2.3 per cent compared to the previous year. Waste volume proportionate to sales showed an increase of 1.1 per cent. Waste volumes in like-for-like shopping centres stayed at the same level as in the previous year. The recycling rate in shopping centres improved compared to the previous year and was 85.4 per cent (83.2%). 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. A good example of such property is the shopping centre Kista Galleria in Stockholm, which was acquired in January 2013.

Environmental certification represents a key element in Citycon's efforts towards sustainable development. The (re)development project at IsoKristiina in Lappeenranta which was launched in April 2013, and the (re)development project at Iso Omena in Espoo which started in June will follow the LEED certification requirements.

Governance

Annual General Meeting 2013

Citycon Oyj's Annual General Meeting (AGM) took place in Helsinki on 21 March 2013. The meeting was opened by Chaim Katzman, the Chairman of the Board, and chaired by Manne Airaksinen, Attorney-at-Law. A total of 261 shareholders attended the AGM either personally or through a proxy representative, representing 73.4 per cent (239,888,144 shares) of shares and votes in the company.

The AGM adopted the company's Financial Statements for the financial year 2012 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 2012 and an equity return of EUR 0.11 per share from the invested unrestricted equity reserve. The record date for the dividend pay-out and equity return was 26 March 2013, and the dividend and equity returns totalling EUR 49.0 million were paid on 4 April 2013.

The other outcomes of the AGM can be seen on the company website at www.citycon.com/agm2013. The minutes of the meeting are also available there.

SHARES AND SHARE CAPITAL

Share price development, completed trades, EUR	2013	2012
Lowest price	2.12	2.12
Highest price	2.67	2.71
Average price	2.44	2.43
Closing price	2.56	2.57
Market value of shares at year-end (EUR million)	1,129.7	840.1
Share trading development		
Number of traded shares (million)	104.5	82.0
Value of traded shares (EUR million)	255.0	199.2
Share capital and shares		
Share capital at year-start (EUR million)	259.6	259.6
Share capital at year-end (EUR million)	259.6	259.6
Number of shares at year-start (million)	326.9	277.8
Number of shares at year-end (million)	441.3	326.9

Extraordinary General Meeting 2013

Citycon's Board of Directors convened an Extraordinary General Meeting (EGM) for 6 February 2013. As proposed by the Board of Directors the EGM decided to authorise the Board of Directors to decide on issuance of new shares for consideration. The authorisation entitled the Board of Directors to issue a maximum of 125,000,000 shares by one or several decisions. The maximum amount corresponded to approximately 38.2 per cent of all the company's shares of that time. The minutes of the meeting can be found at Citycon's website.

Board of Directors

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

In 2013 the Board of Directors had ten members: Ronen Ashkenazi, Chaim Katzman, Bernd Knobloch, Kirsi Komi, Karine Ohana (as of 21 March 2013), Claes Ottosson, Per-Anders Ovin (as of 21 March 2013), Jorma Sonninen, Yuval Yanai and Ariella Zochovitzky. Roger Kempe and Per Håkan Westin resigned from the Board of Directors as of 21 March 2013.

Chaim Katzman was the Chairman of the Board of Directors in 2013, and Ronen Ashkenazi the Deputy Chairman. Bernd Knobloch served as the second Deputy Chairman of the Board as of 21 March 2013.

Auditor

Since 2006, the company's auditor has been Ernst & Young Oy, a firm of authorised public accountants, which has designated Authorised Public Accountant Eija Niemi-Nikkola to act as the responsible auditor of Citycon.

Chief Executive Officer (CEO)

Marcel Kokkeel (MA, Dutch citizen, born in 1958) has served as Citycon's CEO since 24 March 2011. Eero Sihvonen, CFO, is Citycon's Executive Vice President. Their personal details, career histories and any positions of trust can be found on the corporate website at www.citycon.com/management. Information on the CEO's executive contract and its terms and conditions are available on page 60 of the Financial Statements.

Shareholders, Share Capital and Shares

Citycon Oyj has been listed on the NASDAQ OMX Helsinki Ltd (Helsinki Stock Exchange) since November 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 2013, Citycon had 8,820 (7,177) registered shareholders, of whom 10 were account managers of nominee-registered shares. Nominee-registered and other international shareholders held 343.4 million (250.8 million) shares, or 77.8 per cent (76.7%) of shares and voting rights in the company. Details of the most significant shareholders of the company, of the distribution of ownership, and of the notifications of changes in shareholdings received in 2013 can be found on page 75 of the Financial Statemens.

Share Capital and Shares

There were no changes in the company's share capital during the period, but the number of shares rose by 114,408,000 shares following the rights issue arranged in February-March. 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.

Rights Issue

Based on authorisation granted by the EGM of 6 February 2013, Citycon Board of Directors decided on 12 February 2013 to issue a maximum of 114,408,000 new shares. The issued shares represented around 35.0 per cent of all the shares and votes in the company before the rights issue and around 25.9 per cent after the rights issue. The subscription period ended on 7 March 2013 and the new shares were registered in the Trade Register on 14 March 2013.

Board Authorisations and Treasury Shares

The 2013 AGM authorised the Board of Directors to decide on the issuance of a maximum of 25 million shares and the issuance of special rights entitling to shares referred to in chapter 10, section 1 of the Finnish Companies Act. The authorisation will be valid until the close of next Annual General Meeting, however, no longer than until 30 June 2014.

During the year the Board of Directors had also a share issue authorisation granted by the EGM held on 6 February 2013 to issue a maximum of 125 million new shares for consideration. The Board of Directors exercised this authorisation when it decided on the rights issue in February 2013. The authorisation was valid until the end of the AGM of 2013 and it revoked the share issuance authorisation given by the AGM 2012.

The 2013 AGM authorised the Board of Directors to decide on the acquisition of 20 million of the company's own shares. The authorisation will be valid until the close of next Annual General Meeting, however, no longer than until 30 June 2014.

At the year-end the Board had no other authorisations.

During the period the company held no treasury shares.

OPTION RIGHTS OF THE CORPORATE MANAGEMENT COMMITTEE ON 31 DECEMBER 2013

	2011A(I)	2011B(I)	2011C(I)	2011D(I)	Total
Chief Executive Officer (CEO)	250,000	250,000	250,000	250,000	1,000,000
	2011A(I–III)	**2011B(I–III)**	**2011C(I–III)**	**2011D(I–III)**	
Other CMC members	412,500	452,500	452,500	452,500	1,770,000

Stock Option Plan 2011

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

The maximum total number of stock options which can be distributed is 7,250,000, and they entitle their owners to subscribe for a maximum total of 8,529,625 new shares in the company or existing shares held by the company. The options are granted free of charge and classified as 2011A(I), 2011A(II) and 2011A(III); 2011B(I), 2011B(II) and 2011B(III); 2011C(I), 2011C(II) and 2011C(III); or 2011D(I), 2011D(II) and 2011D(III). Upon the distribution of stock options the Board of Directors decides on how the stock options are divided into sub-categories. Shares subscribed based on the Stock Option Plan 2011 may correspond to a maximum of 1.9 per cent of all shares and votes in the company after the potential share subscription, if new shares are issued in the share subscription.

In order to ensure the equal treatment of shareholders and the stock option holders, the Board of Directors of Citycon Oyj decided on 12 February 2013 and 13 March 2013, due to the rights issue, to adjust the subscription price of the stock options 2011. In addition, in 2012 the Board of Directors had decided, due to rights issue arranged in September-October 2012, to adjust the subscription ratio and the subscription price of the stock options 2011. The above mentioned adjustments were made in accordance with the terms and conditions of the Stock Option Plan 2011.The subscription ratios and subscription prices of Stock Option Plan 2011 as well as the subscription periods of the Stock Options 2011 are available on page 57 of the Financial Statements.

Granted stock options

At the end of 2013, 2011A–D(I), 2011A–D(II) and 2011A–D(III) stock options were held by 18 key personnel of the group. On 31 December 2013 there were 6,305,000 outstanding options, entitling holders to subscribe 7,417,833 shares in 2012–2018. The table below indicates the Stock Options granted to the CEO and other Corporate Management Committee members.

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

The Stock Option Plan 2011 and its terms and conditions are presented in further detail on pages 56-58 of the Financial Statements.

The terms and conditions can be found at www.citycon.com/options.

Stock Options held by Members of the Board of Directors and by the Company Management

The members of the Board of Directors of Citycon, the CEO, the other Corporate Management Committee members and their related parties held a total of 331,347 company shares on 31 December 2013. These shareholdings represent 0.07 per cent of the company's total shares and total voting rights.

The number of Stock Options 2011 held by the CEO and other Corporate Management Committee members at the year-end 2013 are presented in the table above. The maximum number of shares that they can subscribe for by exercising these outstanding Stock Options 2011 amounts to 3,258,905 shares. Members of the Board of Directors are not included in the company's share-based incentive plans.

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

Helsinki, 4 February 2014

Citycon Oyj
Board of Directors

EPRA PERFORMANCE MEASURES

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

Since 2006, Citycon has been applying the best practices policy recommendations of EPRA for financial reporting. 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 please visit EPRA's web pages: www.epra.com.

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

EPRA PERFORMANCE MEASURES

	Note	2013	2012
EPRA Earnings, EUR million	1	86.7	63.9
EPRA Earnings per share (basic), EUR [1]	1	0.204	0.199
EPRA Cost Ratio (including direct vacancy costs) (%)	2	21.8	26.2
EPRA Cost Ratio (excluding direct vacancy costs) (%)	2	19.4	23.3
EPRA NAV per share, EUR	3	3.10	3.49
EPRA NNNAV per share, EUR	3	2.90	3.08
EPRA Net Initial Yield (NIY) (%)	4	6.2	6.0
EPRA 'topped-up' NIY (%)	4	6.3	6.1
EPRA vacancy rate (%)	5	4.3	4.3

1) Per share result key figures have been calculated with the issue-adjusted number of shares resulting from the rights issues executed in March 2013 and October 2012.

The following Notes, the numbers 1-5, present how EPRA Performance Measures are calculated. The Notes 6 and 7 present the EPRA Key Performance Measures for the last 5 years.

1) EPRA EARNINGS AND EPRA EARNINGS PER SHARE (BASIC)

EPRA Earnings presents the underlying operating performance of a real estate company excluding all so called non-recurring items such as net fair value gains/losses on investment properties, profit/loss on disposals and other non-recurring items. It provides a measure for recurring income, but does not exclude exceptional items that are part of normal IFRS earnings. EPRA earnings is especially important for investors who want to assess the extent to which dividends are supported by recurring income. Citycon paid 0.15 EUR/share as dividends and equity return for the financial statements 2012, and for the financial statements 2013, the Board of Directors propose for Annual General Meeting a dividend and equity return of 0.15 EUR/share.

	2013			2012		
	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	**93.1**	**425,415.5**	**0.220**	**77.2**	**321,142.0**	**0.240**
-/+ Net fair value gains/losses on investment property	-26.1	425,415.5	-0.061	-23.6	321,142.0	-0.073
-/+ Net gains /losses on disposal of investment property	-0.8	425,415.5	-0.002	-4.2	321,142.0	-0.013
Indirect other operating income and expenses						
-/+ Fair value gains/losses of financial instruments	27.0	425,415.5	0.063	-	321,142.0	-
-/+ Fair value gains /losses of joint ventures	-1.0	425,415.5	-0.002	-0.3	321,142.0	-0.001
+/- Change in deferred taxes arising from the items above	-10.6	425,415.5	-0.025	6.4	321,142.0	0.020
+/- Non-controlling interest arising from the items above	5.1	425,415.5	0.012	8.3	321,142.0	0.026
EPRA Earnings (basic)	**86.7**	**425,415.5**	**0.204**	**63.9**	**321142.0**	**0.199**

1) *Calculation of the number of shares is presented in Note 13. Earnings per share. Number of shares has been issue-adjusted resulting from the rights issues executed in 2013 and 2012.*

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

	2013			2012		
	EUR million	Average number of shares (1,000) 1)	per share, EUR	EUR million	Average number of shares (1,000) 1)	per share, EUR
Net rental income	**168.9**	**425,415.5**	**0.397**	**162.0**	**321,142.0**	**0.504**
Direct administrative expenses	-20.6	425,415.5	-0.048	-26.5	321,142.0	-0.083
Direct other operating income and expenses	0.9	425,415.5	0.002	0.2	321,142.0	0.000
EPRA operating profit	**149.1**	**425,415.5**	**0.351**	**135.7**	**321,142.0**	**0.422**
Direct net financial income and expenses	-63.0	425,415.5	-0.148	-68.1	321,142.0	-0.212
Direct share of profit/loss of joint ventures	3.1	425,415.5	0.007	0.0	321,142.0	0.000
Direct current taxes	-0.7	425,415.5	-0.002	-1.4	321,142.0	-0.004
Change in direct deferred taxes	0.1	425,415.5	0.000	0.0	321,142.0	0.000
Direct non-controlling interest	-1.9	425,415.5	-0.004	-2.2	321,142.0	-0.007
EPRA Earnings (basic)	**86.7**	**425,415.5**	**0.204**	**63.9**	**321,142.0**	**0.199**

1) *Calculation of the number of shares is presented in Note 13. Earnings per share. Number of shares has been issue-adjusted resulting from the rights issues executed in 2013 and 2012.*

CFO's comment on the development of EPRA Earnings:
EPRA earnings (in EUR millions) increased by EUR 22.8 million to EUR 86.7 million in 2013 from EUR 63.9 million in 2012. The increase was a result of NRI growth through acquisitions, (re)development projects and positive like-for-like growth as well as administrative cost savings, lower direct financial expenses and the share of result of joint ventures increased due mainly to the acquisition of Kista Galleria. EPRA Earnings per share (basic) increased to EUR 0.204 compared to EUR 0.199 in 2012 due to higher EPRA Earnings offset by higher number of shares, which resulted from rights issues executed in October 2012 and March 2013.

2) EPRA COST RATIOS

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

CFO's comment on the development of EPRA Cost Ratios:
Citycon started to report EPRA Cost Ratios at year-end 2013. These cost ratios, as defined by EPRA, facilitate the comparison of cost levels of real estate companies. Both ratios improved compared to previous year. Citycon's EPRA Cost Ratio including direct vacancy costs was 21.8% in 2013, compared with 26.2% in 2012. The improvement in the cost ratio resulted mainly from lower administrative expenses and higher gross rental income. EPRA Cost Ratio excluding direct vacancy costs was 19.4% compared with 23.3% a year earlier. The improvement was mainly due to lower EPRA Cost Ratio including direct vacancy costs as well as higher occupancy rate.

EUR million	2013	2012
Include:		
Administrative expenses [1]	20.6	26.5
Property operating expenses and other expenses from leasing operations less service charge costs	53.0	50.6
Net service charge costs/fees	16.7	17.7
Management fees less actual/estimated profit element	-0.9	-0.2
Other operating income/recharges intended to cover costs less any related profit	-4.7	-4.4
Share of joint venture expenses	10.2	3.7
Exclude:		
Investment property depreciation	0.0	0.0
Ground rent costs	-1.8	-1.8
Service charge costs recovered through rents but not separately invoiced	-42.8	-40.5
Share of joint venture investment property depreciation, ground rent costs and service charge costs recovered through rents but not separately invoiced	-4.6	-3.5
EPRA Costs (including direct vacancy costs) (A)	45.7	48.3
Direct vacancy costs	-5.0	-5.4
EPRA Costs (excluding direct vacancy costs) (B)	40.7	42.8
Gross rental income less ground rent costs	232.0	224.2
Less: service fee and service charge cost components of Gross Rental Income	-42.8	-40.5
Add: share of joint ventures (Gross rental income less ground rent costs less service fees in GRI)	20.3	0.2
Gross Rental Income (C)	209.6	183.9
EPRA Cost Ratio (including direct vacancy costs) (A/C , %)	21.8	26.2
EPRA Cost Ratio (excluding direct vacancy costs) (B/C, %)	19.4	23.3

1) Administrative expenses are net of costs capitalised of EUR 1.0 million in 2013 and EUR 1.0 million in 2012. Citycon's policy is to capitalise, for example, expenses related to property development projects and major software development projects.

3) EPRA NAV PER SHARE AND EPRA NNNAV PER SHARE

EPRA NAV presents the fair value of net assets of a real estate company. It is based on the assumption of owning and operating investment properties for a long term and therefore it is a useful tool to compare against the share price of a real estate company. The share price of Citycon was 2.56 EUR/share on December 31, 2013.

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

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

CFO's comment on the development of EPRA NAV per share and EPRA NNNAV per share:
EPRA NAV per share decreased by EUR 0.39 to EUR 3.10 (EUR 3.49) due mainly to higher number of shares following the rights issue executed in March 2013. Also EPRA NNNAV per share decreased by EUR 0.18 to EUR 2.90 (EUR 3.08) due to the same reason.

	2013			2012		
	EUR million	Number of shares on the balance sheet date (1,000)	per share, EUR	EUR million	Number of shares on the balance sheet date (1,000)	per share, EUR
Equity attributable to parent company shareholders	1,289.6	441,288.0	2.92	1,015.7	326,880.0	3.11
Deferred taxes from the difference between the fair value and fiscal value of investment properties	55.9	441,288.0	0.13	64.0	326,880.0	0.20
Fair value of financial instruments	22.8	441,288.0	0.05	59.8	326,880.0	0.18
Net asset value (EPRA NAV)	**1,368.3**	**441,288.0**	**3.10**	**1,139.5**	**326,880.0**	**3.49**
Deferred taxes from the difference between the fair value and fiscal value of investment properties	-55.9	441,288.0	-0.13	-64.0	326,880.0	-0.20
Difference between the secondary market price and fair value of bonds and capital loans [1)]	-9.6	441,288.0	-0.02	-9.4	326,880.0	-0.03
Fair value of financial instruments	-22.8	441,288.0	-0.05	-59.8	326,880.0	-0.18
EPRA NNNAV	**1,280.0**	**441,288.0**	**2.90**	**1,006.3**	**326,880.0**	**3.08**

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, bond 1/2009, bond 1/2012 and bond 1/2013 have been valued using the price derived from the secondary market on the balance sheet date. The secondary market price for the bond 1/2009 was 103.86 per cent (105.01%) and for bond 1/2012 105.08 per cent (104.68%) and for bond 1/2013 100.33 per cent as of 31 December 2013. The convertible capital loan 1/2006 was matured and repaid in August 2013, and its secondary market price on 31 December 2012 was 100.96 per cent. The difference between the secondary market price and the fair value of the bonds and capital loans was EUR -9.6 million (EUR -9.4 million) as of 31 December 2013.

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

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

EPRA NIY is calculated as the annualised 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 rights and properties, the valuation of which is based on the value of the building right). Citycon also discloses net rental yield, which is calculated over the past 12-month period, by constructing an index from the monthly net rental income and from computational monthly market value figures. Net rental yield includes the total property portfolio and excludes estimated transaction costs.

EPRA 'topped-up' NIY presents the yield of a company with the full rent that is 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	31 Dec. 2013	31 Dec. 2012
Fair value of investment properties determined by the external appraiser	2,729.6	2,704.1
Less (re)development properties, lots, unused building rights and properties, the valuation of which is based on the value of the building right	-136.4	-389.1
Completed property portfolio	2,593.2	2,315.0
Plus the estimated purchasers' transaction costs	58.6	47.2
Gross value of completed property portfolio (A)	2,651.8	2,362.2
Annualised gross rents for completed property portfolio	226.3	206.9
Property portfolio's operating expenses	-60.9	-64.1
Annualised net rents (B)	165.4	142.8
Plus the notional rent expiration of rent free periods or other lease incentives	2.4	1.6
Topped-up annualised net rents (C)	167.8	144.4
EPRA Net Initial Yield (NIY) (%) (B/A)	**6.2**	**6.0**
EPRA 'topped-up' NIY (%) (C/A)	**6.3**	**6.1**

CFO's comment on the development of EPRA NIY and EPRA 'TOPPED-UP' NIY:
EPRA initial yields increased due to higher net rental income, despite the higher fair value of the completed property portfolio following completion of certain (re)development projects. EPRA NIY and EPRA 'topped-up' NIY at the end of the year 2013 and 2012 are not fully comparable due to changes in the completed property portfolio (such as property disposals, and started/completed (re)development projects).

5) EPRA VACANCY RATE (%)

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

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 the economic occupancy rate, which Citycon also discloses.

EUR million	31 Dec. 2013	31 Dec. 2012
Annualised potential rental value of vacant premises	10.2	10.3
./. Annualised potential rental value for the whole portfolio	237.6	239.0
EPRA vacancy rate (%)	**4.3**	**4.3**

CFO's comment on the development of EPRA vacancy rate:
EPRA vacancy rate at the end of 2013 for the entire portfolio was at the same level as at the end of the previous year, slightly increasing for Finland (+20 bps) offset by reduced vacancy in Sweden (-40 bps).

6) EPRA PERFORMANCE MEASURES FOR FIVE YEARS

	2013	2012	2011	2010	2009
EPRA Earnings, EUR million	86.7	63.9	53.3	47.3	50.9
EPRA Earnings per share (basic), EUR[1]	0.204	0.199	0.183	0.185	0.206
EPRA Cost Ratio (including direct vacancy costs) (%)	21.8	26.2	30.3	30.9	27.8
EPRA Cost Ratio (excluding direct vacancy costs) (%)	19.4	23.3	26.9	27.4	24.9
EPRA NAV per share, EUR	3.10	3.49	3.62	3.79	3.64
EPRA NNNAV per share, EUR	2.90	3.08	3.29	3.49	3.35
EPRA Net Initial Yield (NIY) (%)	6.2	6.0	6.2	6.3	6.9
EPRA 'topped-up' NIY (%)	6.3	6.1	6.3	6.4	7.1
EPRA vacancy rate (%)	4.3	4.3	4.5	4.9	5.0

1) *Per share result key figures have been calculated with the issue-adjusted number of shares resulting from the rights issues executed in 2013 and 2012.*

7) EPRA EARNINGS FOR FIVE YEARS

EUR million	2013	2012	2011	2010	2009
Earnings in IFRS Consolidated Statement of Comprehensive Income	**93.1**	**77.2**	**13.0**	**78.3**	**-34.3**
-/+ Net fair value gains/losses on investment property	-26.1	-23.6	35.3	-50.8	97.4
-/+ Net gains/losses on disposal of investment property [1]	-0.8	-4.2	-0.3	-1.9	-0.1
+ Transaction costs related to investment property disposals [1]	0.0	0.0	0.7	0.0	0.1
-/+ Fair value gains/losses of financial instruments	27.0	-	-	-0.2	0.1
-/+ Fair value gains/losses of joint ventures	-1.0	-0.3	-0.3	-	-
+/- Current taxes arising from the items above	0.0	-	0.5	-	0.3
+/- Change in deferred taxes arising from the items above	-10.6	6.4	-2.2	11.6	-7.3
+/- Non-controlling interest arising from the items above	5.1	8.3	6.7	10.3	-5.3
EPRA Earnings (basic)	**86.7**	**63.9**	**53.3**	**47.3**	**50.9**
Issue-adjusted average number of shares, million [2]	425,415.5	321,142.0	290,529.9	255,155.5	247,200.4
EPRA Earnings per share (basic), EUR [2]	**0.204**	**0.199**	**0.183**	**0.185**	**0.206**

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

2) Number of shares has been issue-adjusted resulting from the rights issues executed in 2013 and 2012. Per share result key figures have been calculated with the issue-adjusted number of shares.

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

EUR million	2013	2012	2011	2010	2009
Net rental income	**168.9**	**162.0**	**144.3**	**127.2**	**125.4**
Direct administrative expenses	-20.6	-26.5	-27.1	-22.5	-17.7
Direct other operating income and expenses	0.9	0.2	0.2	0.3	0.0
EPRA operating profit	**149.1**	**135.7**	**117.4**	**105.0**	**107.7**
Direct net financial income and expenses	-63.0	-68.1	-62.4	-55.1	-47.7
Direct share of profit/loss of joint ventures	3.1	0.0	0.0	-	-
Direct current taxes	-0.7	-1.4	-0.4	-0.6	-6.2
Change in direct deferred taxes	0.1	0.0	0.3	-0.3	-0.2
Direct non-controlling interest	-1.9	-2.2	-1.7	-1.8	-2.8
EPRA Earnings	**86.7**	**63.9**	**53.3**	**47.3**	**50.9**
Average number of shares (1,000) [1]	425,415.5	321,142.0	290,529.9	255,155.5	247,200.4
EPRA Earnings per share (basic), EUR [1]	**0.204**	**0.199**	**0.183**	**0.185**	**0.206**

1) Number of shares has been issue-adjusted resulting from the rights issues executed in 2013 and 2012. Per share result key figures have been calculated with the issue-adjusted number of shares.

CITYCON OYJ'S CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR million	Note	1 Jan.-31 Dec. 2013	1 Jan.-31 Dec. 2012
Gross rental income	3	233.8	225.9
Service charge income		14.7	13.3
Turnover	**4**	**248.6**	**239.2**
Property operating expenses	5	78.4	75.8
Other expenses from leasing operations	6	1.3	1.4
Net rental income		**168.9**	**162.0**
Administrative expenses	7, 8, 9	20.6	26.5
Other operating income and expenses	10	0.9	0.2
Net fair value gains/losses on investment property	14	26.1	23.6
Net gains on sale of investment property	22	0.8	4.2
Operating profit		**176.0**	**163.4**
Financial income		33.0	32.1
Financial expenses		-123.1	-100.3
Net financial income and expenses	11	-90.1	-68.1
Share of profit of joint ventures	15	4.1	0.2
Profit before taxes		**90.1**	**95.5**
Current taxes		-0.7	-1.4
Change in deferred taxes		10.7	-6.4
Income taxes	12, 19	10.0	-7.8
Profit for the period		**100.0**	**87.7**
Profit attributable to			
Parent company shareholders		93.1	77.2
Non-controlling interest		6.9	10.5
Earnings per share attributable to parent company shareholders:			
Earnings per share (basic), EUR	13	0.22	0.24
Earnings per share (diluted), EUR	13	0.22	0.24
Other comprehensive expenses/income			
Items that may be reclassified subsequently to profit or loss			
Net gains/losses on cash flow hedges	11	49.4	-19.3
Income taxes relating to cash flow hedges	12, 19	-12.8	5.2
Share of other comprehensive income of joint ventures		0.3	-
Exchange gains on translating foreign operations		-3.8	3.3
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		33.1	-10.7
Other comprehensive expenses for the period, net of tax		**33.1**	**-10.7**
Total comprehensive profit/loss for the period		**133.2**	**77.0**
Total comprehensive profit/loss attributable to			
Parent company shareholders		126.4	65.4
Non-controlling interest		6.8	11.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

EUR million	Note	31 Dec. 2013	31 Dec. 2012
ASSETS			
Non-current assets			
Investment properties	14	2,733.5	2,714.2
Investments in joint ventures	15	153.1	0.9
Intangible assets	17	2.1	1.7
Property, plant and equipment	18	0.8	1.4
Deferred tax assets	19	9.1	19.5
Total non-current assets		**2,898.6**	**2,737.6**
Investment properties held for sale	22	**2.3**	**5.4**
Current assets			
Derivative financial instruments	20, 21	2.4	-
Current tax receivables	12	0.2	0.0
Trade and other receivables	20, 23	33.8	24.5
Cash and cash equivalents	24	38.0	51.0
Total current assets		**74.5**	**75.5**
Total assets		**2,975.4**	**2,818.5**

EUR million	Note	31 Dec. 2013	31 Dec. 2012
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to parent company shareholders	25		
Share capital		259.6	259.6
Share premium fund		131.1	131.1
Fair value reserve		-22.8	-59.8
Invested unrestricted equity fund		493.0	333.0
Translation reserve		-9.2	-5.5
Retained earnings		437.9	357.3
Total equity attributable to parent company shareholders		**1,289.6**	**1,015.7**
Non-controlling interest		51.0	44.2
Total shareholders' equity		**1,340.6**	**1,059.9**
LIABILITIES			
Long-term liabilities			
Loans	20, 26	1,317.5	1,406.3
Derivative financial instruments	20, 21	27.1	75.6
Deferred tax liabilities	19	57.7	66.0
Other liabilities	20	0.8	1.0
Total long-term liabilities		**1,403.1**	**1,548.9**
Short-term liabilities			
Loans	20, 26	144.9	126.8
Derivative financial instruments	20, 21	5.2	0.7
Current tax liabilities	12	1.0	0.8
Trade and other payables	20, 27	80.5	81.4
Total short-term liabilities		**231.6**	**209.7**
Total liabilities		**1,634.7**	**1,758.6**
Total liabilities and shareholders' equity		**2,975.4**	**2,818.5**

CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR million	Note	1 Jan.-31 Dec. 2013	1 Jan.-31 Dec. 2012
Cash flow from operating activities			
Profit before taxes		**90.1**	**95.5**
Adjustments:			
Depreciation and amortisation	9, 29	0.9	1.2
Net fair value gains/losses on investment property	14, 29	-26.1	-23.6
Profit on disposal of investment property	14, 22, 29	-0.8	-4.2
Financial income	11, 29	-33.0	-32.1
Financial expenses	11, 29	123.1	100.3
Other adjustments	29	-3.9	1.3
Cash flow before change in working capital		150.2	138.4
Change in working capital	29	-4.5	8.6
Cash generated from operations		**145.6**	**147.0**
Interest expenses and other financial expenses paid		-87.0	-62.4
Interest income and other financial income received		0.2	0.6
Realised exchange rate losses		-1.5	-22.9
Taxes paid/received		-0.7	-0.8
Net cash from operating activities		**56.6**	**61.5**
Cash flow from investing activities			
Acquisition of subsidiaries, less cash acquired	14	-2.0	-41.0
Acquisition of investment properties	14	0.0	-1.1
Capital expenditure on investment properties	14	-75.6	-92.6
Capital expenditure on investments in joint ventures, intangible assets and PP&E	15, 17, 18	-151.0	-1.3
Sale of investment properties	14, 22	60.2	31.1
Net cash used in investing activities		**-168.4**	**-104.9**
Cash flow from financing activities			
Proceeds from rights and share issue	25	196.0	89.9
Proceeds from short-term loans	26	96.7	117.1
Repayments of short-term loans	26	-228.9	-157.5
Proceeds from long-term loans	26	612.4	623.5
Repayments of long-term loans	26	-527.7	-600.6
Acquisition of non-controlling interests	25	0.0	-28.5
Dividends and return from the invested unrestricted equity fund		-49.0	-41.7
Net cash from/used in financing activities		**99.4**	**2.3**
Net change in cash and cash equivalents		**-12.3**	**-41.1**
Cash and cash equivalents at period-start	24	51.0	91.3
Effects of exchange rate changes		-0.6	0.8
Cash and cash equivalents at period-end	24	**38.0**	**51.0**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS

	Equity attributable to parent company shareholders								
EUR million	Share capital	Share premium fund	Fair value reserve	Invested unrestricted equity fund	Translation reserve	Retained earnings	Total	Non-controlling interest	Total shareholders' equity
Balance at 31 Dec. 2011	**259.6**	**131.1**	**-45.7**	**273.7**	**-7.8**	**291.7**	**902.6**	**59.2**	**961.8**
Profit for the period						**77.2**	**77.2**	**10.5**	**87.7**
Net losses/gains on cash flow hedges, net of tax (Notes 11, 12 and 19)			-14.1				-14.1		-14.1
Exchange gains/losses on translating foreign operations					2.3		2.3	1.1	3.3
Total other comprehensive expenses/income for the period, net of tax			**-14.1**		**2.3**		**-11.8**	**1.1**	**-10.7**
Total comprehensive loss/profit for the period			**-14.1**		**2.3**	**77.2**	**65.4**	**11.6**	**77.0**
Rights issue (Note 25)				90.7			90.7		90.7
Arrangement fee for rights issue				-0.8			-0.8		-0.8
Recognised gain in the equity arising from convertible bond buybacks (Note 26)						-0.2	-0.2		-0.2
Dividends and return from the invested unrestricted equity fund (Note 25)				-30.6		-11.1	-41.7		-41.7
Share-based payments (Notes 25 and 28)						1.8	1.8		1.8
Acquisition of non-controlling-interests						-2.3	-2.3	-26.6	-28.9
Balance at 31 Dec. 2012	**259.6**	**131.1**	**-59.8**	**333.0**	**-5.5**	**357.3**	**1,015.7**	**44.2**	**1,059.9**
Profit for the period						**93.1**	**93.1**	**6.9**	**100.0**
Net losses/gains on cash flow hedges, net of tax (Notes 11, 12 and 19)			36.7				36.7		36.7
Share of other comprehensive income of joint ventures			0.3				0.3		0.3
Exchange gains/losses on translating foreign operations					-3.7		-3.7	-0.2	-3.8
Total other comprehensive expenses/income for the period, net of tax			**37.0**		**-3.7**		**33.3**	**-0.2**	**33.1**
Total comprehensive loss/profit for the period			**37.0**		**-3.7**	**93.1**	**126.4**	**6.8**	**133.2**
Rights issue (Note 25)				200.2			200.2		200.2
Arrangement fee for rights issue				-4.2			-4.2		-4.2
Dividends and return from the invested unrestricted equity fund (Note 25)				-36.0		-13.1	-49.0		-49.0
Share-based payments (Notes 25 and 28)						0.6	0.6		0.6
Balance at 31 Dec. 2013	**259.6**	**131.1**	**-22.8**	**493.0**	**-9.2**	**437.9**	**1,289.6**	**51.0**	**1,340.6**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 Basic company data

As a real estate investment company specialising in retail properties, Citycon operates largely in the Helsinki Metropolitan Area and Finland's major regional centres as well as in Sweden, the Baltic Countries and Denmark. Citycon is a Finnish, public limited liability company established under Finnish law and domiciled in Helsinki, the address of its registered office being Korkeavuorenkatu 35, FI-00130 Helsinki. The Board of Directors has approved the financial statements on 4 February 2014. In accordance with the Finnish Limited Liability Companies Act, annual general meeting has the right to not approve the financial statements approved by the Board of Directors and return the financial statements back to the Board of Directors for a correction.

A copy of Citycon's Consolidated Financial Statements is available on the corporate website at www.citycon.fi and from the Group's headquarters at the address Korkeavuorenkatu 35, FI-00130 Helsinki, Finland.

1.2 Basis of preparation

Citycon has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and applied the IFRS/IAS standards, effective as of 31 December 2013, which refer to the approved applicable standards and their interpretations under European Union Regulation No. 1606/2002. Notes to the consolidated financial statements are also in compliance with Finnish accounting legislation and community legislation.

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised for the period in which the estimate is revised if the revision affects only that period, or in the current and future periods if the revision affects both current and future periods. The chapter 2 "Key estimates and assumptions, and accounting policies requiring judgment" provides a more detailed description of the factors underlying judgements and assumptions.

1.3 Changes in IFRS and accounting policies

1.3.1 New standards as well as interpretations and changes applied in 2013

The following new standards as well as amendments and interpretations to the existing standards have been adopted in the financial statements 2013.

- **IAS 1** Presentation of Financial Statements (amendment),
- **IAS 19** Employee Benefits (revised),
- **IAS 27** Separate Financial statements (revised),
- **IAS 28** Investments in Associates and Joint Ventures (revised),
- **IFRS 7** Financial instruments: Disclosures (amendment),
- **IFRS 10** Consolidated Financial Statements,
- **IFRS 11** Joint arrangements,
- **IFRS 12** Disclosure of Interest in Other Entities,
- **IFRS 13** Fair Value Measurement,
- **IFRIC 20** Stripping costs in the production phase of a surface mine.

IAS 1 Presentation of Financial Statements introduces a grouping of items presented in Other Comprehensive Income. The amendments affect presentation only and have no impact on the Group's financial statements.

IAS 19 changes the accounting for defined benefit pension plans. IAS 19 did not impact Citycon's financial statements as Citycon did not have any defined benefit pension plans.

IAS 27 Separate Financial Statements deals with the requirements for separate financial statements. The revision did not change Citycon's financial statements.

IAS 28 Investments in Associates and Joint Ventures sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The revision did not change Citycon's financial statements.

IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities amends the disclosure requirements of financial instruments. The amendment did not change Citycon's financial statements.

IFRS 10 Consolidated Financial Statements requires a parent to present consolidated financial statements as those of a single entity. The standard identifies the principles of control and introduces a single consolidation model for all entities based on control. IFRS 10 did not change Citycon's financial statements.

IFRS 11 Joint Arrangements replaces IAS 31 Interests in Joint Ventures and requires a party to a joint arrangement to determine the type of joint arrangement by assessing its rights and obligations. IFRS 11 did not change Citycon's financial position or performance but affected presentation only.

IFRS 12 Disclosure of Interests in Other Entities sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries. Citycon's IFRS 12 disclosures are provided in Notes 15 and 16.

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 provides guidance on how to measure fair value under IFRS. IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. IFRS 13 also requires additional disclosures. Application of IFRS 13 has not materially impacted the fair value measurements of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

IFRIC 20 Stripping costs in the production phase of a surface mine clarifies the accounting related to surface mining. The interpretation does not affect Citycon's financial statements.

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

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or 1 January 2014 or later periods, but the Group has not early adopted them. These are those that Citycon reasonably expects to have an impact on disclosures, financial position or performance when applied at future date. Citycon will adopt these standards when they become effective and EU has approved them.

- **IFRS 7** and **IFRS 9** Mandatory Effective Date and Transition Disclosures (amendments),
- **IFRS 9** Financial Instruments (issued in 2010 and 2013),
- **IFRIC 21** Levies

The following standards and amendments and interpretations to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2014 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.

- **IAS 19** Employee benefits (amendment),
- **IAS 32** Offsetting Financial Assets and Financial liabilities,
- **IAS 36** Recoverable Amount Disclosures for Non-Financial Assets (amendment),
- **IFRS 10**, IFRS 12 and IAS 27 Investment Entities (amendments).

1.4 Summary of significant accounting policies

1.4.1 Group accounting

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

1.4.1.1 Subsidiaries

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

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

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

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

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

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

1.4.1.2 Joint operations

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

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

1.4.1.3 Joint ventures

Citycon has interests in joint ventures, which are treated as joint ventures based on IFRS 11 Joint Arrangements. In joint ventures, venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. Citycon recognises its interest in joint ventures with the equity method. The Group presents the aggregate share of profit or loss from the joint ventures on the face of its income statement in line "Share of profit of joint ventures". In the Note 15 "Investments in joint ventures" the assets and liabilities of joint ventures are presented.

1.4.2 Foreign currency transactions

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

1.4.3 Investment property

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

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

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

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

Using International Valuation Standards (IVS), an external professional appraiser conducts the valuation of the company's properties at least once a year. During 2013 and 2012, 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 a lease's expiry, the market rent assessed by an external appraiser is used to replace the contract rent. Gross rental income less operating expenses and investments equals cash flow, which is then discounted at the property-specific discount rate comprising of yield requirement and inflation assumption. Yield requirements are determined for each property by taking into account property-specific risk and market risk. The total value of the property portfolio is calculated as the sum of the individual properties' values, which are based on the cash flow method.

(Re)development projects i.e. investment properties under construction (IPUC) are also determined at fair value. The valuation is based on a cash flow analysis, where the capital expenditure on the (re)development project and the property's future cash flows are taken into account according to the (re)development project's schedule. Citycon takes into account the (re)development projects in its fair value valuation as soon as an investment decision has been made and the external appraiser considers that sufficient information is available for a reliable valuation. In the fair value valuation on 31 December 2013, Citycon valued two properties (3 properties on 31 December 2012) as (re)development projects.

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

The fair value of Citycon's investment properties in the balance sheet is calculated as:

the property portfolio's total value determined by the external appraiser, less transfers into investment properties held for sale, capital expenditure on development projects that are not taken into account by the external appraiser, as well as the value of new properties acquired during the reporting quarter.

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

1.4.4 Investment properties held for sale

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

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

However, investment properties held for sale are still recognised at fair value in accordance with IAS 40. Investment properties held for sale totalled EUR 2.3 million on 31 December 2013 (EUR 5.4 million on 31 December 2012).

1.4.5 Inventory properties

Under IAS 40, a property must be reclassified under inventories in the event of a change in the use of the property, 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 2013 or 31 December 2012.

1.4.6 Property, plant and equipment

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

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

The following depreciation periods apply:

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

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

1.4.7 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 three to seven years.

1.4.8 Impairment of tangible and intangible assets

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

1.4.9 Financial assets and liabilities

1.4.9.1 Recognition and measurement

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

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

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

Loans and other receivables not held for trading include financial assets which the company has created by providing money, goods or services directly to the debtor. Initially recognised at 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 2013 and 31 December 2012, 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 undefined period and can be sold at a time deemed appropriate. On 31 December 2013 or 31 December 2012, Citycon had no available-for-sale financial assets.

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

Financial liabilities are classified as

1. financial liabilities at fair value through profit or loss or
2. financial liabilities at amortised 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 2013 and 31 December 2012, financial liabilities at amortised cost include the items "Loans", "Other liabilities" and "Trade payables and other payables". On 31 December 2013 Citycon had foreign exchange derivative contracts classified as a financial assets and liabilities at fair value through profit or loss.

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

1.4.9.2 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, if 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. As of 31 December 2013 all Citycon's interest rate swaps were under hedge accounting.

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.

1.4.9.3 Embedded derivatives

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

1.4.9.4 Impairment of financial assets

A financial asset is impaired if its carrying amount exceeds its estimated recoverable amount. If there is objective evidence that a financial asset measured at amortised cost is impaired, the resulting impairment loss must be recognised in the statement of comprehensive income. If the amount of impairment loss decreases during a subsequent financial period and this fall can be regarded as relating to an event after the date of impairment recognition, the asset's impairment will be reversed.

1.4.10 Cash and cash equivalents

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

1.4.11 Share capital

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

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

1.4.12 Provisions

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

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

1.4.13 Income recognition

1.4.13.1 Rental income

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

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

1.4.13.2 Service charges

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

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

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

1.4.13.3 Sale of an existing property

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

1.4.13.4 Sale of a property under construction

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

1.4.13.5 Interest income

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

1.4.13.6 Dividend income

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

1.4.14 Borrowing costs

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

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

1.4.15 Taxes

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

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

1.4.16 Leases –Citycon as lessor

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

1.4.17 Pensions

The Group's employee pension cover is based on statutory pension insurance. Pension schemes are classified into two categories: defined contribution plans and defined benefit plans. Where contributions under defined contribution plans are recognised in the 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.

1.4.18 Share-based payments

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

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

1.4.19 Dividend distribution

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

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

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

2.1 Key estimates and assumptions

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

2.1.1 Fair value of investment properties

Measuring the fair value of investment properties is a key accounting policy that is based on assessments and assumptions about future uncertainties. Market rents, the occupancy rate, operating expenses and the yield requirement form the key variables used in an investment property's fair-value measurement. The evaluation of these variables involves the management's judgement and assumptions. On 31 December 2013, the fair value of investment properties totalled EUR 2,733.5 million (EUR 2,714.2 million). An analysis of investment properties' sensitivity to key variables is presented under Note 14. Investment Properties.

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

- Market rents, which affect rental income in the cash flow analysis, are determined by market supply and demand. The external appraiser defines the market rents for each property.
- The occupancy rate denotes the 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's expiry, measuring the occupancy rate involves the management's assumptions. The occupancy rate affects the annual rental income.
- Operating expenses comprise costs resulting from a property's management, maintenance, heating, electricity, water supply etc. Operating expenses are determined according to actual or budgeted operating expenses.
- The yield requirement includes risk-free interest as well as property-specific risk and market risk. The property-specific risk is defined by Citycon and this definition involves the management's judgement and assumptions. Market risk is defined by an external appraiser. The yield requirement added by an inflation assumption is used as the discount rate in the cash flow analysis. When the yield requirement decreases, the fair value of the investment property increases.

Other variables involving estimates and assumptions include: the current leases' extension probability, the vacancy duration of unleased areas, investments, the inflation rate, and rental growth assumptions.

Citycon uses a cash-flow analysis to measure the fair value of its (re)development projects, taking into account the project's investments and future cash flows along with the project schedule.

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

2.1.2 Taxes

Citycon is subject to income taxation in several countries. The complexity of tax legislation, as well as constant changes in it and in the operating environment, require Citycon to use estimates and assumptions when preparing its tax calculations. Tax legislation specifically related to tax deductibility of interest expenses is changing in the countries Citycon operates in. Citycon constantly monitors and analyses the impact of these changes as part of its normal operations. Future taxable income is uncertain, and the final amount of taxes may deviate from the originally recorded amount. If final tax deviates from originally recorded amounts, such differences may affect the period's taxable profit, tax receivables or liabilities as well as deferred tax assets or liabilities. Citycon's current taxes in 2013 amounted to EUR 0.7 million (EUR 1.4 million in 2012).

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 55.9 million on 31 December 2013 (EUR 64.0 million on 31 December 2012).

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 3.3 million million on 31 December 2013 (EUR 1.0 million on 31 December 2012).

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 2013, Citycon had confirmed losses for which tax assets of EUR 22.7 million (EUR 22.0 million in 2012) were not recognised.

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

2.2 Accounting policies requiring judgment

Citycon must use judgement when applying the following accounting policies.

2.2.1 Classification of properties

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

- Properties which are neither held for sale nor used in Citycon's administration or other operations but, rather, held to earn rentals or for capital appreciation or both, are classified as investment properties. Citycon had investment properties of EUR 2,733.5 million on 31 December 2013 (EUR 2,714.2 million on 31 December 2012).
- 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 2013 or 31 December 2012.
- 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 2.3 million on 31 December 2013 (EUR 5.4 million on 31 December 2012).

2.2.2 Business acquisitions and asset acquisitions

Citycon purchases investment properties through asset acquisitions and business acquisitions. It applies IAS 40 Investment Property to the accounting treatment of asset acquisitions and IFRS 3 Business Combinations to the accounting treatment of business acquisitions. Citycon exercises judgement in assessing whether the purchase of an investment property or an investment property portfolio is classified as an asset acquisition or business acquisition. Acquisitions are treated as business acquisitions when significant set of activities is acquired in addition to the property. The significance of activities is assessed in accordance with the definition of ancillary services (e.g. maintenance, cleaning, security, book-keeping, etc.) of IAS 40. Citycon did not have any business acquisitions in 2013 and 2012.

2.2.3 Sale of investment properties

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

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

In the case of sale of a business, IFRS 5, Non-current Assets Held for Sale and Discontinued Operations based accounting treatment is applied. Businesses i.e. disposal groups such as segments or property portfolios are classified as non-current assets held for sale when their carrying amount is to be recovered, principally through a sale transaction, and a sale is considered highly probable. A sale is considered highly probable based on the policies presented under 1.4.4 "Investment properties held for sale". Profit for the period from the business held for sale must be stated as a separate item in the consolidated statement of comprehensive income, while the business held for sale must be presented in the statement of financial position, separately from other assets. In addition, liabilities under the business held for sale must be presented in the statement of financial position, separately from other liabilities. Citycon had no businesses held for sale on 31 December 2013 or 31 December 2012.

3. GROSS RENTAL INCOME

A) Breakdown of gross rental income

EUR million	2013	2012
Straight-lining of lease incentives	0.0	0.3
Temporary rental discounts	-2.4	-2.4
Additional rent from turnover based rental agreements	3.1	3.9
Gross rental income (excl. items above)	233.1	224.2
Total	**233.8**	**225.9**

B) General description of Citycon's lease agreements

In accordance with the table presented below, Citycon had 3,287 lease agreements on 31 December 2013 (3,792 agreements on 31 December 2012). The decrease in the number of lease agreements was due to divestments of non-core properties in Finland and in Sweden, and due to ended parking leases relating to the outsourcing of parking services. In the majority, i.e. in 89 per cent (89% on 31 Dec. 2012) of Citycon's leases the rent is divided into base rent and maintenance charge. Base rent is typically tied to the cost-of-living index. Maintenance charge, charged separately from the lessee, covers operating expenses incurred by the property owner due to property maintenance.

Part of Citycon's lease agreements also contain a turnover-linked component in addition to a cost-of-living indexation. At the end of 2013, turnover based lease agreements accounted for roughly 52 per cent (53% on 31 Dec. 2012) of Citycon's lease portfolio. The additional rent received from turnover based lease agreements is presented in Note 3. A) Breakdown of gross rental income.

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

Number of lease agreements	31 Dec. 2013	31 Dec. 2012
Finland	1,695	1,802
Sweden	1,078	1,474
Baltic Countries and New Business	514	516
Total	**3,287**	**3,792**

In accordance with the table presented below, the average remaining length of Citycon's lease portfolio was 3.5 years on 31 December 2013 (3.5 years on 31 December 2012). Citycon mainly seeks to prepare fixed-term contracts. As a main rule, new leases are signed for a fixed period in all countries. Alongside storage facilities and individual parking spaces, apartments form the main exception to this. Fixed-term agreements represented about 80 per cent of Citycon's property portfolio on 31 December 2013 (78% on 31 December 2012) and initially fixed-term contracts 11 per cent on 31 December 2012 (12% on 31 December 2012). The rest of the agreements are leases in effect until further notice (9% out of all leases on 31 December 2013 and 9% on 31 December 2012).

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 to 5 years.

Average remaining length of the lease portfolio at the end of the financial year, years	31 Dec. 2013	31 Dec. 2012
Finland	3.9	3.7
Sweden	2.8	3.0
Baltic Countries and New Business	3.3	3.7
Average	**3.5**	**3.5**

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. 2013	31 Dec. 2012
Not later than 1 year	54.0	45.0
1-5 years	118.8	133.7
Over 5 years	53.9	49.0
Total	**226.7**	**227.8**

4. SEGMENT INFORMATION

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

Citycon acquired ownership of 50 per cent in Kista Galleria shopping centre on January 17, 2013. Kista Galleria is consolidated into Citycon's financial statements with the equity method meaning that Citycon's share of Kista Galleria's profit for the period is recognised in the line "Share of result in joint ventures" in the statement of comprehensive income and Citycon's share of Kista Galleria's total assets is recognised in the line "Investments in joint ventures" in the statement of financial position. However, Citycon's management and the Board of Directors additionally follow the performance of Kista Galleria as if it was fully consolidated into Citycon's net rental income and operating profit. Therefore, in the segment information numbers of Sweden are presented with (Segments) and without (IFRS) Kista Galleria.

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

Segment assets and liabilities consist of operating items which the segment uses in its operations or which can be allocated to the segment on a reasonable basis. Unallocated items include tax and financial items, as well as corporate items. No internal sales take place between segments.

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

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

Principal customers include the five biggest tenants, one of whose share of gross rental income exceeds 10 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. 2013 and at 31 Dec. 2012.

A) Segment information

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

Finland

Citycon is a market leader in the Finnish shopping centre business. It owns 22 shopping centres and 33 other properties in Finland. Of the Finnish properties 27 are located in the Helsinki area and 28 elsewhere in Finland.

Sweden

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

Baltic Countries and New Business

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

1 JAN.-31 DEC. 2013 EUR million	Finland	Sweden	Baltic Countries and New Business	Other	Total segments	Re-conciliation to IFRS	Total IFRS	Sweden IFRS
Gross rental income	144.2	101.3	30.4	-	275.9	-42.1	233.8	59.2
Service charge income	6.2	6.5	4.5	-	17.2	-2.4	14.7	4.0
Turnover	**150.4**	**107.8**	**34.9**	**-**	**293.1**	**-44.5**	**248.6**	**63.3**
Property operating expenses	46.5	35.2	9.1	-	90.8	-12.4	78.4	22.8
Other expenses from leasing operations	0.4	0.9	0.1	-	1.5	-0.2	1.3	0.8
Net rental income	**103.5**	**71.7**	**25.6**	**-**	**200.9**	**-32.0**	**168.9**	**39.7**
Direct administrative expenses	4.0	6.3	0.8	12.0	23.0	-2.4	20.6	3.9
Other operating income and expenses	0.7	0.1	0.0	-	0.9	-	0.9	0.1
EPRA operating profit	**100.3**	**65.6**	**24.8**	**-12.0**	**178.7**	**-29.6**	**149.1**	**36.0**
Net fair value gains/losses on investment property	2.3	10.9	15.8	-	28.9	-2.8	26.1	8.1
Losses/gains on disposal of investment property	-0.2	1.1	-	-	1.0	-0.1	0.8	1.1
Operating profit/loss	**102.4**	**77.5**	**40.6**	**-12.0**	**208.4**	**-32.4**	**176.0**	**45.1**
Net financial income and expenses							-90.1	
Share of profit/loss of jointly controlled entitities							4.1	
Income tax expense							10.0	
Profit for the period							**100.0**	
Allocated assets								
Investment properties	1,671.2	1,255.3	342.2	-	3,268.7	-535.2	2,733.5	720.1
Investment properties held for sale	2.3	-	-	-	2.3	-	2.3	-
Other allocated assets	12.8	15.9	1.1	204.5	234.2	-6.1	228.1	9.7
Unallocated assets								
Deferred tax assets					9.1		9.1	
Derivative financial instruments					2.4		2.4	
Assets	**1,686.3**	**1,271.2**	**343.2**	**204.5**	**3,516.7**	**-541.3**	**2,975.4**	**729.9**
Allocated liabilities								
Trade and other payables	15.5	49.3	21.0	-5.3	80.5	-17.5	63.0	31.8
Unallocated liabilities								
Interest-bearing liabilities					1,462.4	-	1,462.4	
Deferred tax liabilities					57.7	-	57.7	
Derivative financial instruments					32.3	-	32.3	
Other unallocated liabilities					19.4		19.4	
Liabilities	**15.5**	**49.3**	**21.0**	**-5.3**	**1,652.2**	**-17.5**	**1,634.7**	**31.8**
Capital expenditure	**65.1**	**547.9**	**10.4**	**0.4**	**623.8**	**-397.7**	**226.1**	**150.2**

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1 JAN.-31 DEC. 2012 EUR million	Finland	Sweden	Baltic Countries and New Business	Other	Total segments	Re-conciliation to IFRS	Total IFRS	Sweden IFRS
Gross rental income	137.0	60.3	28.6	-	225.9	-	225.9	60.3
Service charge income	6.3	2.8	4.2	-	13.3	-	13.3	2.8
Turnover	**143.2**	**63.1**	**32.8**	**-**	**239.2**	**-**	**239.2**	**63.1**
Property operating expenses	44.7	22.9	8.2	0.0	75.8	-	75.8	22.9
Other expenses from leasing operations	0.3	1.0	0.0	0.0	1.4	-	1.4	1.0
Net rental income	**98.2**	**39.2**	**24.6**	**0.0**	**162.0**	**-**	**162.0**	**39.2**
Direct administrative expenses	9.1	5.1	1.0	11.3	26.5	-	26.5	5.1
Other operating income and expenses	0.2	0.0	0.0	-	0.2	-	0.2	0.0
EPRA operating profit	**89.3**	**34.0**	**23.7**	**-11.4**	**135.7**	**-**	**135.7**	**34.0**
Net fair value losses/gains on investment property	-0.9	9.0	15.4	-	23.6	-	23.6	9.0
Losses on disposal of investment property	-1.0	5.1	0.0	-	4.2	-	4.2	5.1
Operating profit/loss	**87.5**	**48.2**	**39.1**	**-11.4**	**163.4**	**-**	**163.4**	**48.2**
Net financial income and expenses							-68.1	
Share of profit/loss of jointly controlled entitities							0.2	
Income tax expense							-7.8	
Profit for the period							**87.7**	
Allocated assets								
Investment properties	1,659.0	739.2	316.0	-	2,714.2	-	2,714.2	739.2
Investment properties held for sale	5.4	-	-	-	5.4	-	5.4	-
Other allocated assets	8.5	10.2	1.1	59.5	79.4	-	79.4	10.2
Unallocated assets								
Deferred tax assets				19.5	19.5	-	19.5	
Derivative financial instruments				-	-	-	-	
Assets	**1,672.9**	**749.4**	**317.1**	**79.0**	**2,818.5**		**2,818.5**	**749.4**
Allocated liabilities								
Trade and other payables	14.0	21.0	3.7	42.7	81.4	-	81.4	21.0
Unallocated liabilities								
Interest-bearing liabilities					1,533.2	-	1,533.2	
Deferred tax liabilities					66.0	-	66.0	
Derivative financial instruments					76.3	-	76.3	
Other unallocated liabilities					1.6	-	1.6	
Liabilities	**14.0**	**21.0**	**3.7**	**42.7**	**1,758.6**		**1,758.6**	**21.0**
Capital expenditure	**119.9**	**18.1**	**23.0**	**0.7**	**161.7**		**161.7**	**18.1**

B) Turnover by property types

EUR million	2013	2012
Shopping centres	221.3	210.0
Supermarkets and shops	27.3	29.2
Total	**248.6**	**239.2**

C) Major tenants

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

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

31 Dec. 2012	Proportion of gross rental income, % [1]	Segment
Kesko	16.9	Finland
S Group	5.7	Finland and Baltic Countries and New Business
ICA AB	3.4	Sweden and Baltic Countries and New Business
Stockmann	3.0	Finland, Sweden and Baltic Countries and New Business
H & M Hennes & Mauritz AB	1.7	Finland and Sweden
Total	**30.6**	

1) *Proportion of gross rental income is based on the rent roll on 31 Dec. 2012.*

5. PROPERTY OPERATING EXPENSES

EUR million	2013	2012
Heating and electricity	25.1	25.1
Maintenance expenses	25.4	25.4
Land lease fees and other rents	1.8	1.8
Property personnel expenses	2.7	0.8
Administrative and management fees	3.1	2.3
Marketing expenses	5.6	5.6
Property insurances	0.5	0.6
Property taxes	7.1	7.1
Repair expenses	6.7	7.0
Other property operating expenses	0.5	0.2
Total	**78.4**	**75.8**

Two properties generated no income during the year 2013 (in 2012 two properties), while these generated expenses of EUR 0.2 million (EUR 0.2 million).

6. OTHER EXPENSES FROM LEASING OPERATIONS

EUR million	2013	2012
Tenant improvement expenses and commissions	0.4	0.1
Credit losses	0.9	1.2
Total	**1.3**	**1.4**

Significant tenant improvements are recognised as investments. Credit losses include decrease of EUR 0.3 million in credit loss provisions (increase of EUR 0.4 million) in the consolidated statement of comprehensive income. Credit loss provisions in the statement of financial position are presented in Note 23. Trade and other receivables.

7. ADMINISTRATIVE EXPENSES

EUR million	2013	2012
Personnel expenses	14.5	15.5
Non-recurring personnel expenses arising from employment terminations	0.1	1.5
Consultancy and advisory fees as well as external services	3.1	3.5
Office and other administrative expenses	2.1	4.8
Depreciation and amortisation	0.9	1.2
Total	**20.6**	**26.5**

Non-recurring personnel expenses arising from employment terminations include one-off compensations (incl. pension and social charges) payable to 3 persons in 2013 (to 7 persons in 2012).

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	2013	2012
Audit fees	0.4	0.3
Other advisory services	0.2	0.1
Total	**0.5**	**0.3**

8. PERSONNEL EXPENSES

EUR million	2013	2012
Wages and salaries of management		
CEO	0.9	1.0
Management committee	1.4	1.6
Board	0.8	0.7
Other wages and salaries	8.4	8.4
Pension charges: defined contribution plans	1.7	1.7
Pension charges: defined benefit plans	-	-
Social charges	1.3	1.2
Expense of share based payments	0.6	1.7
Total	**15.0**	**16.2**

Personnel expenses of EUR 2.7 million (EUR 0.8 million) are included in property operating expenses and EUR 12.3 million (EUR 15.5 million) in administrative expenses.
The share-based payment plans are described in Note 28. "Employee benefits".
Information on management benefits is presented in Note 31. "Related party transactions".

Average Group staff by Business Units during the period	2013	2012
Finland	48	61
Sweden	30	33
Baltic Countries and New Business	10	10
Headquarter	35	28
Total	**123**	**132**

9. DEPRECIATION AND AMORTISATION

Depreciation and amortisation of EUR 0.9 million (EUR 1.2 million) on machinery and equipment, as well as on intangible assets, is included in administrative expenses.

10. OTHER OPERATING INCOME AND EXPENSES

EUR million	2013	2012
Other operating income	0.9	0.4
Other operating expenses	0.0	-0.2
Total	**0.9**	**0.2**

11. NET FINANCIAL INCOME AND EXPENSES

A) Recognised in the income statement

EUR million	2013	2012
Interest income	6.5	0.6
Foreign exchange gains	26.5	31.6
Other financial income	0.0	0.0
Financial income, total	33.0	32.1
Interest expenses	66.8	65.0
Foreign exchange losses	26.5	31.6
Fair value loss from derivatives	23.0	-
Development interest capitalised	-2.5	-1.8
Other financial expenses	9.2	5.5
Financial expenses, total	123.1	100.3
Net financial income and expenses	**90.1**	**68.1**
Of which attributable to financial instrument categories:		
Interest-bearing loans and receivables	54.6	48.4
Finance lease liabilities	0.0	0.0
Derivative financial instruments	35.4	19.6
Other liabilities and receivables	0.0	0.1
Net financial income and expenses	**90.1**	**68.1**

In 2013, foreign exchange gains of EUR 7.2 million (losses of EUR 3.3 million) were recognised in the statement of comprehensive income from foreign exchange derivative agreements.

Interest on development expenditure is capitalised at a rate of 4.39 per cent as at 31 December 2013 (4.34% as at 31 December 2012).

Citycon's interest expenses in the statement of comprehensive income contain interest expenses from interest-bearing debt as well as all interest expenses arising from derivative financial instruments used for hedging purposes. Additional information on Citycon's derivative financial instruments, their fair values and hedge accounting treatment can be found in Note "21. Derivative Financial Instruments".

B) Recognised in the other comprehensive income

EUR million	2013	2012
Gains/losses arising during the period from cash flow hedges	31.2	-35.5
Less: interest expenses recognised in the income statement on cash flow hedges	18.2	16.3
Net gains/losses on cash flow hedges	49.4	-19.3

12. INCOME TAXES

EUR million	2013	2012
Current tax	0.7	1.4
Tax for prior periods	0.0	0.0
Deferred tax expense/benefit	-10.7	6.4
Income tax expense	**-10.0**	**7.8**

Citycon did not recognise any current taxes directly in the equity during 2013 and 2012.

Reconciliation between tax charge and Group tax at the Finnish tax rate (24.5%):

EUR million	2013	2012
Profit/loss before taxes	90.1	95.5
Taxes at Finnish tax rate	22.1	23.4
Change in tax rate	-12.6	-
Fair value gains and losses from subsidiaries owned abroad	-10.0	-10.7
Difference in foreign subsidiaries' tax rate	-3.9	-3.6
Unrecognised tax receivables from losses	6.2	2.8
Utilisation of previously unrecognised tax losses	-2.6	-0.6
Depreciation and amortisation deducted in taxation	-2.0	2.0
Tax free income deducted by non-deductible expenses	-6.9	-5.6
Other	-0.3	0.2
Income taxes	**-10.0**	**7.8**
Effective tax rate	-11.1%	8.2%

13. EARNINGS PER SHARE

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

Earnings per share, basic	2013	2012
Profit/loss attributable to parent company shareholders (EUR million)	93.1	77.2
Issue-adjusted average number of shares (1,000) 1)	425,415.5	321,142.0
Earnings per share (basic) (EUR)	**0.22**	**0.24**
Earnings per share, diluted		
Profit/loss attributable to parent company shareholders (EUR million)	93.1	77.2
Expenses from convertible capital loan, the tax effect deducted (EUR million)	1.3	3.1
Profit/loss used in the calculation of diluted earnings per share (EUR million)	94.4	80.3
Issue-adjusted average number of shares (1,000) 1)	425,415.5	321,142.0
Convertible capital loan impact, (1,000)	6,029.6	15,077.2
Adjustments for long-term share-based incentive plan (1,000)	-	34.2
Average number of shares used in the calculation of diluted earnings per share (1,000)	431,445.1	336,253.4
Earnings per share (diluted) (EUR)	**0.22**	**0.24**

1) Result per share key figures have been calculated with the issue-adjusted number of shares resulting from the rights issues executed in March 2013 and October 2012.

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 two categories of dilutive shares in place: convertible capital loan and stock options. Long-term share-based incentive plan was finalised during 2012 and all incentives granted and paid.

- The convertible capital loan 1/2006 was matured and repaid in full in August 2013. During the comparison period the holder of the convertible loan had the right, during 12 September 2006 - 27 July 2013, to convert the loan nominal amount into company shares.
- Stock options have dilutive potential when the subscription price of shares based on the stock options is lower than the share's fair value. The dilutive potential of stock options is calculated by taking account of the total number of shares that can be subscribed based on stock options, less the number of shares the group could acquire using assets derived from exercising stock options.
- The share-based incentive scheme had a dilutive effect when the earning period had ended, the performance conditions for the bonus had been fulfilled, and the shares had not yet been granted. Long-term share-based incentive plan was finalised during 2012 and all incentives granted and paid.

Average number of shares used in the calculation of earnings per share	days	number of shares
1.1.2013	65	352,157,643
7.3.2013	300	441,288,012
Weighted average (daily) number of shares	365	425,415,481

14. INVESTMENT PROPERTIES

Citycon divides its investment properties into two categories: Investment Properties Under Construction (IPUC) and Operative Investment Properties. On 31 December 2013, the first mentioned category included IsoKristiina in Finland as well as Stenungs Torg in Sweden. On 31 December 2012, the first mentioned category included Koskikeskus in Finland as well as Åkermyntan 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 30. B) Pledges and other contingent liabilities.

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

31 Dec. 2012 EUR million	Investment property under construction	Operative investment properties	Investment properties total
At period-start	**526.4**	**1,995.7**	**2,522.1**
Acquisitions during the period	7.9	50.9	58.8
Investments during the period	34.1	65.6	99.7
Disposals during the period	-	-1.4	-1.4
Capitalised interest	1.1	0.7	1.8
Fair value gains on investment property	0.6	53.7	54.4
Fair value losses on investment property	-1.2	-29.6	-30.8
Exchange differences	0.5	26.3	26.8
Transfer between IPUC and operative investment properties and transfer into investment properties held for sale	-373.7	356.5	-17.2
At period-end	**195.7**	**2,518.5**	**2,714.2**

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 for 2013 and 2012. The resulting fixed fees based on the 2013 valuations total EUR 0.2 million (EUR 0.2 million in 2012).

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.

EUR million	31 Dec. 2013	31 Dec. 2012
Fair value of investment properties determined by the external appraiser per Dec. 31	2,729.6	2,704.1
Capital expenditure on development projects	6.1	10.1
Transfer into investment properties held for sale	-2.3	-
Fair value of investment properties per Dec. 31	**2,733.5**	**2,714.2**

The IFRS 13 standard categorises the valuation of a property's fair value according to a 3-level hierarchy, where categorisation is based on the inputs in the valuation measurement. Properties are usually heterogeneous and valuation inputs are often unobservable for comparable properties. Moreover, transactions are infrequent. The valuation of a property's fair value is therefore generally categorised as hierarchy level 2 or 3. In some cases, the valuation inputs in the fair value calculation can be on different levels in the hierarchy. In these cases, categorisation is based on the lowest hierarchy level input that is significant to the fair value measurement as a whole. Yield is an important input parameter in the valuation measurement. A property's yield is defined according to property-specific risk and market risk, and is derived from comparable market transactions. Due to the low level of transactions on the investment property market, Citycon has decided to categorise all property fair values as level 3 valuations. Transfers between levels in the hierarchy did not occur during the year.

Fair value measurement of Investment properties, fair value measurement hierarchy	31 Dec. 2013	31 Dec. 2012
Quoted prices (Level 1)	-	-
Observable inputs (Level 2)	-	-
Unobservable inputs (Level 3)	2,729.6	2,704.1
Total	**2,729.6**	**2,704.1**

The segments' inputs used by the external appraisers in the cash flow analysis per 31 December 2013 and 31 December 2012 are presented in the tables below. In Finland the average yield requirement remained at 6.2 per cent while in Sweden the average yield requirement decreased mainly due to divested properties. In Baltic Countries and New Business the average yield requirement decreased due to completed tenant fit-out projects and as a result of increased demand for retail properties in Estonia.

The average market rent for the whole property portfolio increased from 25.1 EUR/sq.m. per 31 December 2012 to 25.3 EUR/sq.m. per 31 December 2013 e.g. due to the divestment of non-core properties and the overall positive market rent development of prime properties. The vacancy assumption for the cash flow period decreased by 10bps to 4.7 per cent (4.8% 31 Dec. 2012), mostly due to the divestment of one nearly vacant property in Sweden.

Inputs

31 Dec. 2013 EUR million	Finland	Sweden	Baltic Countries and New Business	Average
Yield requirement (%)	6.2	5.9	7.3	**6.3**
Market rents (EUR/m²)	26.4	25.3	20.4	**25.3**
Operating expenses	6.1	7.0	3.5	**6.0**
Vacancy during the cash flow period (%)	4.9	5.5	2.1	**4.7**
Market rent growth assumption (%)	2.0	1.8	1.0	-
Operating expense growth assumption (%)	2.0	1.8	2.7	-

31 Dec. 2012 EUR million	Finland	Sweden	Baltic Countries and New Business	Average
Yield requirement (%)	6.2	6.0	7.7	**6.3**
Market rents (EUR/m²)	25.9	25.6	20.0	**25.1**
Operating expenses	6.3	7.4	3.4	**6.3**
Vacancy during the cash flow period (%)	4.8	5.8	2.1	**4.8**
Market rent growth assumption (%)	2.0	1.9	1.6	-
Operating expense growth assumption (%)	2.0	1.9	3.1	-

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 2,729.6 million defined by the external appraiser at 31 December 2013 as the starting value. Sensitivity analysis indicates that the market value is most sensitive to the market rents and yield requirement. A ten per cent decrease in the yield requirement results in an approximately 11 per cent increase in market value. Correspondingly, a ten per cent increase in gross income increases the value by approximately 13 per cent. 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. In sensitivity analyses one parameter is changed at a time. In reality, changes in different parameters often occur simultaneously. For example a change in vacancy may connect to a change in market rents and yield requirement when they impact fair value simultaneously.

	Value of properties (EUR million)				
Change %	**-10%**	**-5%**	**±0%**	**+5%**	**+10%**
Yield requirement	3,032.9	2,873.3	2,729.6	2,599.6	2,481.5
Market rents	2,361.7	2,545.6	2,729.6	2,913.6	3,097.6
Operating expenses	2,709.9	2,719.8	2,729.6	2,739.5	2,749.4
Change, percentage points	**-2**	**-1**	**±0**	**1**	**2**
Vacancy	2,812.7	2,771.2	2,729.6	2,688.1	2,646.5

15. INVESTMENTS IN JOINT VENTURES

Kista Galleria shopping centre

In 2013, the Group acquired a 50 % interest in Kista Galleria KB, the company owning and operating the Kista Galleria shopping centre in Sweden. The remaining 50% is held by a Canadian partner. Each partner has equal number of members in the board of directors taking decisions related to the Kista Galleria shopping centre and material operating and capital decisions in the board are made unanimously. Consequently the entity is considered to be jointly controlled and consolidated under the equity method.

The Group has granted a shareholder loan to the Kista Galleria joint venture. Pursuant to the agreement between the Kista Galleria joint venture partners, the Kista Galleria joint venture shall not distribute any dividends until shareholder loans have been repaid and the Group shall take no action or make no decision with respect to the shareholder loan without the prior consent of the other partner. All payments made by the Kista Galleria joint venture in respect of the shareholder loan shall be made pro rata to each of the joint venture partners.

Iso Omena shopping centre extension

In 2013, the Group acquired a 50 % interest in Holding Metrokeskus Oy, which is the management company of the extension project of the Iso Omena shopping centre in Finland. In addition, the Group acquired a 50 % interest in Holding Big Apple Housing Oy, which is the management company of apartment buildings to be built to the extension of Iso Omena shopping centre. The remaining 50% of both companies is held by the same partner. Each partner has the same number of members in the board of directors and the steering group of the development project, both of which make unanimous decisions. Consequently the entities are considered to be jointly controlled and consolidated under the equity method. The Group is committed to investing EUR 54.7 million in the development project as of December 31, 2013. In addition, the Group has given commitments to purchase the other partner's share in Holding Metrokeskus Oy after the completion of the shopping center extension.

Pursuant to the project co-operation agreement between the Holding Metrokeskus Oy joint venture partners, partners are equally, in a 50/50 ratio, responsible for the financing of the companies during the shopping centre extension project. Both shareholders of Holding Metrokeskus Oy and Holding Big Apple Housing Oy have granted loans to the companies. According to the terms and conditions of such shareholder loans, the company cannot prepay its loans in whole or in part without the prior written consent of both shareholders.

Espagalleria Oy

The Group has a 50% interest in Espagalleria Oy, which is the management company of Galleria Esplanad shopping centre in Finland. The remaining 50% is held by one partner. Each partner has the same number of members in the board of directors which make unanimous decisions. Consequently the entity is considered to be jointly controlled and consolidated under the equity method.

Included in the consolidated financial statements are the following items that represent the Group's interest in the assets and liabilities, revenues and expenses of the joint ventures. The financial information presented in the table is based on the financial statements of the joint venture entities prepared in accordance with IFRS.

	2013			2012
EUR million	Kista Galleria Group	Other joint ventures total	Joint ventures total	Other joint ventures total
Investment property	535.2	0.0	535.2	0.0
Other non-current assets	1.1	27.3	28.5	1.2
Cash and cash equivalents	18.6	0.6	19.2	0.5
Other current assets	6.1	0.2	6.4	0.4
Long-term loans	463.4	26.9	490.3	0.0
Other long-term liabilities	0.2	0.0	0.2	0.0
Other short-term liabilities	29.7	0.4	30.1	0.4
Equity	**67.7**	**0.9**	**68.6**	**1.7**
Portion of the Group's ownership	50%	50%		50%
Share of joint venture's equity	33.9	0.4	34.3	0.9
Share of loans of joint ventures	105.4	13.4	118.8	0.0
Investments in joint ventures	139.3	13.8	153.1	0.9
Turnover	44.5	8.2	52.8	7.8
Net rental income	32.0	-0.1	31.9	0.0
Asset management fee of the property	0.0	0.3	0.3	0.2
Profit on valuation of investment property	2.8	-0.9	1.9	0.0
Operating profit	32.4	-0.8	31.6	0.2
Financial income	0.1	0.0	0.1	0.0
Financial expenses	-23.4	0.0	-23.4	0.0
Profit / loss for the period	**9.1**	**-0.8**	**8.3**	**0.4**
Other comprehensive income for the period, net of tax	0.6	0.0	0.6	0.0
Total comprehensive profit/ loss for the period	**9.7**	**-0.8**	**8.8**	**0.4**
Share of profit/loss of joint ventures	4.5	-0.4	4.1	0.2

16. SUBSIDIARY INCLUDING MATERIAL NON-CONTROLLING INTEREST OWNERSHIP

Iso Omena shopping centre

The Group has a 60 % interest in Manhattan Acquisition Oy, the company owning and operating the Iso Omena shopping centre in Finland. The remaining 40% is held by one investor. Citycon has the right to nominate three out of five directors to the board of directors, including the chairman, who has a casting vote in case of equality of votes at a meeting of the board. The shareholders' agreement includes certain provisions that protect the rights of the non-controlling owner, which, however, do not prevent Citycon from exercising control in the company. Consequently the entity is fully consolidated by the Group.

Both shareholders of Manhattan Acquisition Oy have granted a loan to the company. According to the terms and conditions of such loan agreement, the loan or any part of it may not be prepaid by the company without the prior written consent of both shareholders.

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 subsidiary. The financial information presented in the table is based on the financial statements of the subsidiary prepared in accordance with IFRS.

EUR million	2013	2012
Investment property	388.1	373.8
Other non-current assets	0.1	0.1
Cash and cash equivalents	3.3	1.9
Other current assets	3.8	2.9
Long-term loans	266.1	266.1
Other short-term liabilities	9.9	11.9
Equity	**119.2**	**100.7**
Equity attributable to parent company shareholders	71.4	60.3
Equity attributable to non-controlling interest	47.8	40.4
Turnover	26.3	24.9
Net rental income	20.2	18.5
Asset management fee of the property	-1.5	-1.5
Profit on valuation of investment property	14.5	18.8
Operating profit	33.1	35.7
Financial expenses	-14.6	-14.2
Profit / loss for the period	**18.5**	**21.6**
Profit attributable to parent company shareholders	11.1	12.9
Profit attributable to non-controlling interest	7.4	8.6

17. INTANGIBLE ASSETS

EUR million	2013	2012
Acquisition cost Jan. 1	**4.3**	**3.9**
Additions during the period	0.8	0.5
Accumulated acquisition cost Dec. 31.	**5.1**	**4.3**
Accumulated depreciation and impairment losses, Jan. 1	**2.6**	**2.0**
Depreciation during the period	0.4	0.7
Accumulated depreciation and impairment losses, Dec 31.	**3.0**	**2.6**
Net carrying amount Jan 1.	**1.7**	**1.9**
Net carrying amount Dec 31.	**2.1**	**1.7**

Intangible assets consisted mainly of computer software and licenses.

18. PROPERTY, PLANT AND EQUIPMENT

EUR million	2013	2012
Acquisition cost Jan. 1	**4.5**	**3.4**
Additions during the period	-0.1	1.1
Accumulated acquisition cost Dec. 31.	**4.4**	**4.5**
Accumulated depreciation and impairment losses, Jan. 1	**3.0**	**2.5**
Depreciation during the period	0.5	0.5
Accumulated depreciation and impairment losses, Dec 31.	**3.6**	**3.0**
Net carrying amount Jan 1.	**1.4**	**1.0**
Net carrying amount Dec 31.	**0.8**	**1.4**

Property, plant and equipment consisted mainly of machinery and equipment. Machinery and equipment acquired through financial leases amounted to EUR 0.2 million (EUR 0.4 million).

19. DEFERRED TAX ASSETS AND LIABILITIES

Changes in deferred tax assets and liabilities in 2013:

Deferred tax assets, EUR million	1 Jan. 2013	Recognised in income statement	Recognised in other comprehensive income	31 Dec. 2013
Tax losses	1.0	2.3	-	3.3
Measurement of interest-rate swaps at fair value	18.5	-	-12.8	5.8
Deferred tax assets, total	**19.5**	**2.3**	**-12.8**	**9.1**
Deferred tax liabilities				
Measurement of investment property at fair value	64.0	-8.0	-	55.9
Temporary difference in financial expenses	2.1	-0.3	-	1.8
Deferred tax liabilities, total	**66.0**	**-8.3**	**-**	**57.7**

Changes in deferred tax assets and liabilities in 2012:

Deferred tax assets, EUR million	1 Jan. 2012	Recognised in income statement	Recognised in other comprehensive income	31 Dec. 2012
Tax losses	1.1	-0.2	-	1.0
Measurement of interest-rate swaps at fair value	13.3	-	5.2	18.5
Deferred tax assets, total	**14.5**	**-0.2**	**5.2**	**19.5**
Deferred tax liabilities				
Measurement of investment property at fair value	57.5	6.4	-	64.0
Temporary difference in financial expenses	2.3	-0.2	-	2.1
Deferred tax liabilities, total	**59.8**	**6.2**	**-**	**66.0**

Citycon's deferred taxes mainly arise from changes in the fair value of investment properties. In 2013, deferred tax benefit resulting from the changes in the investment properties' fair value recognised in the income statement totalled EUR 8.0 million (expense of EUR 6.4 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 -10.0 million in 2013 (EUR -10.7 million) (See the Note 12. 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. 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 2013, Group companies had confirmed losses for which tax assets of EUR 22.7 million (EUR 22.0 million in 2012) were not recognised, since these Group companies are unlikely to record a taxable profit, before the expiration of carry forwards of these losses, against which loss carry forwards can be utilised.

20. CLASSIFICATION OF FINANCIAL INSTRUMENTS

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

EUR million	Note	Carrying amount 2013	Fair value 2013	Carrying amount 2012	Fair value 2012
Financial assets					
I Loans and other receivables					
Trade and other receivables	23	34.0	34.0	24.5	24.5
Cash and cash equivalents	24	38.0	38.0	51.0	51.0
II Derivative contracts under hedge accounting					
Derivative financial instruments	21	2.4	2.4	-	-
Financial liabilities					
Financial liabilities amortised at cost					
I.I Loans					
Loans from financial institutions	26	806.1	809.6	1,304.3	1,308.6
Convertible capital loan 1/2006	26	-	-	39.1	39.8
Bond 1/2009	26	23.0	23.1	39.7	40.0
Bond 1/2012	26	138.0	138.4	149.5	150.0
Bond 1/2013	26	495.0	500.0	-	-
Finance lease liabilities	26	0.2	0.2	0.4	0.4
I.II Other liabilities					
Other liabilities	27	0.8	0.8	1.0	1.0
Trade and other payables	27	81.5	81.5	82.3	82.3
II Financial liabilities at fair value through profit and loss					
Derivative financial instruments	21	3.4	3.4	0.7	0.7
III Derivative contracts under hedge accounting					
Derivative financial instruments	21	28.9	28.9	75.6	75.6

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 foreign exchange derivative contracts is based on quoted market prices. The fair value of both interest rate and foreign exchange derivative financial instruments corresponds to level 2 according to IFRS13.72-90.

Loans from financial institutions

Citycon's loans from financial institutions are floating rate loans which have a fair value equal to the nominal amount of the loan. The difference between the fair value and carrying amount is the unamortised capitalised arrangement fees of the loans. The fair value of loans from financial institutions corresponds to level 2 according to IFRS13.72-90.

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. The convertible capital loan 1/2006 was matured and repaid in full in August 2013.

Bonds 1/2009, 1/2012 and bond 1/2013

The bonds 1/2009, 1/2012 and 1/2013 are fixed rate loans which have fair values equal to the nominal amount of the loans. The difference between the fair value and carrying amount is the unamortised capitalised arrangement fees for the bonds and for the 1/2013 bond also the unamortised reoffer discount.. The fair value of the bonds corresponds to level 1 according to IFRS13.72-90.

Finance lease liabilities

The fair value of finance leases is based on discounted future cash flows. The discount rate used corresponds to that applied to similar leases. The fair value of finance lease liabilities corresponds to level 2 according to IFRS13.72-90.

21. DERIVATIVE FINANCIAL INSTRUMENTS

A) Nominal amounts and fair values of derivative financial instruments

EUR million	Nominal amount 2013	Fair value 2013	Nominal amount 2012	Fair value 2012
Interest rate derivatives				
Interest rate swaps				
Maturity:				
less than 1 year	108.0	-1.8	-	-
1-2 years	65.0	-2.6	155.6	-6.0
2-3 years	162.1	-9.4	176.2	-9.0
3-4 years	140.3	-9.1	263.1	-19.9
4-5 years	100.7	-6.1	217.2	-20.2
over 5 years	-	-	209.5	-20.6
Subtotal	**576.1**	**-28.9**	**1,021.7**	**-75.6**
Foreign exchange derivatives				
Forward agreements				
Maturity:				
less than 1 year	421.9	-0.9	67.6	-0.7
Total	**997.9**	**-29.8**	**1,089.3**	**-76.3**

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

Citycon uses interest rate swaps to hedge the interest rate cash flow risk. The Group applies hedge accounting to all of its interest rate swaps valid as at 31 December 2013, under IAS 39, according to which the amount of financial instruments' fair value change stemming from effective hedging is recognised under other comprehensive income.

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

The fair values include a foreign exchange loss of EUR 0.6 million (loss of EUR 0.6 million) from foreign exchange rate derivatives, which is recognised in the statement of comprehensive income.

Hedge accounting is applied to interest rate swaps, which have a nominal amount of EUR 576.1 million (EUR 1,021.7 million).

The average fixed interest rate of the interest rate swaps as at 31 December 2013 was 2.88 per cent (3.07%).

B) Cash flow hedging with derivatives

Cash flow hedging

Interest rate derivatives EUR million	Assets 2013	Liabilities 2013	Assets 2012	Liabilities 2012
Fair value	-	-28.9	-	-75.6

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

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

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

At 31 December 2013 and at 31 December 2012, interest rate derivatives assigned as cash flow hedges were assessed as highly effective. The fair values (net of taxes) of these derivatives were EUR -23.1 million (EUR -57.1 million) and the change of these fair values (net of taxes) EUR 36.7 million (EUR -14.1 million) is recognised under other comprehensive income, taking the tax effect into account.

22. INVESTMENT PROPERTIES HELD FOR SALE

On 31 December 2013, the Investment Properties Held for Sale comprised one property located in Finland. This transaction is expected to be finalised during Q2 2014. On 31 December 2012, the Investment Properties Held for Sale included one plot and one property in Finland,which were sold in February and July 2013.

EUR million	2013	2012
Acquisition cost Jan. 1	**5.4**	**12.7**
Disposals	-15.2	-25.0
Exchange differences	0.0	0.5
Transfers from investment properties	12.1	17.2
Accumulated acquisition cost Dec. 31.	**2.3**	**5.4**

23. TRADE AND OTHER RECEIVABLES

EUR million	2013	2012
Trade receivables	8.9	7.1
Credit loss provision	-2.0	-1.8
Trade receivables (net)	6.9	5.4
Accrued income and prepaid expenses	16.9	4.1
Tax receivables (incl. VAT-receivables)	7.6	10.8
Other receivables	2.7	4.1
Total	**34.0**	**24.5**

Ageing structure of trade receivables:

EUR million	2013	2012
NOT past due nor impaired	1.3	0.9
Past due, less than 1 month	3.3	2.2
Past due, 1-3 months	0.6	0.7
Past due, 3-6 months	0.8	0.9
Past due, 6-12 months	0.7	1.6
Past due, 1-5 years	2.1	0.9
Total	**8.9**	**7.1**

Movement in credit loss provisions

EUR million	2013	2012
At the beginning of the year	-1.8	-1.2
Exchange difference	-	-0.1
Charge for the year	-0.7	-1.1
Utilised	0.4	0.5
Unused amounts reversed	0.1	0.0
Credit loss provision at the end of the year	**-2.0**	**-1.8**

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

24. CASH AND CASH EQUIVALENTS

EUR million	2013	2012
Cash in hand and at bank	38.0	50.6
Other bank deposits	0.0	0.3
Total	**38.0**	**51.0**

Cash and cash equivalents in the cash flow statement comprise the items presented above. Other bank deposits consists of pledged cash accounts related to rental guarantees and redevelopment projects.

25. SHAREHOLDERS' EQUITY

A) The effect of the changed number of shares on funds included in the shareholders' equity

	Outstanding number of shares [1]	Treasury shares	Share capital (EUR million)	Share premium fund (EUR million)	Invested unrestricted equity fund (EUR million)	Total (EUR million)
1 Jan. 2012	**277,811,297**	**0**	**259.6**	**131.1**	**273.7**	**664.3**
Directed share issue without payment to Citycon Group key employees	36,713	-	-	-	-	-
Rights issue	49,032,002		-	-	89.9	89.9
Return from the invested unrestricted equity fund	-	-	-	-	-30.6	-30.6
31 Dec. 2012	**326,880,012**	**0**	**259.6**	**131.1**	**333.0**	**723.7**
Directed share issue without payment to Citycon Group key employees	-	-	-	-	-	-
Rights issue	114,408,000	-	-	-	196.0	196.0
Return from the invested unrestricted equity fund	-	-	-	-	-36.0	-36.0
31 Dec. 2013	**441,288,012**	**0**	**259.6**	**131.1**	**493.0**	**883.7**

1) All outstanding shares were fully-paid on 31 December 2013 and 31 December 2012.

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 2006 entry into force of the current Finnish Limited Liability Companies Act, no new items are recognised in the share premium fund. The share premium fund accumulated before 2007 due to option schemes and share issues.

Invested unrestricted equity fund

The invested unrestricted equity fund is credited, for instance, with that part of the subscription price of the shares that, according to the Memorandum of Association or the share issue decision, is not to be credited to the share capital. The invested unrestricted equity fund accumulated in 2013 and 2012, due to rights issues.

Fair value reserve

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

Translation reserve

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

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

To the Annual General Meeting to be held on 19 March 2014, the Board of Directors of Citycon proposes a dividend of EUR 0.03 per share for the financial year 2013 (EUR 0.04 for the financial year 2012) and an equity return of EUR 0.12 per share from the invested unrestricted equity fund (EUR 0.11 for the financial year 2012). 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 2013.

26. LOANS

All Citycon loans were interest-bearing liabilities on 31 December 2013 and 2012. These interest-bearing loans are explained here in detail.

A) Breakdown of interest-bearing liabilities

EUR million	Effective interest rate (%)	Carrying amount 2013	Carrying amount 2012
Long-term interest-bearing liabilities			
Bonds			
Bond 1/2009	5.474	-	39.7
Bond 1/2012	4.344	138.0	149.5
Bond 1/2013	3.934	495.0	-
Syndicated term loans			
EUR 220 million term loan facility	Reference rate + 1.300	211.4	217.1
EUR 200 million term loan facility	Reference rate + 0.625	-	202.1
EUR 190 million term loan facility	EURIBOR + 2.100 / STIBOR + 2.450	184.4	187.3
Revolving credit facilities			
EUR 170 million revolving credit facility	EURIBOR + 1.700	-	13.0
EUR 110 million revolving credit facility	EURIBOR + 0.850	-	103.1
EUR 50 million revolving credit facility	EURIBOR + 1.400	-	43.9
Bilateral bank loans			
EUR 75 million bank loan	EURIBOR + 1.450	64.0	67.5
SEK 500 million bank loan	STIBOR + 0.600	-	58.3
EUR 50 million bank loan	Reference rate + 1.950	-	50.1
EUR 50 million bank loan	EURIBOR + 1.525	-	49.9
EUR 50 million bank loan	EURIBOR + 1.500	50.0	49.9
EUR 30 million bank loan	EURIBOR + 0.750	17.5	22.5
EUR 25 million bank loan	EURIBOR + 2.55	21.9	23.1
Finance lease liabilities	-	0.1	0.2
Other interest-bearing liabilities	-	135.1	129.0
Total long-term interest-bearing liabilities		**1,317.5**	**1,406.3**
Short-term interest-bearing liabilities			
Convertible capital loan 1/2006	7.580	-	39.1
Bond 1/2009	5.474	23.0	-
Short-term syndicated and bank loans and revolving credit facilities	-	99.9	43.8
Current portion of interest-bearing liabilities	-	21.0	11.2
Commercial papers	-	-	32.5
Cash pool overdrafts		0.9	-
Finance lease liabilities	-	0.1	0.2
Total short-term interest-bearing liabilities		**144.9**	**126.8**

The carrying amounts of term loan facilities, convertible capital loan 1/2006, bond 1/2009, bond 1/2012 and bond 1/2013 are stated at amortised cost, using the effective yield method. The fair values of liabilities are shown in Note "20. 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 has been recognised in equity attributable to parent company shareholders, under the share premium fund. The convertible capital loan 1/2006 was matured and repaid in full in August 2013.

Maturity of long-term interest-bearing liabilities

EUR million	2013	2012
1-2 years	62.5	321.6
2-3 years	229.5	162.5
3-4 years	261.0	382.2
4-5 years	269.6	283.4
over 5 years	494.9	256.6
Total	**1,317.5**	**1,406.3**

Long-term interest-bearing liabilities by currency

EUR million	2013	2012
EUR	1,029.3	844.1
SEK	279.6	553.3
LTL	8.6	8.8
Total	**1,317.5**	**1,406.3**

Short-term interest-bearing liabilities by currency

EUR million	2013	2012
EUR	134.3	100.5
SEK	10.4	26.0
LTL	0.2	0.2
Total	**144.9**	**126.8**

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. The loan's issue price accounted for 100.00 per cent of the nominal loan amount. After the buyback transactions performed during 2008, 2009, 2010 and 2012 the outstanding amount was EUR 39.8 million. The convertible capital loan 1/2006 was matured on 2 August 2013 and the remaining amount of EUR 39.8 million was repaid in full.

During 2008, 2009, 2010 and 2012 from the open markets, Citycon has repurchased the convertible capital loan for a nominal amount of EUR 70.2 million, with a weighted average purchase price of 77.0 per cent. The amount repurchased by Citycon equaled approximately 64 per cent of the initial nominal amount of the loans issued. Net financial expenses in the statement of comprehensive income include a one-off loss of EUR 0.8 million for the buybacks of the convertible capital loan in 2012.

For more information on the main terms and conditions of the onvertible capital loan 1/2006 see Citycon Financial Statement 2012.

C) Breakdown of finance lease liabilities

EUR million	2013	2012
Maturity of finance lease liabilities:		
Finance lease liabilities - minimum lease payments		
Not later than 1 year	0.1	0.2
1-5 years	0.1	0.2
Total	**0.2**	**0.4**
Finance lease liabilities - present value of minimum lease payments		
Not later than 1 year	0.1	0.2
1-5 years	0.1	0.2
Total	**0.2**	**0.4**
Future finance charges on finance leases	0.0	0.0
Total finance lease liabilities	**0.2**	**0.4**

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.

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 in Citycon comprises three main elements, namely

1) risk management implemented in the main business processes
2) risk reporting and
3) continuous improvement of risk management.

The risk reporting process gathers analytical data on risks and the respective mitigation plans, for reporting to the Board of Directors. During the risk reporting period, each of the main business and support functions independently defines their near term targets, risks threatening these targets and mitigation plans related to the risks. In order to evaluate the importance of each risk, an estimate of the loss associated with the risk is determined together with the probability of risk realisation. An additional feature of risk reporting involves each function reporting the potentially realised risks during the previous year, and mitigation plans put into effect during the period. Risk data is inputted into one group-wide risk register, from which function risk reports are prepared for the Board of Directors and Audit and Governance Committee. Risk reports to the Board of Directors and Audit and Governance Committee are prepared in conjunction with budgeting during the autumn.

Organisation

Each business and support function have a dedicated person responsible for the 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 and Governance Committee.

Financial risk management

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

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

Interest rate risk

Citycon's key financial risk is the interest rate risk of its interest bearing liabilities, whereby changes in money market interest rates lead to fluctuations in future interest cash flows on floating rate borrowings. Interest rate risk management aims to reduce or eliminate the adverse effect of interest rate fluctuations on the company's profit and cash flow. The company aims at a loan portfolio with the right balance of fixed and variable rate debts. Under the company's interest rate risk management policy, the target debt portfolio is one in which a minimum of 70 and a maximum of 90 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 dervatives. The interest sensitivity of Citycon's loan portfolio at the end of 2013 is depicted by the fact that a one-percentage point rise in money market interest rates would increase its interest expenses for 2013 by EUR 1.1 million, while a fall of one-percentage point in such rates would decrease them by EUR 1.1 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	2013	2012
Euro	0.6	0.9
Swedish krona	0.5	0.5
Other currencies	0.1	0.1
Total	**1.1**	**1.4**

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

Effect on shareholders equity of an increase of 100 basis points

EUR million	2013	2012
Euro	7.3	13.7
Swedish krona	4.4	13.6
Total	**11.8**	**27.2**

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 commited 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 assesment of the amount required, and the company will arrange committed back-up limits for all funds drawn under commercial paper programmes. On 31 December 2013, unused committed credit limits amounted to EUR 380.0 million, in addition Citycon had unused cash pool limits of EUR 17.4 million and cash and cash equivalents of EUR 38.0 million.

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

EUR million	Less than 1 month	1 to 12 months	1-5 years	Over 5 years	Total
31 December 2013					
Loans from financial institutions	2.4	139.9	738.4	-	880.7
Convertible capital loan 1/2006	-	-	-	-	-
Bond 1/2009	-	24.3	-	-	24.3
Bond 1/2012	-	5.9	156.0	-	161.9
Bond 1/2013	-	18.8	75.0	537.5	631.3
Finance lease liabilities	-	0.1	0.1	-	0.2
Derivative financial instruments	1.2	11.3	17.6	-	30.0
Trade and other payables (excl. interest liabilities)	44.6	1.3	8.2	9.9	64.1
31 December 2012					
Loans from financial institutions	3.4	118.7	1,051.7	260.3	1,434.1
Convertible capital loan 1/2006	-	41.6	-	-	41.6
Bond 1/2009	-	2.0	42.0	-	44.1
Bond 1/2012	-	6.4	175.5	-	181.9
Bond 1/2013	-	-	-	-	-
Finance lease liabilities	-	0.2	0.2	-	0.4
Derivative financial instruments	0.9	18.6	55.8	1.3	76.6
Trade and other payables (excl. interest liabilities)	61.3	9.7	2.5	-	73.5

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

EUR million	Less than 1 month	1 to 12 months	1-5 years	Over 5 years	Total
31 December 2013					
Undrawn committed credit facilities	-	-	330.0	50.0	380.0
31 December 2012					
Undrawn committed credit facilities	-	50.0	167.4	-	217.4

The above mentioned credit facilities are freely available to Citycon based on the 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 "23. Trade and other receivables".

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

Exchange rate risk

Citycon's presence in countries outside the euro-zone exposes the company to exchange rate risk. Exchange rate risk stems from transaction risks resulting from the conversion of foreign currency denominated transactions into local currency, on the one hand, and from translation risks in the balance sheet associated with investments in foreign subsidiaries. The company 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 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 per cent change in foreign exchange rates, assuming that all other variables remain constant. Such an impact is attributable to a change in the fair value of financial instruments, given the assumed change in foreign exchange rates.

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

EUR million	2013	2012
Swedish krona	0.4	0.1
Lithuanian litas	0.0	0.0
Total	**0.4**	**0.1**

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 45 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 by the Finnish Financial Supervisory Authority regulations and guidelines 7/2013, adding the convertible capital loan issued by the company to the shareholders' equity. As of 31 December 2013, the company's equity ratio stood at 45.3 per cent and the equity ratio as defined in the loan agreement was around 45.2 per cent.

Citycon monitors its capital structure based on equity ratio and LTV (Loan-to-value). The formulas for calculating the equity ratio and LTV can be found on page 65 in the consolidated financial statements.

Company monitors its capital structure mainly with equity ratio.

Equity ratio:

EUR million	2013	2012
Total shareholders' equity (A)	1,340.6	1,059.9
Total assets	2,975.4	2,818.5
Less advances received	13.3	12.2
./. (Total assets - advances received) (B)	2,962.1	2,806.3
Equity ratio (A/B)	**45.3%**	**37.8%**

LTV (Loan-to-value) -%:

EUR million	2013	2012
Interest-bearing debt total (Note 26)	1,462.4	1,533.0
Less cash and cash equivalents (Note 24)	38.0	51.0
Interest-bearing net debt (A)	1,424.4	1,482.1
Fair value of investment properties including properties held for sale (Note 14) (B)	2,735.8	2,719.6
LTV, % (A/B)	**52.1%**	**54.5%**

Equity ratio improved considerably in 2013 due to the equity raise, the profit of the period and a less negative fair value of interest rate derivatives under hedge accounting, which led to higher equity as a proportion of total assets. The LTV improved in 2013 both as a result of a higher fair value of investment properties as well as the share issue and the the profit of the period, which resulted in a lower net interest-bearing debt.

27. TRADE AND OTHER PAYABLES

EUR million	2013	2012
Trade payables	11.6	18.3
Short-term advances received	12.4	11.3
Interest liabilities	17.5	10.6
Other liabilities	19.1	15.6
Accrued expenses total	36.6	26.2
VAT-liabilities	7.0	11.4
Other short-term payables	13.8	15.1
Other short-term payables total	20.8	26.5
Total	**81.5**	**82.3**

Due dates of future payments of trade and other payables:

EUR million	2013	2012
Due in less than 1 month	45.9	61.6
Due in 1-3 months	7.8	6.6
Due in 3-6 months	9.1	2.1
Due in 6-12 months	0.6	1.0
Due in 1-2 years	1.0	2.5
Due in 2-5 years	7.2	8.5
Due in over 5 years	9.9	0.0
Total	**81.5**	**82.3**

28. EMPLOYEE BENEFITS

A) Stock option schemes

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 8,529,625 new shares or treasury shares. The stock options will be issued gratuitously. Stock options entitle their holders to subscribe for company shares within the period specified in the terms and conditions of the stock options. If an employee leaves the Group, (s)he will forfeit his/her stock options for which the share subscription period has not begun on the date of the termination of his/her employment/executive contract. However, the Board of Directors can specifically decide that the stock-option holder retains his/her stock options or some of them. The Board of Directors shall also decide upon the re-distribution of the stock options returned to the company.

At the end of 2013, stock options 2011A–D(I), 2011A–D(II) and 2011A–D(III) were held by 18 key employees within the Group. The amount of outstanding stock options was 6,305,000 on 31 December 2013. These option rights entitle their holders to subscribe for 7,417,833 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 2013, the expense recognised in the statement of comprehensive income totalled EUR 0.6 million (EUR 1.7 million in 2012). The expected volatility is determined by calculating the company share price's historical volatility.

In order to ensure the equal treatment of shareholders and the stock option holders, the Board of Directors of Citycon Oyj decided on 12 February 2013 and 13 March 2013, due to the rights issue, to adjust the subscription price of the stock options 2011. In addition, in 2012 the Board of Directors had decided, due to rights issue arranged in September-October 2012, to adjust the subscription ratio and the subscription price of the stock options 2011. The above mentioned adjustments were made in accordance with the terms and conditions of the Stock Option Plan 2011.

Option category	Subscription price, EUR	Subscription ratio
2011A-D(I)	2.8009 (2.9720)	1.1765
2011A-D(II)	2.9199 (3.0910)	1.1765
2011A-D(III)	2.3419 (2.5130)	1.1765

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

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

Summary of the stock option plan 2011 on 31 December 2013:

Stock option plan 2011	Stock options 2011A-D(I)	Stock options 2011A-D(II)	Stock options 2011A-D(III)
Type of scheme	Share-based options, granted to the Group's key personnel	Share-based options, granted to the Group's key personnel	Share-based options, granted to the Group's key personnel
Grant date	3 May 2011	3 May 2011	11 October 2011
No. of instruments granted	2,250,000	1,990,000	2,065,000
Exercise price at grant date, EUR	3.17	3.31	2.63
Adjusted share subscription price, EUR (as from 14 March 2013)	2.8009 (2.9720)	2.9199 (3.0910)	2.3419 (2.5130)
Adjusted subscription ratio (as from 8 October 2012)	1.1765	1.1765	1.1765
Vesting period as per option terms (No. of days) [1]	332-1427	332-1427	172-1267
Vesting conditions	Employment during vesting period. In case of prior employment termination, stock options forfeited.	Employment during vesting period. In case of prior employment termination, stock options forfeited.	Employment during vesting period. In case of prior employment termination, stock options forfeited.
Exercise	In terms of shares	In terms of shares	In terms of shares
Expected volatility, %	35.00	35.00	35.00
Expected exercise period at grant date (No. of days) [1]	1095-2190	1095-2190	1095-2190
Risk-free interest rate, %	3.18	2.85	1.73
Expected dividend/share, EUR	0.14	0.14	0.14
Instrument fair value determined at grant date, EUR	0.78	0.73	0.46
Option-pricing model	Black&Scholes	Black&Scholes	Black&Scholes

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

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

	2013		2012	
	Exercise price, weighted average, EUR/share	No. of stock options	Exercise price, weighted average, EUR/share	No. of stock options
At period-start	2.87	6,505,000	3.12	5,400,000
New stock options granted	2.34	120,000	2.70	1,330,000
Forfeited stock options	2.78	320,000	2.82	1,150,000
Redistributed stock options	-	-	2.70	925,000
Exercised stock options	-	-	-	-
Lapsed stock options	-	-	-	-
At period-end	2.69	6,305,000	2.87	6,505,000

Exercisable stock options at period-end

The company had 3,310,000 exercisable 2011A-B(I-III) stock options at period-end. No stock options were exercised during 2013.

The subscription prices of outstanding stock options were 2.8009 (2011A-D(I)), 2.9199 (2011A-D(II)) and 2.3419 (2011A-D(III)) and the subscription ratio 1.1765 at the period-end.

The lapse year is the year 2018 of the outstanding stock options.

B) Long-term share-based incentive plan

Citycon Oyj has no valid long-term share-based incentive plan. The incentives earned through the previous long-term share-based incentive plan have been granted to the key persons of the Group during the years 2008–2012.

29. CASH GENERATED FROM OPERATIONS

	2013	2012
Profit before taxes	90.1	95.5
Adjustments for:		
Depreciation and amortisation (Note 9)	0.9	1.2
Net fair value gains(-)/losses(+) on investment property (Note 14)	-26.1	-23.6
Profit(-)/losses(+) on disposal of investment property (Notes 14 and 22)	-0.8	-4.2
Share-based payments (Note 28)	0.6	1.8
Other non-cash income	-4.5	-0.5
Foreign exchange losses(+)/gains(-) in financing expenses (Note 11)	0.0	0.0
Interest and other financing income (Note 11)	-6.5	-0.6
Interest and other financing expenses (Note 11)	96.6	68.7
Changes in working capital		
Trade and other receivables (Note 23)	0.3	8.1
Trade and other payables (Note 27)	-4.8	0.5
Cash generated from operations	**145.6**	**147.0**

30. COMMITMENTS AND CONTINGENT LIABILITIES

A) Other leases - Group as lessee

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

EUR million	2013	2012
Not later than 1 year	0.7	0.9
1-5 years	1.6	1.8
Over 5 years	0.0	0.2
Total	**2.3**	**2.9**

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 0.8 million (EUR 1.1 million) and they do not include contingent rents or sublease payments. Lease expenses recognised in the statement of comprehensive income are included in Administrative expenses on row office and other administrative expenses (Note 7. Administrative expenses)

B) Pledges and other contingent liabilities

EUR million	2013	2012
Loans, for which mortgages are given in security and shares pledged		
Loans from financial institutions	2.5	28.6
Contingent liabilities for loans		
Mortgages on land and buildings	10.3	37.1
Bank guarantees	79.5	63.8
Capital commitments	213.8	296.1
VAT refund liabilities	80.0	73.4

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

VAT refund liability

There are value-added tax refund liabilities arising from capitalised renovations and new investments in Citycon's investment properties. The VAT refund liabilities will realise if the investment property is 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) Legal claims and lawsuits

In March, the arbitration board rendered the award relating to arbitration proceedings against Citycon's subsidiary, MREC Espoontori related to Espoontori shopping centre's 2011 completed redevelopment project. The arbitration board awarded SRV Rakennus Oy approximately EUR 790,000 including VAT and penal interest on basis of their claim of approximately EUR 4.7 million (incl. VAT) against MREC Espoontori, who has paid the amount to SRV Rakennus Oy in April 2013. Consequently the dispute has been finally settled in 2013.

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

D) Financial covenant commitments

Under a commitment given in the terms of the syndicated loan facilities, Citycon Group undertakes to maintain its equity ratio at above 32.5 per cent 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 2013 stood at around 45.2 per cent and interest coverage ratio at around 2.4 (2012: equity ratio was around 40.5 per cent and interest coverage ratio around 2.1).

Under a commitment given in the terms of the Trust Deed regarding the EUR 500 million eurobond issued in 2013, Citycon undertakes to maintain its solvency ratio at under 0.65 and its secured solvency ratio at under of 0.25. The solvency ratio is calculated by dividing the Group's consolidated net debt with total assets. The secured solvency ratio is calculated by dividing the Group's consolidated secured debt with total assets.

Accordingly, the solvency ratio on 31 December 2013 stood at around 0.48 and the secured solvency ratio at around 0.01.

31. RELATED PARTY TRANSACTIONS

A) Related parties

Citycon Group's related parties comprise the parent company Citycon Oyj and its subsidiaries, jointly controlled entities, associated companies and minority companies; Board members; CEO; Corporate Management Committee members and Gazit-Globe Ltd., whose shareholding in Citycon Oyj accounted for 49.3 per cent on 31 December 2013 (31 December 2012: 49.0%).

	Group companies on 31 December 2013	Country	Group holding, %	Parent company holding, %
	Parent company: Citycon Oyj	Finland		
1	Albertslund Centrum ApS	Denmark	100.0	-
2	Asematie 3 Koy	Finland	100.0	-
3	Asolantien Liikekiinteistö Oy	Finland	100.0	-
4	Citycon AB	Sweden	100.0	100.0
5	Citycon Denmark ApS	Denmark	100.0	100.0
6	Citycon Development AB	Sweden	100.0	-
7	Citycon Estonian Investments B.V.	The Netherlands	100.0	-
8	Citycon Finland Oy	Finland	100.0	100.0
9	Citycon Hedging C.V.	The Netherlands	100.0	-
10	Citycon Holding S.à r.l.	Luxembourg	100.0	100.0
11	Citycon Högdalen Centrum AB	Sweden	100.0	-
12	Citycon Jakobsbergs Centrum AB	Sweden	100.0	-
13	Citycon Liljeholmstorget Galleria AB	Sweden	100.0	-
14	Citycon Services AB	Sweden	100.0	-
15	Citycon Shopping Centers AB	Sweden	100.0	-
16	Citycon Shopping Centers Shelf 6 AB	Sweden	100.0	-
17	Citycon Shopping Centers Vinden AB	Sweden	100.0	-
18	Citycon Treasury B.V.	The Netherlands	100.0	-
19	Citycon Tumba Centrumfastigheter AB	Sweden	100.0	-
20	Espoon Asemakuja 2 Koy	Finland	100.0	-
21	Etelä-Suomen Kauppakiinteistöt Oy	Finland	100.0	-
22	Forssan Hämeentie 3 Koy	Finland	100.0	-
23	Helsingin Hämeentie 109-111 Koy	Finland	100.0	-
24	Jyväskylän Forum Koy	Finland	100.0	-
25	Jyväskylän Kauppakatu 31 Koy	Finland	100.0	-
26	Kaarinan Liiketalo Koy	Finland	100.0	-
27	Karjaan Ratakatu 59 Koy	Finland	100.0	-
28	Kauppakeskus Columbus Koy	Finland	100.0	-
29	Kauppakeskus Isokarhu Oy	Finland	100.0	-
30	Kivensilmänkuja 1 Koy	Finland	100.0	-
31	Kotkan Keskuskatu 11 Koy	Finland	100.0	-
32	Kristiina Management Oy	Finland	100.0	-
33	Kristiine Keskus Oü	Estonia	100.0	-
34	Kuopion Kauppakatu 41 Koy	Finland	100.0	-
35	Kuusankosken Kauppakatu 7 Koy	Finland	100.0	-
36	Kuvernöörintie 8 Koy	Finland	100.0	-
37	Lahden Hansa Koy	Finland	100.0	-
38	Lahden Kauppakatu 13 Koy	Finland	100.0	-
39	Lentolan Perusyhtiö Oy	Finland	100.0	-
40	Liljeholmstorget Development Services AB	Sweden	100.0	-
41	Lillinkulma Koy	Finland	100.0	-
42	Lintulankulma Koy	Finland	100.0	-
43	Lippulaiva Koy	Finland	100.0	-
44	Magistral Kaubanduskeskuse Oü	Estonia	100.0	-
45	Martinlaakson Kivivuorentie 4 Koy	Finland	100.0	-
46	Minkkikuja 4 Koy	Finland	100.0	-
47	Montalbas B.V.	The Netherlands	100.0	100.0
48	Myyrmanni Koy	Finland	100.0	-
49	New Manhattan Acquisition Oy	Finland	100.0	-
50	Oulu Big Street Top Oy	Finland	100.0	-
51	Oulun Galleria Koy	Finland	100.0	-
52	Oulun Isokatu 20 Koy	Finland	100.0	-
53	Oulun Isokatu 22 Koy	Finland	100.0	-
54	Porin Asema-aukio Koy	Finland	100.0	-
55	Porin Isolinnankatu 18 Koy	Finland	100.0	-

Group companies on 31 December 2013	Country	Group holding, %	Parent company holding, %
56 Riddarplatsen Fastigheter HB	Sweden	100.0	-
57 Rocca al Mare Kaubanduskeskuse AS	Estonia	100.0	-
58 Runeberginkatu 33 Koy	Finland	100.0	-
59 Sinikalliontie 1 Koy	Finland	100.0	-
60 Stenungs Torg Fastighets AB	Sweden	100.0	-
61 Strömpilen AB	Sweden	100.0	-
62 Säkylän Liiketalo Koy	Finland	100.0	-
63 Talvikkitie 7-9 Koy	Finland	100.0	-
64 Tampereen Hermanni Koy	Finland	100.0	-
65 Tampereen Koskikeskus Koy	Finland	100.0	-
66 UAB Citycon	Lithuania	100.0	-
67 UAB Prekybos Centras Mandarinas	Lithuania	100.0	-
68 Valkeakosken Torikatu 2 Koy	Finland	100.0	-
69 Vantaan Laajavuorenkuja 2 Koy	Finland	100.0	-
70 Varkauden Relanderinkatu 30 Koy	Finland	100.0	-
71 Vaakalintu Koy	Finland	95.8	-
72 Lahden Trio Koy	Finland	89.5	-
73 Linjurin Kauppakeskus Koy	Finland	88.5	-
74 Tikkurilan Kauppakeskus Koy	Finland	83.8	-
75 Hervannan Liikekeskus Oy	Finland	83.2	-
76 Orimattilan Markkinatalo Oy	Finland	77.3	-
77 Åkersberga Centrum AB	Sweden	75.0	-
78 Myyrmäen Kauppakeskus Koy	Finland	74.0	-
79 Heikintori Oy	Finland	68.7	-
80 Kirkkonummen Liikekeskus Oy	Finland	66.7	-
81 Espoontori Koy	Finland	66.6	-
82 Myyrmäen Autopaikoitus Oy	Finland	62.7	-
83 Vantaan Säästötalo Koy	Finland	61.2	-
84 Espoontorin Pysäköintitalo Oy	Finland	60.1	-
85 Big Apple Top Oy	Finland	60.0	-
86 Manhattan Acquisition Oy	Finland	60.0	-
87 Tikkurilan Kassatalo As Oy	Finland	59.7	-
88 Espoon Asematori Koy	Finland	54.1	-
89 Laajasalon Liikekeskus Oy	Finland	50.4	-
90 Lappeenrannan Villimiehen Vitonen Oy	Finland	50.0	-
91 Espagalleria Oy	Finland	50.0	-
92 Espoon Big Apple Housing As Oy	Finland	50.0	-
93 Holding Big Apple Housing Oy	Finland	50.0	-
94 Holding Metrokeskus Oy	Finland	50.0	-
95 Kista Galleria JV AB	Sweden	50.0	-
96 Kista Galleria Kommanditbolag	Sweden	50.0	-
97 Kista Galleria Holding AB	Sweden	50.0	-
98 Kista Galleria LP AB	Sweden	50.0	-
99 New Big Apple Top Koy	Finland	50.0	-
100 Retail Park Oy	Finland	50.0	-

Group companies on 31 December 2013	Country	Group holding, %	Parent company holding, %
101 Pihlajamäen Liiketalo Oy	Finland	42.7	-
102 Länsi-Keskus Koy	Finland	41.4	-
103 Hakunilan Keskus Oy	Finland	41.1	-
104 Hansaparkki Koy	Finland	36.0	-
105 Kontulan Asemakeskus Koy	Finland	34.8	-
106 Puijonlaakson Palvelukeskus Koy	Finland	31.3	-
107 Salpausseläntie 11 Koy	Finland	31.3	-
108 Jyväskylän Ydin Oy	Finland	29.0	-
109 Soukan Itäinentorni As Oy	Finland	27.3	-
110 Valkeakosken Liikekeskus Koy	Finland	25.4	-
111 Lauttasaaren Liikekeskus Oy	Finland	23.7	-
112 Hakucenter Koy	Finland	18.7	-
113 Liesikujan Autopaikat Oy	Finland	8.0	-
114 Martinlaakson Huolto Oy	Finland	3.8	-
Partnerships for taxation purposes:			
Parkeringshuset Väpnaren	Sweden	64.0	-

B) Related party transactions

Group companies

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

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

Management benefits

Citycon Group's key personnel in the management comprise Board members, CEO and Corporate Management Committee members. The benefits of the key personnel in the management are presented in the following chapters.

CEO wages and salaries, EUR	2013	2012
Marcel Kokkeel (CEO as of 24 March 2011)	880,257	957,776

Citycon's Board of Directors appoints the CEO and decides on the terms and conditions of his/her executive contract in writing. In 2011, the Board of Directors appointed Mr. Marcel Kokkeel (MA, born in 1958), a Dutch citizen, Citycon's CEO. According to his service agreement, the CEO's gross base salary in 2013 amounted to EUR 616,882.87. The amount of the CEO's base salary shall be adjusted based on changes in the consumer price index. At the discretion of the Board of Directors, the CEO may be awarded an additional bonus up to a maximal amount corresponding to 80 per cent of his annual gross base salary. 50 per cent of the amount of the CEO's additional bonus shall be paid as cash while the other 50 per cent shall be paid as company's shares. In addition to his salary the CEO has in July 2012 received a one-off gross payment of EUR 91,844.41 to adjust the net salary paid in 2011 in accordance with his service agreement.

In Q1 of 2013, the CEO was paid as a cash bonus of EUR 236,000.00 and issued 99,401 shares of the company as a share bonus related to CEO's performance bonus payment for the year 2012.

In addition, 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.

Personnel expenses for the entire Corporate Management Committee, EUR million	2013	2012
Wages and salaries	2.3	2.5
Pensions: defined contribution plans	0.4	0.5
Social charges	0.2	0.3
Total	**2.9**	**3.2**

In addition to wages and salaries, the Corporate Management Committee members received income of EUR 0.2 million (EUR 0.2 million) from stock options and share-based incentive plan. No non-recurring personnel expenses arising from employment terminations of Corporate Management Committee members were recognised in 2013 (EUR 0.6 million expense recognised in 2012).

The Corporate Management Committee members including the CEO held a total of 2 770 000 stock options 2011A–D(I), 2011A–D(II) and 2011A–D(III) at the end of 2012.

Remuneration of the members of the Board of Directors, EUR	2013	2012
Ashkenazi Ronen	84,300	69,000
Katzman Chaim	170,200	174,900
Kempe Roger (Board member until 21 March 2013)	4,000	52,500
Knobloch Bernd (Board member as of 21 March 2012)	87,700	48,500
Komi Kirsi	65,800	54,900
Ohana Karine (Board member as of 21 March 2013)	60,400	-
Ottosson Claes	63,700	53,000
Ovin Per-Anders (Board member as of 21 March 2013)	60,400	-
Segal Dor J. (Board member until 11 October 2012)	-	26,205
Sonninen Jorma	62,000	52,000
Wernink Thomas W. (Board member until 21 March 2012)	-	2,000
Westin Per-Håkan (Board member until 21 March 2013)	4,000	51,000
Yanai Yuval (Board member as of 11 October 2012)	62,600	21,295
Zochovitzky Ariella	70,200	56,700
Total	**795,300**	**662,000**

Board members do not participate in the company's share-based incentive schemes. During 2013, the travel expenses of the Board members amounted to EUR 0.1 million (EUR 0.1 million 2012).

Transactions with Gazit-Globe Ltd.

Convertible capital loan 1/2006

In August 2012 Citycon Oyj repurchased convertible capital bonds issued on 2 August 2006 from its main shareholder, Gazit-Globe Ltd. with face value of EUR 20 million. Based on the information Citycon has received, after the Citycon repurchases Gazit-Globe Ltd. did not hold any outstanding amount of convertible capital loan at the end of corresponding period on 31 December 2012. The maturity date of the bond was on 2 August 2013 and the convertible capital bond has been repaid in full.

Purchases of services and expenses charged forward

Citycon has paid expenses of EUR 0.1 million (EUR 0.0 million) to Gazit-Globe Ltd. and its subsidiaries and invoiced expenses of EUR 0.2 million (EUR 0.1 million) forward to Gazit-Globe Ltd. and its subsidiaries.

Rights issue 2012

In October 2012, the company issued 49 million new shares in a rights issue, raising approximately EUR 91 million in new equity. Gazit-Globe Ltd. subscribed 23.6 million shares in this rights issue.

Rights issue 2013

In March 2013, the company issued approximately 114 million new shares in a rights issue, raising approximately EUR 200 million gross proceeds in new equity. Gazit-Globe Ltd. subscribed 56.1 million shares in this rights issue.

Reporting to Gazit-Globe Ltd

The company's main shareholder, Gazit-Globe Ltd, holding approximately 49 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.

32. CHANGES IN GROUP STRUCTURE IN 2013

Companies established
Citycon Shopping Centers Shelf 6 AB
Citycon Jakobsbergs Bostäder 4 AB
New Big Apple Top Koy
Matinkylän Bussiterminaali Koy
Matinkylän Liityntäpysäköinti Koy
Espoon Big Apple Housing As Oy

Companies acquired
Kristiina Management Oy (former CS13 Oy)
Citycon Shopping Centers Vinden AB (former Aktiebolaget Grundstenen 145489)
Holding Metrokeskus Oy (former ShelCo 22 Oy)
Holding Big Apple Housing Oy (former ShelCo 23 Oy)
New Manhattan Acquisition Oy (former ShelCo 21 Oy)
Kista Galleria Holding AB (former Kista Real Property Holding AB, former Goldcup 8262 AB)
Kista Galleria JV AB (former Kista Real Property JV AB, former Goldcup 8261 AB)
Kista Galleria Kommanditbolag (former Kommanditbolaget Stengrunden 981)
Kista Galleria LP AB (former Kista Real Property GP AB, former Goldcup 8264 AB)
Hervannan Liikekeskus Oy (increase of ownership by 3.8% to 83.2%)
Lappeen Liikekeskus Koy (increase of ownership by 9.4% to 100%)

Companies sold
Lappeenrannan Villimiehen Vitonen Oy (decrease of ownership by 50% to 50%)
Karjalan Kauppakeskus Koy (decrease of ownership by 50% to 50%)
Lappeenrannan Brahenkatu 7 Koy (decrease of ownership by 50% to 50%)
Lappeen Liikekeskus Koy (decrease of ownership by 50% to 50%)
Espoon Louhenkulma Koy
Ultima Oy
Wavulinintie 1 Koy
Matinkylän Bussiterminaali Koy
Matinkylän Liityntäpysäköinti Koy
Citycon Jakobsbergs Bostäder 4 AB
Citycon Shopping Centers Shelf 5 AB

Properties sold
Backa
Hindås
Lindome
Kauppatori 1 (Torikeskus, Seinäjoki)
Kauppatori 3 (Torikeskus, Seinäjoki)

Companies merged
Karjalan Kauppakeskus Koy (current Lappeenrannan Villimiehen Vitonen Oy)
Lappeenrannan Brahenkatu 7 Koy (current Lappeenrannan Villimiehen Vitonen Oy)
Lappeen Liikekeskus Koy (current Lappeenrannan Villimiehen Vitonen Oy)

Companies demerged
Citycon Estonia OÜ

Companies with changed business names
Kristiina Management Oy (former CS13 Oy)
Holding Metrokeskus Oy (former ShelCo 22 Oy)
New Manhattan Acquisition Oy (former ShelCo 21 Oy)
Holding Big Apple Housing Oy (former ShelCo 23 Oy)
Kista Galleria Holding AB (former Kista Real Property Holding AB, former Goldcup 8262 AB)
Kista Galleria JV AB (former Kista Real Property JV AB, former Goldcup 8261 AB)
Kista Galleria Kommanditbolag (former Kommanditbolaget Stengrunden 981)
Kista Galleria LP AB (former Kista Real Property GP AB, former Goldcup 8264 AB)
Citycon Shopping Centers Vinden AB (former Aktiebolaget Grundstenen 145489)

33. POST BALANCE SHEET DATE EVENTS

On 20 January, Citycon signed an agreement to sell another residential portfolio in Sweden for a total price of approximately SEK 51 million (approx. EUR 5.8 million). The transaction is expected to close in Q2-Q3 2014.

On 30 January, Citycon sold retail property Säkylän Liiketalo Oy, located in Western Finland to a local buyer for approximately EUR 0.3 million.

On 31 January, Citycon sold its shares in the Koskikara shopping centre, in Valkeakoski Tampere region, to Pirkanmaan Osuuskauppa for approximately EUR 2.6 million.

KEY FIGURES AND RATIOS

1) CONSOLIDATED KEY FIGURES AND RATIOS FOR FIVE YEARS

EUR million	Formula	2013	2012	2011	2010	2009
Statement of comprehensive income data						
Turnover		248.6	239.2	217.1	195.9	186.3
Other operating income and expense		0.9	0.2	0.2	0.3	0.0
Operating profit/loss		176.0	163.4	81.8	157.7	10.3
Profit/loss before taxes		90.1	95.5	19.7	102.8	-37.5
Profit/loss attributable to parent company shareholders		93.1	77.2	13.0	78.3	-34.3
Statement of financial position data						
Investment properties		2,733.5	2,714.2	2,522.1	2,367.7	2,147.4
Current assets		74.5	75.5	125.0	56.9	65.9
Equity attributable to parent company shareholders		1,289.6	1,015.7	902.6	849.5	731.1
Non-controlling interest		51.0	44.2	59.2	50.7	36.8
Interest-bearing liabilities		1,462.4	1,533.0	1,547.9	1,397.7	1,321.7
Total liabilities		1,634.7	1,758.6	1,715.9	1,536.3	1,485.3
Total liabilities and shareholders' equity		2,975.4	2,818.5	2,677.7	2,436.5	2,253.2
Key performance ratios						
Equity ratio, %	1	45.3	37.8	36.0	37.1	34.2
Equity ratio for the banks, %		45.2	40.5	39.0	39.4	40.6
Loan-to-value (LTV), %	2	52.1	54.5	57.5	58.2	59.9
Return on equity, % (ROE)	3	8.0	9.0	2.3	11.1	-4.7
Return on investment, % (ROI)	4	7.7	7.7	3.8	10.6	-0.5
Quick ratio	5	0.4	0.4	0.5	0.3	0.4
Gross capital expenditure, EUR million		226.1	161.7	216.7	133.7	134.6
% of turnover		91.0	67.6	99.8	68.3	72.2
Per-share figures and ratios						
Earnings per share, EUR [1]	6	0.22	0.24	0.04	0.31	-0.14
Earnings per share,diluted, EUR [1]	7	0.22	0.24	0.04	0.31	-0.14
Net cash from operating activities per share, EUR [1]	8	0.13	0.19	0.23	0.08	0.27
Equity per share, EUR	9	2.92	3.11	3.25	3.47	3.31
P/E (price/earnings) ratio [1]	10	12	11	52	10	-21
Return from invested unrestricted equity fund per share, EUR [1]		0.12 [2]	0.11	0.11	0.10	0.10
Dividend per share, EUR [1]		0.03 [2]	0.04	0.04	0.04	0.04
Dividend and return from invested unrestricted equity fund per share total, EUR [1]		0.15 [2]	0.15	0.14	0.13	0.13
Dividend and return of equity per earnings, %	11	68.3	62.4	323.9	43.9	-97.2
Effective dividend and return of equity yield, %	12	5.9	5.8	6.3	4.4	4.6
Operative key ratios						
Net rental yield, %	13	6.4	6.4	6.0	5.8	6.1
Occupancy rate (economic), %	15	95.7	95.7	95.5	95.1	95.0
Citycon's GLA, sq.m.		961,790	1,000,270	994,730	942,280	961,150
Personnel (at the end of the period)		127	129	136	129	119

1) Per share result key figures have been calculated with the issue-adjusted number of shares resulting from the rights issues executed in March 2013 and October 2012.

2) Board of Directors' proposal

Formulas are available on page 65.

2) FIVE YEAR SEGMENT INFORMATION

EUR million	2013	2012	2011	2010	2009
Turnover					
Finland	150.4	143.2	132.5	126.5	131.3
Sweden	63.3	63.1	60.1	52.8	41.0
Baltic Countries and New Business	34.9	32.8	24.5	16.7	14.0
Total	**248.6**	**239.2**	**217.1**	**195.9**	**186.3**
Net rental income					
Finland	103.5	98.2	90.5	86.7	92.4
Sweden	39.7	39.2	35.4	28.7	23.2
Baltic Countries and New Business	25.6	24.6	18.4	11.8	9.8
Total	**168.9**	**162.0**	**144.3**	**127.2**	**125.4**
EPRA operating profit					
Finland	100.3	89.3	83.2	80.9	86.3
Sweden	36.0	34.0	30.4	24.1	20.0
Baltic Countries and New Business	24.8	23.7	17.1	10.6	8.8
Other	-12.0	-11.4	-13.4	-10.5	-7.4
Total	**149.1**	**135.7**	**117.4**	**105.0**	**107.7**
Operating profit/loss					
Finland	102.4	87.5	42.3	107.5	21.2
Sweden	45.1	48.2	32.4	46.7	0.3
Baltic Countries and New Business	40.6	39.1	20.5	14.1	-3.8
Other	-12.0	-11.4	-13.4	-10.5	-7.4
Total	**176.0**	**163.4**	**81.8**	**157.7**	**10.3**

FORMULAS FOR KEY FIGURES AND RATIOS

1) Equity ratio, %

$$\frac{\text{Shareholders' equity}}{\text{Balance sheet total - advances received}} \text{ X 100}$$

2) Loan-to-value (LTV), %

$$\frac{\text{Interest-bearing liabilities - cash and cash equivalents}}{\text{Fair value of investment properties + properties held for sale}} \text{ X 100}$$

3) Return on equity (ROE), %

$$\frac{\text{Profit/loss for the period}}{\text{Shareholders' equity (weighted average)}} \text{ X 100}$$

4) Return on investment (ROI), %

$$\frac{\text{Profit/loss before taxes + interest and other financial expenses}}{\text{Balance sheet total (weighted average) - (non-interest-bearing liabilities on the balance sheet date + opening balance of non-interest-bearing liabilities)/2}} \text{ X 100}$$

5) Quick ratio

$$\frac{\text{Current assets}}{\text{Short-term liabilities}}$$

6) Earnings per share (EPS), EUR

$$\frac{\text{Profit/loss for the period attributable to parent company shareholders}}{\text{Average number of shares for the period}} \text{ X 100}$$

7) Earnings per share, diluted, EUR

$$\frac{\text{Profit/loss for the period attributable to parent company shareholders}}{\text{Diluted average number of shares for the period}} \text{ X 100}$$

8) Net cash from operating activities per share, EUR

$$\frac{\text{Net cash from operating activities}}{\text{Average number of shares for the period}} \text{ X 100}$$

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, %

$$\frac{\text{Dividend per share}}{\text{EPS}} \text{ X 100}$$

12) Effective dividend and return of equity yield, %

$$\frac{\text{Dividend per share}}{\text{Closing price at year-end}} \text{ X 100}$$

13) Net rental yield, %

$$\frac{\text{Net rental income (last 12 months)}}{\text{Average fair value of investment property}} \text{ X 100}$$

14) Occupancy rate (technical), %

$$\frac{\text{Leased space}}{\text{Leasable space}} \text{ X 100}$$

15) Occupancy rate (economic), %

$$\frac{\text{Rental income as per leases}}{\text{Estimated market rent of vacant premises + rental income as per leases}} \text{ X 100}$$

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

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENT, FAS

EUR million	Note	1 Jan.-31 Dec. 2013	1 Jan.-31 Dec. 2012
Gross rental income		0.1	26.9
Service charge income		0.2	1.3
Turnover	**2**	**0.3**	**28.2**
Property operating expenses		0.1	18.4
Other expenses from leasing operations	3	0.0	0.0
Net rental income		**0.2**	**9.8**
Administrative expenses	4, 5	11.0	11.5
Other operating income and expenses	6	-0.1	-0.2
Operating loss/profit		**-10.8**	**-1.9**
Financial income		131.8	91.9
Financial expenses		-151.8	-100.0
Net financial income and expenses	**7**	**-20.0**	**-8.1**
Loss/profit before appropriations and taxes		**-30.8**	**-10.1**
Group contributions		43.9	27.1
Income tax expense/benefit	8	0.0	0.0
Profit/loss for the period		**13.1**	**17.0**

PARENT COMPANY BALANCE SHEET, FAS

EUR million	Note	31 Dec. 2013	31 Dec. 2012
ASSETS			
Non-current assets			
Intangible assets	9	1.1	0.5
Tangible assets	10	5.9	8.3
Investments			
Shares in subsidiaries	11	1,423.3	1,226.8
Shares in associated companies	12	-	-
Other investments	13	810.1	858.6
Total investments		2,233.4	2,085.4
Total non-current assets		**2,240.4**	**2,094.2**
Current assets			
Long-term receivables		-	-
Short-term receivables	15	93.1	72.0
Cash and cash equivalents		15.7	16.6
Total current assets		**108.8**	**88.6**
Total assets		**2,349.2**	**2,182.7**

EUR million	Note	31 Dec. 2013	31 Dec. 2012
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity	16		
Share capital		259.6	259.6
Share premium fund		133.1	133.1
Invested unrestricted equity fund		501.6	337.3
Retained earnings		4.3	0.4
Profit/loss for the period		13.1	17.0
Total shareholders' equity		911.6	747.3
Liabilities	17		
Long-term liabilities			
Bond 1/2009		-	39.7
Bond 1/2012		138.0	149.5
Bond 1/2013		495.0	-
Other long-term liabilities		545.0	1,074.0
Total long-term liabilities		1,178.1	1,263.3
Short-term liabilities			
Convertible capital loan 1/2006		-	39.1
Bond 1/2009		23.0	-
Other short-term liabilities		236.5	133.0
Total short-term liabilities		**259.5**	**172.1**
Total liabilities		**1,437.6**	**1,435.4**
Total liabilities and shareholders' equity		**2,349.2**	**2,182.7**

PARENT COMPANY CASH FLOW STATEMENT, FAS

EUR million	1 Jan.-31 Dec. 2013	1 Jan.-31 Dec. 2012
Cash flow from operating activities		
Loss/profit before taxes	-30.8	-10.1
Adjustments:		
Depreciation and impairment loss	0.2	0.3
Non-cash property operating expenses	0.0	8.7
Net financial income and expenses	20.0	8.1
Loss/gain on sale and on liquidation of shares in subsidiaries and other investments	0.1	0.2
Cash flow before change in working capital	-10.6	7.1
Change in working capital	25.0	10.5
Cash generated from operations	**14.5**	**17.6**
Interest expense and other financial expenses paid	-84.0	-55.0
Interest income and other financial income received	83.3	73.7
Realized exchange rate losses and gains	-36.0	-0.4
Income taxes paid	-	-
Net cash flow from operating activities	**-22.2**	**35.8**
Cash flow used in investing activities		
Investment in tangible and intangible assets	1.5	-3.8
Proceeds from sale of tangible assets	0.0	-
Loans granted	-234.8	-220.8
Repayments of loans receivable	291.7	57.6
Increase in subsidiary shares	-170.4	-
Decrease in subsidiary shares	-	25.6
Purchase of minority and associated companies' shares	-	-
Decrease in and sale of associated companies' shares	-	33.9
Net cash used in investing activities	**-111.9**	**-107.5**
Cash flow from financing activities		
Proceeds from rights and share issue	200.2	90.7
Proceeds from short-term loans	95.5	115.3
Repayments of short-term loans	-192.3	-131.5
Proceeds from long-term loans	607.9	599.6
Repayments of long-term loans	-544.9	-600.6
Dividends paid and return from the invested unrestricted equity fund	-49.1	-41.7
Net cash from financing activities	**117.3**	**31.7**
Net change in cash and cash equivalents	**-16.9**	**-40.0**
Cash and cash equivalents at period-start	0.4	40.4
Effects of exchange rate changes	-	-
Cash and cash equivalents at period-end [1)]	**-16.5**	**0.4**

1) Cash and cash equivalents of Citycon Oyj included the Group cash pool as at 31 December 2013 and at 31 December 2012, in which the parent company's bank account can have a negative balance. Cash pool balance of EUR -32.2 million as at 31 December 2013 and EUR -16.2 million as at 31 December 2012 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.

Comparability of Financial Periods

Citycon Oyj has changed its Group structure as of 1 April 2012. Citycon's Finnish real estate operations were transferred from Citycon Oyj through business transfer to two new holding companies Citycon Finland Oy and Etelä-Suomen Kauppakiinteistöt Oy. After the business transfer, Citycon Oyj was left with the group functions and headquarter personnel. Therefore, the financial periods 2013 and 2012 are not comparable.

Income Statement Format

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

Non-Current Assets

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

Intangible assets

Intangible assets include IT software and other non-current assets, including office improvement expenses. IT sofware is depreciated over 3-7 years as straight line basis and office improvement expenses are depreciated over the term of the lease agreement.

Tangible assets

Tangible assets include machinery and equipment and construction in progress. Machinery and equipment is depreciated at 25 per cent annually, using the reducing balance method of depreciation.

Pension Schemes

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

Foreign Currency Receivables and Payables

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

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 hundreds thousands of euros; this may cause minor discrepancies between the sum totals and the sums of individual figures as given.

2. TURNOVER

EUR million	2013	2012
Turnover by country:		
Finland	0.2	20.3
Other countries	0.1	7.9
Total	**0.3**	**28.2**

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

EUR million	2013	2012
Administrative fees from Group companies	0.1	0.3

3. OTHER EXPENSES FROM LEASING OPERATIONS

EUR million	2013	2012
Tenant improvements and commissions	-	0.0
Credit losses	0.0	0.0
Total	**0.0**	**0.0**

4. PERSONNEL EXPENSES

EUR million	2013	2012
Average number of employees during period	33	42
Personnel expenses		
Wages and salaries	5.8	5.8
Pension charges	0.9	0.9
Other social charges	0.2	0.3
Total	**6.9**	**6.9**

The items presented above include CEO's statutory pension payments, EUR 0.2 million in 2013 (EUR 0.2 million in 2012). In addition, the items above include non-recurring personnel expenses of EUR 0.1 million in 2012 arising from employment terminations.

Personnel expenses include the following management salaries and emoluments		
CEO's salary and emoluments	0.9	1.0
Board remuneration	0.8	0.7
Total	**1.7**	**1.7**

5. DEPRECIATION AND AMORTISATION AND IMPAIRMENTS

EUR million	2013	2012
The following depreciation and amortisation as well as impairments are included in the administrative expenses:		
Amortisation on intangible assets	0.1	0.2
Depreciation on buildings and constructions	-	0.0
Depreciation on machinery and equipment	0.1	0.0
Total	**0.2**	**0.3**

6. OTHER OPERATING INCOME AND EXPENSES

EUR million	2013	2012
Loss/gain on sale of shares in subsidiaries and other investments	-	-0.6
Loss/gain on sale of tangible assets	-0.1	-
Leasing and asset management fees from Group companies	-	0.1
Other operating income	-	0.3
Total	**-0.1**	**-0.2**

7. NET FINANCIAL INCOME AND EXPENSES

EUR million	2013	2012
Dividend income		
From Group companies	46.0	19.5
From others	-	0.0
Total	**46.0**	**19.5**
Interest and other financial income		
From Group companies	38.2	38.3
Foreign exchange gains	47.4	33.8
Other interest and financial income	0.1	0.3
Total	**85.8**	**72.4**
Total financial income	**131.8**	**91.9**
Interest and other financial expenses		
To Group companies	33.7	5.2
Foreign exchange losses	25.1	33.9
Realised fair value losses from interest rate swaps	23.0	-
Interest and other financial expenses	70.0	60.9
Total financial expenses	**151.8**	**100.0**
Net financial income and expenses	**-20.0**	**-8.1**

The amount of EUR 0.9 million reported as Loss from convertible bond buy backs in the 2012 financial statements is included in Interest and other financial expenses in the table above.

8. INCOME TAX EXPENSE

EUR million	2013	2012
Current taxes	-	-
Deferred tax benefit	-	0.0
Income taxes	**-**	**0.0**

9. INTANGIBLE ASSETS

EUR million	2013	2012
Intangible rights		
Acquisition cost 1 Jan.	1.7	2.5
Additions during the period	0.5	0.3
Transfer of business	-	-1.1
Accumulated acquisition costs 31 Dec.	2.2	1.7
Accumulated depreciation 1 Jan.	-1.3	-1.5
Transfer of business	-	0.4
Depreciation for the period	0.0	-0.2
Accumulated depreciation 31 Dec.	-1.3	-1.3
Net carrying amount 31 Dec.	**0.8**	**0.4**
Tenant improvements and other non-current assets		
Acquisition cost 1 Jan.	1.5	39.5
Additions during the period	0.2	0.1
Transfer of business	-	-38.2
Accumulated acquisition costs 31 Dec.	1.6	1.5
Accumulated depreciation 1 Jan.	-1.3	-16.3
Transfer of business	-	15.0
Depreciation for the period	-0.1	0.0
Accumulated depreciation 31 Dec.	-1.4	-1.3
Net carrying amount 31 Dec.	**0.2**	**0.1**
Total intangible assets 31 Dec.	**1.1**	**0.5**

10. TANGIBLE ASSETS

EUR million	2013	2012
Machinery and equipment		
Acquisition cost 1 Jan.	1.1	5.9
Additions during the period	0.1	0.4
Reductions during the period	-0.3	-
Transfer of business	-	-5.2
Accumulated acquisition costs 31 Dec.	0.8	1.1
Accumulated depreciation 1 Jan.	-0.6	-5.0
Accumulated depreciation on disposals 31 Dec.	0.2	-
Transfer of business	-	4.4
Depreciation for the period	-0.1	0.0
Accumulated depreciation 31 Dec.	-0.5	-0.6
Net carrying amount 31 Dec.	**0.3**	**0.4**
Construction in progress		
Acquisition cost 1 Jan.	7.8	2.7
Additions during the period	-2.3	7.1
Transfer of business	-	-2.0
Net carrying amount 31 Dec.	5.5	7.8
Total tangible assets 31 Dec.	**5.9**	**8.3**

11. SHARES IN SUBSIDIARIES

EUR million	2013	2012
Acquisition cost 1 Jan.	1,226.8	1,252.6
Additions during the period	196.5	314.5
Transfer of business	-	-340.2
Net carrying amount 31 Dec.	**1,423.3**	**1,226.8**

12. SHARES IN ASSOCIATED COMPANIES

EUR million	2013	2012
Acquisition cost 1 Jan.	-	33.0
Transfer of business	-	-33.0
Net carrying amount 31 Dec.	**-**	**-**

13. OTHER INVESTMENTS

EUR million	2013	2012
Minority holdings		
Acquisition cost 1 Jan.	-	0.9
Transfer of business	-	-0.9
Net carrying amount 31 Dec.	**-**	**-**
Loan receivables from Group companies	**810.1**	**858.6**
Other receivables from outside the Group	**0.0**	**0.0**
Total other investments 31 Dec.	**810.1**	**858.6**
Total investments 31 Dec.	**2,233.4**	**2,085.4**

14. SUBSIDIARIES AND ASSOCIATED COMPANIES

Parent company's subsidiaries and associated companies are presented in the Note 31 Related Party Transactions in the Notes to the Consolidated Financial Statements.

15. LONG-TERM AND SHORT-TERM RECEIVABLES

EUR million	2013	2012
Receivables from outside the Group		
Trade receivables	0.5	0.2
Derivative financial instruments	2.4	-
Other receivables	0.6	1.3
Accrued income and prepaid expenses	1.0	0.1
Total	**4.5**	**1.7**
Receivables from Group companies		
Trade receivables	2.3	4.8
Loan receivables	0.0	0.1
Other receivables	13.2	36.7
Total other receivables	13.2	36.8
Interest receivables	1.9	1.6
Other accrued income and prepaid expenses	0.2	0.0
Total accrued income and prepaid expenses	2.1	1.6
Group contributions receivables	71.0	27.1
Total	**88.6**	**70.3**
Total short-term receivables	**93.1**	**72.0**

16. SHAREHOLDERS' EQUITY

EUR million	2013	2012
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.	**337.3**	**277.2**
Proceeds from share issue	200.2	90.7
Sale of treasury shares	-	-
Equity return from the invested unrestricted equity fund	-36.0	-30.6
Invested unrestricted equity fund at 31 Dec.	**501.6**	**337.3**
Retained earnings at 1 Jan.	**17.3**	**11.5**
Dividends	-13.1	-11.1
Profit/ Loss for the period	**13.1**	**17.0**
Retained earnings at 31 Dec.	**17.4**	**17.3**
Total shareholders' equity at 31 Dec.	**911.6**	**747.3**

17. LIABILITIES

A) Long-term liabilities

EUR million	2013	2012
Long-term interest-bearing liabilities		
Bond 1/2009	-	39.7
Bond 1/2012	138.0	149.5
Bond 1/2013	495.0	-
Loans from financial institutions, which are		
converted into fixed rates through interest-rate swaps	476.1	1,021.7
tied to market interest rates	78.0	70.9
Total	554.1	1,092.7
Current portion of interest-bearing liabilities	-9.1	-27.5
Total	545.0	1,065.2
Loans from Group companies	-	8.8
Total long-term liabilities	**1,178.1**	**1,263.3**
Loans maturing later than 5 years	**495.0**	**150.1**

B) Short-term liabilities

EUR million	2013	2012
Short-term interest-bearing liabilities		
Convertible capital loan 1/2006 [1]	-	39.1
Bond 1/2009	23.0	-
Commercial papers	-	32.5
Loans from financial institutions converted into fixed rates through interest-rate swaps	99.9	-
Current portion of interest-bearing liabilities	9.1	27.5
Cash pool overdrafts	0.9	-
Loans from Group companies	72.4	52.1
Total	**205.2**	**151.2**
Short-term non-interest-bearing liabilities		
Payables to outside the Group		
Accounts payable	5.2	0.5
Derivative financial instruments	3.4	0.7
Other payables	-0.3	3.8
Total other payables	3.1	4.5
Interest liability	16.1	9.0
Other accruals	2.8	2.4
Total accruals	18.8	11.5
Total	**27.1**	**16.5**

1) *The terms and conditions of convertible capital loan are presented in Note 26 Loans in the Notes to the Consolidated Financial Statements.*

EUR million	2013	2012
Payables to Group companies		
Accounts payable	0.0	0.0
Other payables	27.2	1.6
Total other payables	27.2	1.6
Accruals	0.0	2.9
Total	**27.2**	**4.5**
Total short-term liabilities	**259.5**	**172.1**
Total liabilities	**1,437.6**	**1,435.4**

All Group external derivative financial instruments in Citycon are executed by the parent company Citycon Oyj. Derivative financial instruments held with external counterparties are presented in Note 21. Derivative Financial Instruments in the Notes to the Consolidated Financial Statements. In addition Citycon Oyj had a group internal foreign exchange derivative as of 31 December 2013 with a fair value of EUR 9.5 million (EUR -1.5 million) and a nominal amount of EUR 712.1 million (EUR 626.3 million).

18. CONTINGENT LIABILITIES

The parent company does not have any mortgages nor given securities.

A) Lease liabilities

EUR million	2013	2012
Payables on lease commitments		
Maturing next financial year	0.6	0.6
Maturing later	0.3	0.3
Total	**0.9**	**0.9**

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

B) Guarantees given

EUR million	2013	2012
Bank guarantees	79.5	63.7
Of which on behalf of Group companies	71.4	53.0

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

SHAREHOLDERS AND SHARES

Citycon Oyj's shares are listed on the NASDAQ OMX Helsinki Stock Exchange Mid Cap list under the trading code CTY1S. The market capitalisation of Citycon at the end of 2013 was EUR 1.1 billion (EUR 0.8 billion).

Shares and share capital

Citycon has one share series and each share entitles its holder to one vote at the General Meeting and to an equal dividend. At year-end 2013, Citycon's total number of shares was 441,288,012 (326,880,012).

In February-March 2013, Citycon executed a share issue. All 114,408,000 offered shares were subscribed and entered in the Finnish Trade Register.

The equity markets recovered slightly in 2013 and the Citycon share price stayed stable at EUR 2.56 (EUR 2.57). The daily closing prices listed for the Citycon share during 2013 ranged from EUR 2.12 to EUR 2.67.

In 2013, 104.5 million (82.0 million) Citycon shares were traded on the Helsinki Stock Exchange for a total value of EUR 255.0 million (EUR 199.2 million). The daily average trading volume was 418,191 shares, representing a daily average turnover of EUR 1.0 million.

Citycon is included in international retail indices such as the FTSE EPRA/NAREIT Global Real Estate Index, the Global Real Estate Sustainability Benchmark Survey Index and the iBoxx BBB Financial index (EUR 500 million bond).

SHARE PRICE AND TRADING VOLUME

Share price, transactions, EUR	2013	2012	2011	2010	2009
Low	2.12	2.12	2.02	2.29	1.3
High	2.67	2.71	3.41	3.31	3.16
Average	2.44	2.43	2.77	2.84	1.99
Market capitalisation, EUR million	1,129.70	840.1	641.7	753.3	649.9
Share trading volume					
No. of shares traded as of year-start, 1,000	104,548	81,975	97,483	114,974	149,340
Percentage of total	23.7	25.1	35.1	47.0	67.0
Average number of shares, 1,000 [1]	425,415	298,091	269,676	236,841	229,457
Average number of shares, diluted, 1,000 [1]	431,445	313,202	287,420	255,171	248,627
Number of shares on 31. Dec., 1,000	441,288	326,880	277,811	244,565	221,060

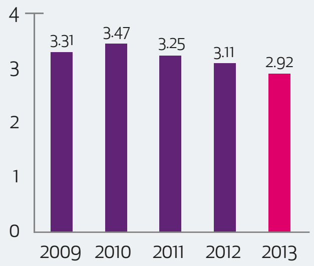
1) *Calculation of the number of shares is presented in Note 13. Earnings per share. Number of shares has been issue-adjusted resulting from the rights issue executed in 2013.*

Dividend payout

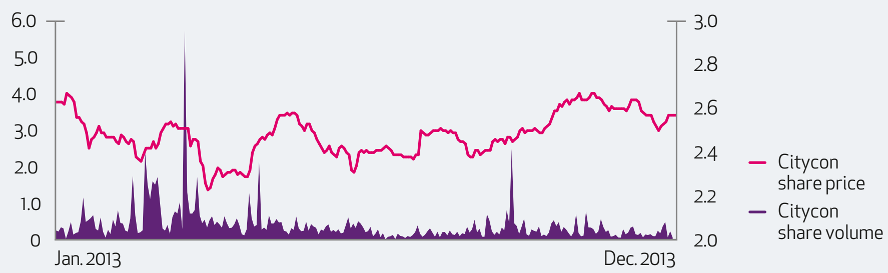
Cityon's current distribution policy is to pay out a minimum of 50 per cent of the profit for the period after taxes, excluding fair value changes in investment properties.

The Board of Directors proposes that a dividend of EUR 0.03 per share be paid for the 2013 financial year, and an equity repayment of EUR 0.12 per share be paid from the invested unrestricted equity fund, representing a payout ratio of approximately 5.9 per cent (5.8%).

Equity per share
EUR



Share price and volume
number of shares, million



BREAKDOWN OF SHAREHOLDERS ON 31 DECEMBER 2013 BY NUMBER OF SHARES

Number of shares	Number of owners	Percentage of owners	Number of shares	Percentage of shares and votes
1 - 100	699	7.93	37,078	0.01
101 - 1,000	3,689	41.83	1,842,943	0.42
1,001 - 5,000	3,169	35.93	7,698,203	1.74
5,001 - 10,000	668	7.57	4,749,110	1.08
10,001 - 50,000	465	5.27	9,243,248	2.09
50,001 - 100,000	60	0.68	4,083,464	0.93
100,001 - 500,000	48	0.54	10,650,571	2.41
500,001 - 1,000,000	6	0.07	3,570,735	0.81
1,000,001 -	16	0.18	399,412,660	90.51
Total	**8,820**	**100.00**	**441,288,012**	**100.00**
of which nominee-registered	10		343,405,168	77.82
Issued stock, total			**441,288,012**	

SHAREHOLDERS BY OWNERGROUP ON 31 DECEMBER 2013

	Number of owners	Percentage of owners	Percentage of shares and votes
Financial and insurance corporations	37	0.42	77.01
Corporations	551	6.25	2.46
Households	8,059	91.37	5.36
General government	8	0.09	10.46
Foreign	53	0.60	4.02
Non-profit institutions	112	1.27	0.68
Total	**8,820**	**100.00**	**100.00**
of which nominee-registered	10		77.82

BIGGEST SHAREHOLDERS ON 31 DECEMBER 2013

Name	Number of shares	Percentage of shares and votes
Ilmarinen Mutual Pension Insurance Company	39,615,389	8.98
The State Pension Fund of Finland	3,300,000	0.75
Folketrygdfondet	2,310,040	0.52
OP Bank Group Pension Fund	2,300,000	0.52
Sijoitusrahasto Aktia Capital	2,081,340	0.47
Odin Finland	2,017,441	0.46
Elo Mutual Pension Insurance Company	1,800,000	0.41
Sijoitusrahasto Taaleritehdas Arvo Markka Osake	1,309,508	0.30
Sijoitusrahasto Evli Suomi Pienyhtiöt	1,169,605	0.27
OP Bank Group Pension Foundation	1,036,000	0.23
10 biggest. total	**56,939,323**	**12.90**
Nominee-registered shares		
Danske Bank Plc	156,442,007	35.45
Nordea Bank Finland Plc	69,987,770	15.86
Evli Bank Plc	57,256,474	12.97
Skandinaviska Enskilda Banken AB (publ) Helsinki Branch	45,815,632	10.38
Euroclear Bank SA/NV	9,981,129	2.26
Other nominee-registered shares	3,922,156	0.90
Nominee-registered shares. total	**343,405,168**	**77.82**
Others	40,943,521	9.28
Shares. total	**441,288,012**	**100.00**

Shareholding

At year-end, Citycon had 8,820 shareholders. Foreign shareholding, including nominee-registered shares, represented 77.8 per cent (76.7%). Citycon is one of the companies on the Helsinki Stock Exchange with the most international ownership base.

Citycon's biggest shareholders are Gazit-Globe Ltd. and Ilmarinen Mutual Pension Insurance Company. Gazit-Globe Ltd. has informed the company that the number of shares held by it amounted to 217,574,694 shares accounting for 49.3 per cent of the shares and voting rights in the company at the year-end of 2013. Gazit-Globe Ltd.'s shareholding is nominee-registered. Ilmarinen owned 8.98 per cent of the issued share capital at year-end.

Notifications of changes in shareholding

The company did not receive any notifications of changes in shareholding during the year 2013.

Investor relations

The primary objective of Citycon's communication with capital market participants is to increase the company's appeal as an investment. The company aims to enhance investor-information transparency and improve the recognition of its business and thus generate added value to its shareholders.

Citycon actively meets with investors both in and outside Finland. In addition, the company's representatives meet investors at conferences arranged by associations or banks, in broader public events and during asset tours to the company's shopping centres.

The company's key communication channel is the corporate website, which includes all financial reports, releases, presentations and other investor information.

Changes in the register of shareholders

Shareholders are requested to notify their book-entry account operator or Euroclear Finland Ltd, whichever holds the shareholder's book-entry account, of any changes to their name or address.

SIGNATURES TO THE FINANCIAL STATEMENTS

Signatures to the Financial Statements 1 January - 31 December 2013

In Helsinki, on 4 February 2014

Chaim Katzman	Ronen Ashkenazi
Bernd Knobloch	Kirsi Komi
Karine Ohana	Claes Ottosson
Per-Anders Ovin	Jorma Sonninen
Yuval Yanai	Ariella Zochovitzky

Marcel Kokkeel
CEO

We have today submitted the report on the conducted audit.

In Helsinki, on 4 February 2014

Ernst & Young Oy
Authorized Public Accountants

Eija Niemi-Nikkola
Authorized Public Accountant

AUDITORS' REPORT

To the Annual General Meeting of Citycon Oyj
We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Citycon Oyj for the year ended 31 December, 2013. 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 statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

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

Opinion on the consolidated financial statements

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

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

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

Helsinki, 4 February 2014

Ernst & Young Oy
Authorized Public Accountant Firm

Eija Niemi-Nikkola
Authorized Public Accountant

PROPERTY LIST

Property	Address			Built in / renovated in	Holding, %	Citycon's GLA, sq.m.	Technical Occupancy rate, %, sq.m.[1)]	Economic Occupancy rate, %, EUR[1)]
FINLAND								
SHOPPING CENTRES, HELSINKI METROPOLITAN AREA								
1 Arabia						**14,300**	**96.7**	**97.5**
Helsingin Hämeentie 109-111 Koy	Hämeentie 109-111	00550	HELSINKI	1960/2002, 2013	100%			
2 Columbus						**21,000**	**98.3**	**99.1**
Kauppakeskus Columbus Koy	Vuotie 45	00980	HELSINKI	1997/2007	100%			
3 Espoontori						**16,300**	**91.5**	**92.0**
Espoon Asemakuja 2 Koy	Asemakuja 2	02770	ESPOO	1991	100%	6,000		
Espoon Asematori Koy	Kamreerintie 5	02770	ESPOO	1989/2010	54%	1,800		
Espoontori Koy	Kamreerintie 3	02770	ESPOO	1987/2010	67%	8,500		
Espoontorin Pysäköintitalo Oy	Kamreerintie 1	02770	ESPOO	1987/2010	60%			
4 Heikintori						**6,300**	**57.1**	**71.4**
Heikintori Oy	Kauppamiehentie 1	02100	ESPOO	1968	69%			
5 Iso Omena						**63,300**	**99.0**	**99.5**
Big Apple Top Oy	Piispansilta 9	02230	ESPOO	2001/2012	60%			
Holding Metrokeskus Oy	Piispansilta 9	02230	ESPOO	under construction	50%			
New Big Apple Top Koy	Piispansilta 9	02230	ESPOO	under construction	50%			
Holding Big Apple Housing Oy	Piispansilta 9	02230	ESPOO	under construction	50%			
Espoon Big Apple Housing As Oy	Piispansilta 9	02230	ESPOO	under construction	50%			
6 Isomyyri						**10,800**	**94.4**	**93.6**
Myyrmäen Kauppakeskus Koy	Liesitori 1	01600	VANTAA	1987	74%			
Liesikujan Autopaikat Oy	Liesikuja 2	01600	VANTAA	1987	8%			
7 Lippulaiva						**19,000**	**92.4**	**96.6**
Lippulaiva Koy	Espoonlahdenkatu 4	02320	ESPOO	1993/2007	100%			
8 Martinlaakson Ostari						**7,400**	**100.0**	**100.0**
Martinlaakson Kivivuorentie 4 Koy	Kivivuorentie 4	01620	VANTAA	2011	100%			
9 Myllypuron Ostari						**7,400**	**82.3**	**84.6**
Kivensilmänkuja 1 Koy	Kivensilmänkuja 1	00920	HELSINKI	2011, 2012	100%			
10 Myyrmanni						**39,600**	**93.6**	**95.9**
Myyrmanni Koy	Iskoskuja 3	01600	VANTAA	1994/2007/2011	100%			
Myyrmäen Autopaikoitus Oy	Iskoskuja 3	01600	VANTAA	1994	63%			
11 Tikkuri						**13,400**	**95.0**	**97.5**
Tikkurilan Kauppakeskus Koy	Asematie 4-10	01300	VANTAA	1984/1991	84%	10,600		
Asematie 3 Koy	Asematie 3	01300	VANTAA	1972	100%	1,400		
Tikkurilan Kassatalo As Oy	Asematie 1	01300	VANTAA	1956	60%	1,400		

	Property	Address			Built in / renovated in	Holding, %	Citycon's GLA, sq.m.	Technical Occupancy rate, %, sq.m.[1)]	Economic Occupancy rate, %, EUR[1)]
SHOPPING CENTRES, OTHER AREAS IN FINLAND									
12	**Duo**						**13,600**	**95.6**	**96.6**
	Hervannan Liikekeskus Oy	Insinöörinkatu 23	33720	TAMPERE	1979	79%	5,300		
	Tampereen Hermanni Koy	Pietilänkatu 2	33720	TAMPERE	2007	100%	8,300		
13	**Forum**						**16,800**	**94.2**	**96.3**
	Jyväskylän Forum Koy	Asemakatu 5	40100	JYVÄSKYLÄ	1953/1972/1980/1991/2010	100%			
14	**Galleria**						**6,400**	**99.0**	**99.7**
	Oulun Galleria Koy	Isokatu 23	90100	OULU	1987	100%	3,400		
	Oulun Isokatu 20 Koy	Isokatu 20	90100	OULU	1967/1993/1998	100%	1,500		
	Oulun Isokatu 22 Koy	Isokatu 22	90100	OULU	1967/1993/1998	100%	1,500		
15	**IsoKarhu**						**15,000**	**97.5**	**99.5**
	Kauppakeskus IsoKarhu Oy	Yrjönkatu 14	28100	PORI	1972/2001/2004	100%			
16	**IsoKristiina**						**11,200**	**100.0**	**100.0**
	Lappeenrannan Villimiehen Vitonen Oy	Kaivokatu 5	53100	LAPPEENRANTA	1987,1993/2013-	50%			
17	**Jyväskeskus**						**5,800**	**90.2**	**94.3**
	Jyväskylän Kauppakatu 31 Koy	Kauppakatu 31	40100	JYVÄSKYLÄ	1955/1993	100%			
18	**Koskikara**						**5,800**	**84.6**	**88.6**
	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		
19	**Koskikeskus**						**34,300**	**93.2**	**94.9**
	Tampereen Koskikeskus Koy	Hatanpään valtatie 1	33100	TAMPERE	1988/1995/2012	100%			
20	**Linjuri**						**9,200**	**96.6**	**98.3**
	Linjurin Kauppakeskus Koy	Vilhonkatu 14	24100	SALO	1993/2007	89%			
21	**Sampokeskus**						**13,800**	**86.9**	**93.3**
	Rovaniemen Sampotalo	Maakuntakatu 29-31	96200	ROVANIEMI	1990	100%	11,700		
	Lintulankulma Koy	Rovakatu 28	96200	ROVANIEMI	1989/1990	100%	2,100		
22	**Trio**						**45,600**	**89.2**	**88.8**
	Lahden Hansa Koy	Kauppakatu 10	15140	LAHTI	1992/2010	100%	11,000		
	Lahden Trio Koy	Aleksanterinkatu 20	15140	LAHTI	1977/1985-1987/1992/2007	90%	34,600		
	Hansaparkki Koy	Kauppakatu 10	15140	LAHTI	1992	36%			
OTHER RETAIL PROPERTIES, HELSINKI METROPOLITAN AREA									
1	**Aseman Ostari**						**4,000**	**97.4**	**98.2**
	Kirkkonummen Liikekeskus Oy	Asematie 3	02400	KIRKKONUMMI	1991/2011	67%			
2	Asolantien Liikekiinteistö Oy	Asolanväylä 50	01360	VANTAA	1986	100%	1,800	100.0	100.0
3	**Hakunilan Keskus**						**3,780**	**92.4**	**91.3**
	Hakucenter Koy	Laukkarinne 6	01200	VANTAA	1986	19%	780		
	Hakunilan Keskus Oy	Laukkarinne 4	01200	VANTAA	1982	41%	3,000		
4	Kontulan Asemakeskus Koy	Keinulaudankuja 4	00940	HELSINKI	1988/2007	35%	4,500	100.0	100.0
5	**Laajasalon Liikekeskus**						**2,660**	**100.0**	**100.0**
	Laajasalon Liikekeskus Oy	Yliskyläntie 3	00840	HELSINKI	1972/1995	50%	2,300		
	Kuvernöörintie 8 Koy	Kuvernöörintie 8	00840	HELSINKI	1982	100%	360		

	Property	Address			Built in / renovated in	Holding, %	Citycon's GLA, sq.m.	Technical Occupancy rate, %, sq.m.[1]	Economic Occupancy rate, %, EUR[1]
6	Lauttasaaren Liikekeskus Oy	Lauttasaarentie 28-30	00200	HELSINKI	1970	24%	1,500	100.0	100.0
7	Länsi-Keskus Koy	Pihatörmä 1	02210	ESPOO	1989	41%	7,900	90.8	91.9
8	Minkkikuja 4 Koy	Minkkikuja 4	01450	VANTAA	1989	100%	2,300	100.0	100.0
9	Pihlajamäen Liiketalo Oy	Meripihkatie 1	00710	HELSINKI	1970	43%	1,700	84.5	65.8
10	Salpausseläntie 11 Koy	Salpausseläntie 11	00710	HELSINKI	1973	31%	600	0.0	0.0
11	Sampotori	Heikintori, Kauppamiehentie 1	02100	ESPOO	plot	100%	50	100.0	100.0
12	Sinikalliontie 1 Koy	Sinikalliontie 1	02630	ESPOO	1964/1992,2013	100%	15,700	87.7	94.4
13	Soukan Itäinentorni As Oy	Soukantie 16	02360	ESPOO	1972	27%	1,600	100.0	100.0
14	Talvikkitie 7-9 Koy	Talvikkitie 7-9	01300	VANTAA	1989	100%	9,700	98.5	95.4
15	Vantaan Laajavuorenkuja 2 Koy	Laajavuorenkuja 2	01620	VANTAA	1976	100%	2,000	100.0	100.0
16	Vantaan Säästötalo Koy	Kielotie 20	01300	VANTAA	1983	61%	3,800	77.6	74.9
OTHER RETAIL PROPERTIES, OTHER AREAS IN FINLAND									
17	Forssan Hämeentie 3 Koy	Hämeentie 3	31100	FORSSA	1978	100%	4,500	0.0	0.0
18	Kaarinan Liiketalo Koy	Oskarinaukio 5	20780	KAARINA	1979/1982	100%	9,200	100.0	100.0
19	Karjaan Ratakatu 59 Koy	Ratakatu 59	10320	KARJAA	1993	100%	3,100	100.0	100.0
20	Kotkan Keskuskatu 11 Koy	Keskuskatu 11	48100	KOTKA	1976	100%	4,300	78.6	83.1
21	Kuopion Kauppakatu 41 Koy	Kauppakatu 41	70100	KUOPIO	1977	100%	11,200	93.9	97.2
22	Kuusankosken Kauppakatu 7 Koy	Kauppakatu 7	45700	KUUSANKOSKI	1980	100%	2,100	100.0	100.0
23	Lahden Kauppakatu 13 Koy	Kauppakatu 13	15140	LAHTI	1971	100%	8,600	100.0	100.0
24	Lentolan Perusyhtiö Oy	Mäkirinteentie 4	36220	KANGASALA	2007	100%	11,900	93.5	94.4
25	Lillinkulma Koy	Jännekatu 2-4	20760	PIISPANRISTI	2007	100%	7,400	100.0	100.0
26	Orimattilan Markkinatalo Oy	Erkontie 3	16300	ORIMATTILA	1983	77%	3,100	86.4	87.8
27	Porin Asema-aukio Koy	Satakunnankatu 23	28130	PORI	1957/1993	100%	18,800	46.4	42.0
28	Porin Isolinnankatu 18 Koy	Isolinnankatu 18	28100	PORI	1986/2012	100%	4,700	69.2	74.8
29	Puijonlaakson Palvelukeskus Koy	Sammakkolammentie 6	70200	KUOPIO	1971	31%	1,500	100.0	100.0
30	Runeberginkatu 33 Koy	Runeberginkatu 33	06100	PORVOO	1988	100%	6,300	100.0	100.0
31	Säkylän Liiketalo Koy	Pyhäjärventie 3	27800	SÄKYLÄ	1969	100%	1,200	100.0	100.0
32	Vaakalintu Koy	Keskuskatu 15	11100	RIIHIMÄKI	1980	96%	5,900	90.0	93.9
33	Varkauden Relanderinkatu 30 Koy	Relanderinkatu 28-34	78200	VARKAUS	1990	100%	8,200	100.0	100.0
55	**FINLAND TOTAL**						**571,890**	**92.2**	**95.1**
SWEDEN									
SHOPPING CENTRES, STOCKHOLM AREA AND UMEÅ									
1	**Fruängen Centrum**	Fruängsgången	12952	HÄGERSTERN	1965	100%	**14,700**	**94.0**	**95.8**
2	**Högdalen Centrum**						**19,300**	**89.1**	**88.6**
	Citycon Högdalen Centrum AB	Högdalsgången 1-38	12454	BANDHAGEN	1959/1995	100%			
3	**Jakobsbergs Centrum**						**41,500**	**94.6**	**95.7**
	Citycon Jakobsbergs Centrum AB	Tornérplatsen 30	17730	JÄRFALLA	1959/1993	100%			
4	**Liljeholmstorget Galleria**						**41,000**	**97.4**	**97.6**
	Citycon Liljeholmstorget Galleria AB	Liljeholmstorget 7	11763	STOCKHOLM	1973/1986/2007 /2008/2009	100%			

	Property	Address			Built in / renovated in	Holding, %	Citycon's GLA, sq.m.	Technical Occupancy rate, %, sq.m.[1)]	Economic Occupancy rate, %, EUR[1)]
5	**Strömpilen**						**26,900**	**98.1**	**97.9**
	Strömpilen AB	Strömpilsplatsen	90743	UMEÅ	1927/1997	100%			
6	**Tumba Centrum**						**25,500**	**96.2**	**97.5**
	Citycon Tumba Centrumfastigheter AB	Tumba Torg 115	14730	BOTKYRKA	1954/2000	100%			
7	**Åkermyntan Centrum**	Drivbänksvägen 1	16574	HÄSSELBY	1977/2012	100%	**10,000**	**93.3**	**92.9**
8	**Åkersberga Centrum**						**28,200**	**87.6**	**89.9**
	Åkersberga Centrum AB	Storängstorget	18430	ÅKERSBERGA	1985/1995/1996/2010/2011	75%			
SHOPPING CENTRES, GOTHENBURG AREA									
9	**Stenungs Torg**						36,400	93.1	94.1
	Stenungs Torg Fastighets AB	Östra Köpmansgatan 2-16, 18A-C	44430	STENUNGSUND	1967/1993/2013-	100%			
OTHER RETAIL PROPERTIES, STOCKHOLM AREA AND UMEÅ									
1	Kallhäll	Skarprättarvägen 36-38	17677	JÄRFALLA	1991	100%	3,700	63.4	73.1
2	Länken	Gräddvägen 1-2	90620	UMEÅ	1978/2004/2006	100%	7,300	100.0	100.0
11	**SWEDEN TOTAL**						**254,500**	**93.8**	**95.1**
BALTIC COUNTRIES AND NEW BUSINESS									
ESTONIA, SHOPPING CENTRES									
1	**Kristiine Keskus**						**43,700**	**100.0**	**100.0**
	Kristiine Keskus Oü	Endla 45	10615	TALLINN	1999-2002/2010/2013	100%			
2	**Magistral**						**11,700**	**100.0**	**100.0**
	Magistral Kaubanduskeskuse Oü	Sõpruse pst 201/203	13419	TALLINN	2000/2012	100%			
3	**Rocca al Mare**						**57,400**	**100.0**	**100.0**
	Rocca al Mare Kaubanduskeskuse AS	Paldiski mnt 102	13522	TALLINN	1998/2000/2007-2009/2013	100%			
LITHUANIA, SHOPPING CENTRES									
4	**Mandarinas**						**7,900**	**100.0**	**100.0**
	UAB Prekybos Centras Mandarinas	Ateities g. 91	06324	VILNIUS	2005	100%			
DENMARK, SHOPPING CENTRES									
5	**Albertslund Centrum**						**14,700**	**96.2**	**96.4**
	Albertslund Centrum ApS	Stationstorvet 23	2620	ALBERTSLUND	1965	100%			
5	**BALTIC COUNTRIES AND NEW BUSINESS, TOTAL**						**135,400**	**99.6**	**99.7**
71	**TOTAL ALL**						**961,790**	**93.7**	**95.7**
SHOPPING CENTRES OWNED THROUGH JOINT VENTURES									
1	**Kista Galleria**								
	Kista Galleria Kommanditbolag	Kista Galleria	16453	STOCKHOLM	1977,2002/2009	50%	**94,200**	**99.2**	**99.1**

1) Formulas are available on page 65.

VALUATION STATEMENT 31 DECEMBER 2013

1. Scope of Instructions

In accordance with our instructions as the External Valuer of Citycon Oyj ("Company"), we have carried out a fair valuation of the properties held within the Company's investment property portfolio as at 31 December 2013, to arrive at our opinion of Fair Value.

Fair value is defined by the International Accounting Standards Board (IASB) and IFRS 13 as: "The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants on the measurement date."

The International Valuation Standards Board (IVSB) considers that definitions of Fair Value are generally consistent with Market Value and we confirm that the Fair Value reported is effectively the same as our opinion of Market Value.

We understand that this valuation is required for financial reporting and performance measurement purposes.

We confirm that our valuations are fully compliant with IFRS accounting standards and IVSC valuation standards and guidance. We also confirm that we have no involvement with the subscriber or the properties valued which is likely to cause a conflict of interest in our provision of this advice.

We carried out inspections of each of the properties during September-December 2011 when the property portfolio was evaluated by us for the first time. We have also re-inspected 59 properties after the initial valuation, as well as inspected all the properties acquired after the initial valuation.

We have not measured the properties but have relied on the leasable areas supplied to us by the Company. We have not read copies of the leases or of other related documents, but have relied on the tenancy information provided by the Company, which reflects the latest available tenancy position.

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

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

2. Market overview

Finland

According to Statistics Finland the GDP growth in Q3 2013 was 0% compared to the previous quarter and −1.0% compared to Q3 2012. Ministry of Finance forecasts the GDP growth for the whole year 2013 to be −1.2%. In 2014 the GDP growth forecasts are overall more positive varying from −0.8% up to 2.3%. Investments and consumer spending are forecast to remain subdued or decrease thus domestic demand will not speed up growth.

Retail sales increased by 0.2% in November (year-on-year) mainly due to the positive development of grocery store sales. The sales volume contracted respectively by -0.3%. Forecast retail sales growth in 2013-2015 has been revised slightly downwards to 1.5% p.a. This development is mainly driven by relatively low consumer confidence (the majority of consumers are expecting the economic situation in Finland to continue to weaken but, at the same time, the majority still have cautious confidence in their own economic situation and they see increase in their own saving possibilities), sluggish employment outlook and limited growth of purchasing power due to increasing tax burden with only moderate increase of salaries.

Prime shopping centre rents remained stable compared to the previous quarter and year-on-year. The softening outlook for retail sales limits the rental growth potential and has already made occupiers more cautious which has lengthened leasing negotiations and slowed down decision making. In 2014 prime rents are forecast to increase by 0.7% but the rental growth potential is limited only to prime centres and locations.

The last quarter of 2013 was relatively active for the investment market recording the highest investment volume since Q1 2008. In the retail sector the biggest deal published was the transaction of 50% of shopping centre Kamppi in the Helsinki CBD. Demand for core assets remains strong, as equity rich investors keep looking for safe havens, but there are also signs of investors starting to diversify their portfolios, both in terms of risk and geography, by looking for more value added and secondary opportunities. However, stronger economic fundamentals are needed before more robust growth could be expected. Due to strong investment demand, shopping centre prime yields have remained stable both quarter-on-quarter and year-on-year and no significant change is expected in 2014.

Sweden

According to the National Institute of Economic Research (NIER), Sweden's GDP growth in Q3 2013 was weak, although preliminary information suggests that the growth improved in Q4 2013. For 2013 as a whole, NIER forecasts GDP growth of 1.0% and then 2.4% in 2014. Tax reductions and low inflation are contributing to strengthening purchasing power for households while both investments by businesses as well as exports are also increasing. The labour market continues to improve with unemployment forecast to be 8.0% in 2013 and then 7.7% at the end of 2014. The Swedish Central Bank's decision to reduce the base rate from 1.0% to 0.75% during Q4 should support the economic recovery.

Retail sales increased by 1.7% in the period January to October 2013 and latest forecasts by HUI Research suggest an increase of 2.0% for 2013 as a whole; which will be the same rate of growth as 2012. Further, according to HUI Research, retail turnover is forecast to be 3% in 2014. Daily goods sales are forecast to beat the performance of non-daily goods sales in both 2013 and 2014, although the rate of growth for non-daily goods will make some progress in catching up with the daily goods growth rate in 2014, with a gradually improving economy and some pent up demand contributing to this.

Prime shopping centre rents are increasing slowly and in general terms are estimated to have increased by around 1.5% over the year. Subdued retail turnover growth and competition limits the rental growth. In 2014, prime rents are forecast to increase by 2.0 - 2.5% as retail turnover growth improves. Generally, prime retail rents will perform better than secondary retail rents in terms of growth.

Demand for core assets remains strong as equity rich investors look for safe havens. The transaction volume for retail properties in Q4 2013 was some SEK 5 billion which is less than Q4 2012 when some SEK 7.6 billion was transacted. Comparing 2013 and 2012 as a whole in terms of retail transaction volume, SEK 12.7 billion was transacted in 2013 which is around 95% of the 2012 volume. The largest transaction of both Q4 2013 and the year as a whole was KF Fastigheter's sale of a portfolio of 7 retail properties, including Bromma Blocks in Stockholm to Starwood for SEK 3.9 billion (SEK 19,024 / sqm.) Prime shopping centre yields remain stable quarter-on-quarter as well as year-on-year and no significant change is expected in 2014.

Estonia

According to Statistics Estonia GDP growth in Q3 was 0.6% compared to Q2 and 0.7% compared to Q3 2012. GDP growth forecast for the full year 2013 is 1.0%. The economy is expected to resume higher growth in 2014 as GDP is forecast to increase from 2.0% to 3.0%. Strong domestic demand remains the main growth driver of the economy, supported by rise in employment and disposable income.

Retail sales increased by 7% in November (year-on-year) measured in constant prices. The main growth driver was the consumer goods segment growing by 14%. The Bank of Estonia forecasts private consumption to grow by 3.4%. Growth is supported by increasing real income, an improving labour market and high consumer confidence (indicators slightly above the 10 year average). Increasing purchasing power supports the retail sales outlook for 2014 and 2015.

Prime shopping centre rents remained stable in Q4 2013, but increased year-on-year approximately by 2.0%. The vacancy rate in professionally managed prime centres is near 0% and demand for small to mid-size units is high. At the same time retail chains are optimising their store networks and older shopping centres in remote locations face challenges to renew contracts. In 2014 prime rents are forecast to increase by 1.0-1.5%.

The investment market in Q4 2013 featured transactions mainly in the office and industrial segment, retail transactions are expected to take place in Q1 2014. Lack of investment product has hindered growth of transaction volumes. Prime yields have dropped to 7.3% and best-in-class regional centres can command premium pricing. Strong economic fundamentals support further yield compression, but at the same time, the gradually increasing cost of financing negatively affects the yields.

Lithuania

According to Statistics Lithuania GDP growth in Q3 was 0.2% compared to the previous quarter and 2.3% compared to Q3 2012. The Bank of Lithuania forecasts GDP growth for the full year 2013 to be 2.8% and the economy is expected to continue growing in 2014 at a level of 3.5%. The main drivers of the economy are domestic demand and growing investments.

Retail sales increased by 3.1% in November (year-on-year) measured in constant prices according to Lithuania Statistics. During the first ten months of 2013 the main growth driver was the non-food product segment growing by 5.4% whilst the food segment showed growth of 4.0%. Consumer confidence grew slightly in the end of 2013. Growth in purchasing power supports retail sales outlook for 2014.

Prime shopping centre rents increased by 2% (year-on-year) in Q4 2013, but only in professionally managed prime centres; thus rents in secondary centres have remained stable. Demand for space in shopping centres is growing, supporting the decline in vacancy rates and in prime properties the vacancy rate is near 0%. In 2014 prime rents are forecast to increase by 1.0%.

The Lithuanian property investment market witnessed activity in office and industrial segments, but no remarkable retail property transactions were published in Q4 2013. Demand for core office and retail assets remains strong, but mainly in the small to mid-size lot sizes. There is a lack of core retail properties on the market and this has hindered growth of transaction volumes. Prime shopping centre yields have dropped to 7.5% and best-in-class regional centres can command premium pricing. Growing investment activity and strong economic fundamentals support further yield compression, but at the same time gradually increasing cost of financing affects the yields negatively.

Denmark

According to Statistics Denmark GDP growth in Q3 2013 was 0.4% compared to the previous quarter and 0.5% compared to Q3 2012. For 2013 the consensus forecast indicates slightly positive growth in the area of 0.4%. For 2014 the forecasts are overall more positive varying from 1% up to 2% growth. Exports and private consumption are expected to be the primary drivers for growth in 2014 while public consumption and investments drove the growth in 2013.

Retail sales decreased by 1% in November (year-on-year) mainly due to a decrease in consumer goods sales. Measured by volume, the drop was correspondingly -0.3%. It is expected that retail sales will start to increase slightly in 2014. Private consumption levels are expected to increase and this will drive up retail sales. At the same time, consumer confidence is fairly strong and overall there is positive sentiment regarding the future economic situation in Denmark.

Prime shopping centre rents remained stable compared to the previous quarter being also stable on a year-on-year basis. The slow growth rates in retail sales limit the rental growth potential and have already made occupiers more cautious which has lengthened leasing negotiations and slowed down decision making. In the high-street market in Copenhagen however there have been significant rent increases in Q4 2013. In 2014 prime shopping centre rents are forecast to remain stable and the rents will only start to grow after a few quarters with positive economic growth.

The retail investment market have seen increasing activity in Q3 and Q4 2014. NREP have set up a new retail fund in Denmark and have started to buy up minor shopping centres. In Q4 alone they bought three shopping centres at a total volume of DKK 500 million. At the end of 2013 two large pension funds ATP and PensionDanmark announced their acquisition of the landmark department store in Copenhagen, Magasin Du Nord. The total investment is estimated to be at around DKK 2 billion. Together with a number of high street transactions the total investment volume in the retail segment has almost doubled compared to 2012. Due to the fairly strong investment demand for prime assets, shopping centre prime yields have remained stable both quarter-on-quarter and year-on-year and no significant change is expected either in 2014.

3. Valuation Rationale

We have adopted a 10-year cash flow as the main valuation method. The model was provided by the Company. Cash flows are calculated based on information from existing lease agreements. For the period after the expiry of these agreements, our market evaluation of the estimated rental value (ERV) replaces the contract rent.

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

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

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

4. Valuation

Property Portfolio

At the end of December 2013, Citycon owned 72 properties (including Kista Galleria). This valuation statement includes all properties except Kista Galleria which is valued separately. The property portfolio under valuation consists mainly of retail properties, of which 55 are located in Finland, 11 in Sweden, three in Estonia, one in Lithuania and one in Denmark. The core of the portfolio consists of 36 shopping centre properties, which comprise 81% of the portfolio's leasable area and represent most of its value. The rest of the property portfolio consists of other retail properties such as supermarkets and shops.

Since the previous valuation in Q3, one property has been divested; Torikeskus located in Seinäjoki, Finland.

The total fair value of the portfolio in Q4 2013 was approximately EUR2,730 million. Compared to the Q3 2013 the fair value increased by EUR10.6 million i.e. 0.4% when excluding the divested property (Torikeskus). The weighted average yield requirement of the portfolio remained at 6.3%. The increase in fair value is mainly driven by the committed investments, revision of yields and positive development of prime shopping centre rents.

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

Properties in Finland

The fair value of the Finnish portfolio is EUR1,669 million and it increased by EUR8.4 million from Q3 when excluding Seinäjoen Torikeskus which was disposed of during Q4. Compared to Q3 the weighted average yield requirement (6.2%) has remained unchanged, as well as the weighted reversionary yield (6.7%). The weighted initial yield (6.3%) has decreased by 10 bps due to a modest decrease in contract rents. The change in the value of the Finnish portfolio is mainly driven by committed investments and by yield movement of certain properties due to new market evidence. In over half of the properties, market rents have been adjusted both down and upwards to reflect the changes in the local market.

Properties in Sweden

The fair value of the Swedish portfolio is EUR719 million, meaning that the portfolio's value has decreased by 0.7% since Q3. The decrease in the value of the portfolio is entirely due to the weakening of the Swedish Crown and excluding this the value of the properties increased by EUR11.3 million due to committed investments and positive development of rents. The weighted average yield requirement for the Swedish portfolio remained unchanged being 5.9%. The weighted average initial yield has increased by 10bps (5.9%) as has the weighted average reversionary yield being now 6.6%. In two properties the yield has been moved in, in one centre due to the positive changes of sales figures and in the other centre due to the news that a project has started, where Hennes & Mauritz has signed up as an anchor tenant. In almost every property the market rents have been adjusted to reflect the changes in the local market.

Properties in Baltic Countries and Denmark

The fair value of the Baltic countries and Denmark property portfolio is EUR342 million. Compared to the Q3 value, this represents a 2.2% increase in value. The increase in value is mainly driven by the revised yields of the properties in Baltic countries. The weighted average yield requirement of the portfolio has decreased by 30bps to 7.3%. The weighted average initial yield decreased by 20bps to 7.7% and the weighted average reversionary yield decreased by 30 bps to 7.7%. In four properties the yield has been moved in due to the changing features of the properties. In three properties, market rents have been adjusted up, this is mainly due to the increased attractiveness of the refurbished centres.

Sensitivity Analysis

A sensitivity analysis of the portfolio's fair value was carried out by creating a summary cash flow based on individual cash flow calculations. Changes in fair value were tested by modifying the key input parameters of the calculations. The parameters tested were yield requirement, estimated rental value and operating expenses. The current fair value of the properties was used as a starting point for the analysis, which was performed by changing one parameter at a time while all others remain unchanged and then calculating the corresponding fair value of the total portfolio. The sensitivity analysis is a simplified model intended to support the understanding of the value effect of different parameters on the valuation.

The value of the portfolio is most sensitive to the changes in estimated rental value and yield requirement. A 10% increase in estimated rental value leads to change of around 13% in value, while a 10% fall in the yield requirement causes an increase of around 11% in value. Changes in expenses have a more modest effect on the value than other parameters.

Fair Value as at 31 December 2013

We are of the opinion that the aggregate of the Fair Values, free of liabilities and debt, of the properties in the subject portfolio as at 31 December 2013, is ca. EUR2,730,000,000 (Two Thousand Seven Hundred and Thirty Million Euros).

In Helsinki and Stockholm 21st of January 2014
Yours faithfully

Tero Lehtonen
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For and on behalf of
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