2007 | Interim Report for 1 January–30 June 2007

Q2

Q4

Q1

Q3

CITYCON

Citycon Interim Report for 1 January–30 June 2007

Summary of the Second Quarter Compared to the First Quarter

- Net rental income increased to EUR 25.8 million in the second quarter (EUR 23.2 million).
- Citycon's second-quarter earnings per share amounted to EUR 0.70 (EUR 0.18 in the first quarter). Earnings per share exclusive of changes in fair value were EUR 0.04 (EUR 0.04).
- The fair value of investment properties increased substantially, by EUR 160.1 million, mainly due to lower valuation yield resulting from continued yield compression. The fair value of investment properties was EUR 1,799.2 million (EUR 1,546.9 million).
- The shopping centre Duo was opened in Hervanta, Tampere, as well as a retail centre in Kaarina in the Turku region.
- In Umeå, the company acquired 75 per cent of the shopping centre Strömpilen and the retail property Länken. An agreement was signed to acquire the shopping centre Magistral in Tallinn. Closing of the transaction took place on 16 July.
- In the beginning of July, Citycon was upgraded from mid cap to large cap companies on the Nordic Exchange based on its market capitalisation in May.

Key Figures

	Q2/2007	Q2/2006	Q1/2007	Q1-Q2/2007	Q1-Q2/2006	Change[1]	1-12/2006
Turnover, EUR million	35.9	27.8	34.2	70.2	55.0	27.5%	119.4
Net rental income, EUR million	25.8	19.6	23.2	49.0	39.0	25.6%	82.8
Operating profit, EUR million	181.6	76.8	50.4	231.9	108.7	113.4%	196.5
% of turnover	505.3%	276.5%	147.1%	330.5%	197.5%	–	164.6%
Profit before taxes, EUR million	171.6	70.9	40.9	212.5	95.8	121.9%	165.6
Profit attributable to parent company shareholders, EUR million	134.6	54.3	33.0	167.6	72.4	131.4%	124.9
Earnings per share (basic), EUR	0.70	0.34	0.18	0.90	0.47	90.5%	0.78
Earnings per share (diluted), EUR (EPRA EPS)	0.62	0.33	0.17	0.80	0.47	70.0%	0.74
Earnings per share (basic), excluding the effects of changes in fair value, gains on sale and other extraordinary items, EUR	0.04	0.05	0.04	0.08	0.10	-21.6%	0.20
Net cash from operating activities per share, EUR	0.06	0.00	0.05	0.11	0.10	10.0%	0.20
Fair market value of investment properties, EUR million			1,546.9	1,799.2	1,143.2	57.4%	1,447.9
Equity per share, EUR (EPRA NAV)				4.42	2.98	48.5%	3.38
EPRA NNNAV				4.27	3.00	42.7%	3.22
Equity ratio, %				46.9	42.3	–	39.1
Gearing, %				96.2	122.9	–	136.6
Net interest-bearing debt (fair value), EUR million				863.3	608.5	41.9%	811.2
Net rental yield, % [2]				6.4	8.0	–	7.1
Occupancy rate, %				95.8	96.7	–	97.1
Personnel (at the end of the period)				94	61	54.1%	73

[1] Change-% is calculated based on exact figures and refers to the change between Q1-Q2/2006 and Q1-Q2/2007.

[2] Includes the lots for development projects.

Summary of the Reporting Period 1 January–30 June 2007

- Turnover increased by 27.5 per cent, to EUR 70.2 million (Q1-2/2006: EUR 55.0 million), due mainly to property acquisitions.
- Profit before taxes improved to EUR 212.5 million (EUR 95.8 million), including a EUR 191.6 million (EUR 75.3 million) increase in the fair value of investment properties.
- Reported net rental income increased by 25.6 per cent, to EUR 49.0 million (EUR 39.0 million), and that of like-for-like properties increased by 8.8 per cent.
- Earnings per share were EUR 0.90 (EUR 0.47).
- Earnings per share excluding the effects of fair value changes were EUR 0.08 (EUR 0.10). The decline derives from a one-time exchange rate gain in the comparison period, divestment of non-core properties, higher number of shares as well as from increased development activities and costs related to expanded business operations.
- Net cash flow from operating activities per share grew in spite of increased interest rates and amounted to EUR 0.11 (EUR 0.10).
- Per-share net asset value (EPRA NAV) grew to EUR 4.42 (EUR 2.98).
- According to an external appraiser, the average net yield requirement for investment properties stood at 5.8 per cent at the end of the reporting period.
- Occupancy rate remained at a good level at 95.8 per cent, but suffered from the increased number of premises temporarily vacated due to redevelopment projects.
- In addition to the acquisitions of Strömpilen, Länken and Magistral referred to above, acquisitions during the period include Tumba Centrum close to Stockholm and the Hansa property within the Trio shopping centre in Lahti.
- During the period, the company decided to initiate development and redevelopment projects in Estonia and Sweden for an estimated total aggregate value of EUR 178 million.
- The equity ratio increased to 46.9 per cent (42.3 per cent).
- In February, the company carried out a directed share issue worth EUR 133.8 million by issuing 25,000,000 new shares.

CEO Petri Olkinuora:

"Citycon continued implementing its growth strategy through continuous redevelopment and proactive management of its portfolio and reported growth in like-for-like net rents. Additionally, the net cash flow from operating activities per share remained strong and the increase in fair value resulted in a significant growth in earnings per share. The recent very active property market resulted in a reduction of valuation yields and substantial valuation gains as assessed by the external appraiser. During the period, the company also grew successfully through acquisitions. In Sweden, Citycon's business expanded to Umeå, where the company acquired a majority holding in the region's leading shopping centre Strömpilen and the retail property Länken.

I am delighted with the level of the activity in development and redevelopment, which is a direct execution of our strategy and will lead to strong internal growth and improved quality of our portfolio. We are seeking better long-term return from development projects compared to acquisitions. The company has already demonstrated its ability to deliver successful development and redevelopment of its properties with the opening of the shopping centre Duo during the reporting period. The company currently has six significant development and redevelopment projects underway, with investments totalling approximately EUR 340 million."

Business Environment

During the first six months of 2007, demand for retail premises remained strong in Citycon's operating regions in Finland, Sweden and the Baltic countries and occupancy rates remained high.

Economic growth has continued and retail trade has been active in all of Citycon's operating countries. Investor interest in retail properties has also remained high in all of the company's operating regions. Since competition for offered investment properties has remained tough, yield requirements for properties have fallen and property prices have risen, in addition to which the general interest rate level has increased. The increase in interest rate levels has been especially fast in the Baltic countries. Property market liquidity has remained at a good level and the company's operating regions have plenty of investment properties that are, or will soon be, on sale.

Business and Property Portfolio in Summary

Specialising in shopping centres and other large retail units, Citycon is a property investment company operating in Finland, Sweden and the Baltic countries. Citycon is the market leader in the Finnish shopping centre business and has achieved a substantial position in the Swedish shopping centre market. In the Baltic countries, the company has established a firm foothold. Citycon's core competence lies in the development of shopping centres into commercially more attractive retail properties through property development and retail property management, as well as competence associated with new retail property acquisitions.

On 30 June 2007, Citycon owned 30 (23) shopping centres and 53 (133) other retail units. Of the shopping centres, 20 (18) were located in Finland, eight (3) in Sweden and two (2) in the Baltic countries. At the end of the period, the market value of Citycon's property portfolio totalled EUR 1,799.2 million, Finnish properties accounting for 66.0 per cent (83.2 per cent), Swedish properties for 29.0 per cent (10.0 per cent) and properties in the Baltic countries for 5.0 per cent (6.8 per cent). The gross leasable area at the end of the period was 824,300 square metres.

Changes in Investment Property Portfolio's Fair Value

Citycon measures its investment property at fair value, under IAS 40, according to which changes in its fair value are recognised through profit or loss. Using International Valuation Standards (IVS), an external professional appraiser conducts the valuation of the company's property at least once a year. In 2007, the valuations by an external appraiser will be conducted quarterly, due to active market conditions.

Citycon has appointed a new external appraiser, with Realia Management Oy having conducted its first appraisal of Citycon's property portfolio for this interim report. Realia Management Oy is part of the Realia Group and works in association with the world's leading provider of real estate services, the international company CB Richard Ellis. A Property Valuation Statement on the June-end status, prepared by Realia Management Oy, can be found at www.citycon.fi.

During the reporting period, the fair value of Citycon's property portfolio rose by EUR 191.6 million as a result of changes in general market conditions and the leasing business. The period saw a total value increase of EUR 197.6 million and a total value decrease of EUR 6.0 million.

The average net yield requirement defined by Realia Management Oy for Citycon's property portfolio fell to 5.8 per cent, due mainly to the very active property market.

Lease Portfolio and Occupancy Rate

On 30 June 2007, Citycon had a total of 3,415 (2,373) leases. The length of the leases averaged 2.9 (2.9) years. On the same date, the occupancy rate for the company's property portfolio stood at 95.8 per cent (96.7 per cent) and net rental yield at 6.4 per cent (8.0 per cent). Occupancy rate suffered from the increased number of premises temporarily vacated due to redevelopment projects.

Reported net rental income increased by 25.6 per cent, to EUR 49.0 million, and the gross leasable area (GLA) grew by 25.3 per cent, to 824,300 square metres. Net rental income for like-for-like properties rose by 8.8. per cent. Like-for-like properties refer to properties held by Citycon throughout the 24-month reference period, excluding properties under development and expansion as well as lots. During the reporting period, all of Citycon's like-for-like properties were located in Finland as the first acquisitions outside Finland were carried out in July 2005.

The calculation method for net yield and standing (like-for-like) investments is based on the guidelines issued by the KTI Institute for Real Estate Economics and the Investment Property Databank (IPD).

Lease portfolio summary

	Q2/2007	Q2/2006	Q1/2007	Q1-Q2/2007	Q1-Q2/2006	Change -%	1-12 2006
Number of leases started during the period	122	79	114	236	201	17.4%	369
Total area of leases started, sq.m.	28,745	9,521	17,960	46,705	48,986	-4.7%	73,300
Occupancy rate at end of the period , %			96.7	95.8	96.7	-0.9%	97.1
Average length of lease portfolio at the end of the period, year			2.9	2.9	2.9	0.0%	2.9

Development Projects

Maintaining its properties as attractive and dynamic centres for shopping both for the customers and lessees is the key element in Citycon's business. Citycon aims to increase the cash flow and return from its shopping facilities in the long term through development projects. In the short term, however, development projects may weaken the returns from some properties as part of the retail premises have to be temporarily vacated for refurbishment. This will impact the rental income from properties under development in the short term.

The table below shows a list of the most significant development and redevelopment projects in progress, decided by the Board of Directors. In addition, Citycon is planning and preparing a number of other development projects. More information on projects under planning can be found in the management presentations and Annual Report available at www.citycon.fi.

Development projects in progress

Property	Location	Total estimated expenditure (EUR million)	Actual gross-expenditure up to 30 June 2007 (EUR million)	Estimated year of completion
Lippulaiva	Espoo, Finland	60-70 [1]	8.4	2008
Trio	Lahti, Finland	50.5	4.2	2009
Lentola	Kangasala, Finland	16.6	–	2007
Torikeskus	Seinäjoki, Finland	4.0	1.9	2008
Åkersberga	Österåker, Sweden	27 [2]	4.1	2009
Liljeholmen	Stockholm, Sweden	110	6.6	2009
Rocca al Mare	Tallinn, Estonia	68 [3]	4.2	2010

[1] Both planned stages included in the figure.
[2] Citycon owns 75 per cent of the Åkersberga shopping centre. The estimated total value of the redevelopment project is EUR 40 million.
[3] All three planned stages included in the figure.

Completed and partially completed development projects

Property	Location	Total estimated expenditure (EUR million)	Actual gross-expenditure up to 30 June 2007 (EUR million)	Estimated year of completion
Duo	Tampere, Finland	27.3	22.5	2007
Lillinkulma [1]	Kaarina, Finland	8.2	10.9 [2]	Completed

[1] Lillinkulma was previously referred to as Piispanristi.
[2] Includes stages 1 and 2. The 2nd stage was completed earlier than anticipated.

The most significant project, which started during the period, is the construction of a new shopping centre at Liljeholmen in Stockholm. The value of the project is approximately EUR 110 million in addition to the EUR 60.6 million paid for the property, and it is the largest individual development project in Citycon's history. The gross area of the shopping centre will be approximately 91,000 square metres, including an underground car park. The new shopping centre will open its doors in or around October–November 2009.

In early February, Citycon announced that it would begin to extend the Rocca al Mare shopping centre in Tallinn, acquired in the summer of 2005. Its first stage investment is worth a total of some EUR 25 million, increasing the gross leasable area by around 16,000 square metres, while the project investment, covering several stages, totals an estimated EUR 68 million.

An extension to the shopping centre Duo located in Finland's largest suburb, Hervanta in Tampere, was completed in April. The leasable area of the shopping centre is 15,500 square metres, consisting of the old Hervanta retail centre (5,200 m2) and the new extension (10,300 m2). The number of customers in the first week after the opening day, 80,000 people, exceeded expectations. The project was completed on budget and schedule. Refurbishment of the old section will be completed for Christmas 2007.

Koskikeskus in Tampere also underwent commercial upgrading, and its service offering was expanded during the period. A food court will be opened at Myyrmanni in Vantaa in 2007, doubling the number of the shopping centre's existing restaurants. The project's value is approximately EUR 2 million. In the centre of the town of Salo, which lies some 120 kilometres west of Helsinki, a retail property owned by Citycon will be redeveloped into a shopping centre. The investment amounts to approximately EUR 1.8 million, and the centre will be opened for Christmas 2007.

Business Units

Since the end of 2006, Citycon's business is divided into three business units, Finland, Sweden and the Baltic Countries, which are further divided into business areas Retail Properties and Property Development.

Finland

Citycon leads the Finnish market in the shopping centre business. Reported net rental income rose by 4.8 per cent, to EUR 35.7 million and that of like-for-like properties increased by 8.8 per cent. Business unit Finland accounted for 72.9 per cent of Citycon's total net rental income.

Rolling twelve month occupancy cost ratio for like-for-like properties was 8.6 per cent (8.5 per cent). Occupancy cost ratio has been calculated as a share of net rent and potential service charges, paid by the tenant to Citycon, of tenant's sales excluding VAT. VAT-percentage is an estimate.

Lease portfolio summary, Finland

	Q2/2007	Q2/2006	Q1/2007	Q1-Q2/2007	Q1-Q2/2006	Change -%	1-12/2006
Number of leases started during the period	101	76	106	207	189	9.5%	321
Total area of leases started, sq.m.	24,350	8,419	16,900	41,250	45,885	-10.1%	66,500
Occupancy rate at end of the period , %			96.4	95.9	96.5	-0.6%	97.2
Average length of lease portfolio at the end of the period, year			3.2	3.4	2.9	17.2%	3.1

Financial performance, Finland

	Q2/2007	Q2/2006	Q1/2007	Q1-Q2/2007	Q1-Q2/2006	Change -%	1-12/2006
Turnover, EUR million	24.7	23.7	23.9	48.6	47.1	3.3%	95.8
Net fair value gains on investment property, EUR million	120.3	56.2	14.0	134.3	71.1	88.7%	104.8
Operating profit, EUR million	137.1	72.5	30.2	167.3	103.2	62.0%	176.1
Gross rental income, EUR million	23.7	22.9	23.3	47.0	45.7	3.0%	93.1
Net rental income, EUR million	18.2	17.2	17.5	35.7	34.1	4.8%	68.8
Capital expenditure, EUR million	20.5	8.6	22.9	43.3	59.9	-27.6%	152.8
Fair market value of investment properties, EUR million			1,046.6	1,187.4	950.9	24.9%	1,009.7
Net rental yield, % [1]			7.3	7.0	8.3	–	7.6
Net rental yield, like-for-like properties, %			7.9	7.7	8.4	–	7.9

[1] Includes the lots for development projects

During the reporting period, Citycon acquired all shares in Kiinteistö Oy Lahden Hansa, adjacent to the Trio shopping centre in Lahti, at a debt-free price of EUR 17.0 million. The acquired property is an integral part of Trio, currently being refurbished by Citycon. The leasable area of Hansa is about 11,000 square metres. As a result of this acquisition, Citycon is almost the sole owner of the Trio shopping centre, the gross leasable area in its possession increasing to 46,000 square metres.

In May, Citycon acquired all shares in Lillinkulma Oy for EUR 0.8 million. The acquisition relates to the company's retail centre construction project in Kaarina completed in May. The total investment in the development project was EUR 10.9 million. In addition, the company made several smaller investments during the reporting period when it purchased shares in shopping centres from minority shareholders, such as Isomyyri in Vantaa and Heikintori in Tapiola, Espoo.

The largest ongoing shopping centre development projects in Finland are listed in the table above under Development Projects.

New acquisitions carried out in Finland during the reporting period were worth a total of EUR 29.8 million (EUR 48.7 million), while development investments totalled EUR 13.6 million (EUR 11.1 million). On 30 June 2007, Citycon owned 20 (18) shopping centres and 46 (127) other retail properties in Finland.

Sweden

Citycon has achieved a substantial position in the Swedish shopping centre market and has 15 (9) retail properties in Sweden, located in the Greater Stockholm and Gothenburg areas and in Umeå. Business unit Sweden's net rental income grew by 275.2 per cent, to EUR 10.4 million accounting for 21.3 per cent of Citycon's total net rental income.

Lease portfolio summary, Sweden

	Q2/2007	Q2/2006	Q1/2007	Q1-Q2/2007	Q1-Q2/2006	Change -%	1-12/2006
Number of leases started during the period	15	2	3	18	3	500.0%	32
Total area of leases started, sq.m.	4,138	492	270	4,408	599	635.9%	3,900
Occupancy rate at end of the period , %			97.2	95.0	97.2	-2.3%	96.3
Average length of lease portfolio at the end of the period, year			1.9	1.8	2.4	-25.0%	2.2

Financial performance, Sweden

	Q2/2007	Q2/2006	Q1/2007	Q1-Q2/2007	Q1-Q2/2006	Change -%	1-12/2006
Turnover, EUR million	9.3	2.7	8.6	17.8	5.3	235.0%	17.3
Net fair value gains on investment property, EUR million	35.5	1.2	15.1	50.6	1.1	4,515.4%	8.7
Operating profit, EUR million	40.6	2.4	18.8	59.4	3.4	1,627.7%	16.8
Gross rental income, EUR million	8.4	2.5	7.9	16.3	4.9	235.4%	15.9
Net rental income, EUR million	6.0	1.3	4.4	10.4	2.8	275.2%	9.3
Capital expenditure, EUR million	72.2	4.8	61.7	133.9	38.1	251.0%	267.2
Fair market value of investment properties, EUR million			414.8	521.9	114.3	356.6%	354.8
Net rental yield, %[1]			4.6	4.6	6.2	–	5.1

[1] Includes the lots for development projects

On 5 June 2007, Citycon acquired 75 per cent of the real estate company Balticgruppen Handel AB from the Swedish Balticgruppen AB for approximately SEK 490 million (approximately EUR 53.3 million). The acquisition resulted in Citycon owning 75 per cent of the shopping centre Strömpilen and the retail property Länken. Strömpilen is the leading shopping centre in Umeå and has a leasable area of approximately 25,000 square metres, with retail premises accounting for approximately 22,300 square metres. Länken is a modern retail property consisting of two buildings with a gross leasable area of approximately 7,200 square metres. Both properties have potential for substantial development and extension.

As agreed in December 2006, Citycon bought Tumba Centrumfastigheter AB shares in late January. The company owns Tumba Centrum, a shopping centre in the municipality of Botkyrka, south of Stockholm. The property's debt-free purchase price amounted to SEK 547.7 million (approx. EUR 60.5 million). Its gross leasable area is around 31,000 square metres, some 18,600 square meters of which are retail premises.

The development projects underway in Sweden are listed in the table under Development Projects. The most significant project, which started during the period, is the construction of a new shopping centre at Liljeholmen in Stockholm.

In Sweden, reported capital expenditure totalled roughly EUR 133.9 million, of which new acquisitions and development investments accounted for EUR 128.9 million (EUR 36.2 million) and EUR 5.0 million (EUR 2.0 million), respectively. On 30 June 2007, Citycon owned eight (3) shopping centres and seven (6) other retail properties in Sweden.

Baltic Countries

At the end of the reporting period, Citycon owned two shopping centres in the Baltic countries: Rocca al Mare in Tallinn, Estonia, and Mandarinas in Vilnius, Lithuania. Furthermore, Citycon agreed in June to acquire the shopping centre Magistral in Tallinn for approximately EUR 16.5 million. The closing of the acquisition took place on 16 July 2007.

Due to the limited size of the Baltic market, competition and the limited availability of suitable properties, Citycon has been cautious with investments in the region. However, the company is continuously looking for potential investment opportunities. Citycon's net rental income grew by 31.9 per cent, to EUR 2.8 million. The Baltic Countries accounted for 5.6 per cent of the company's total net rental income.

Lease portfolio summary, Baltic Countries

	Q2/2007	Q2/2006	Q1/2007	Q1-Q2/2007	Q1-Q2/2006	Change -%	1-12/2006
Number of leases started during the period	6	1	5	11	9	22.2%	16
Total area of leases started, sq.m.	257	610	790	1,047	2,502	-58.2%	2,900
Occupancy rate at end of the period , %			100.0	99.9	100.0	-0.1%	100.0
Average length of lease portfolio at the end of the period, year			3.2	3.0	3.8	-21.1%	3.3

Financial performance, Baltic Countries

	Q2/2007	Q2/2006	Q1/2007	Q1-Q2/2007	Q1-Q2/2006	Change -%	1-12/2006
Turnover, EUR million	1.9	1.4	1.8	3.7	2.7	39.3%	6.2
Net fair value gains on investment property, EUR million	4.3	2.4	2.4	6.7	3.1	118.2%	6.6
Operating profit, EUR million	5.6	3.4	3.5	9.1	5.0	81.9%	10.9
Gross rental income, EUR million	1.9	1.2	1.6	3.5	2.3	54.8%	6.1
Net rental income, EUR million	1.4	1.1	1.3	2.8	2.1	31.9%	4.8
Capital expenditure, EUR million	3.6	16.2	0.3	3.9	16.2	-76.0%	16.2
Fair market value of investment properties, EUR million			85.6	89.9	77.9	15.3%	83.3
Net rental yield, % [1]			6.6	6.6	7.0	–	6.7

[1] Includes the lots for development projects

The shopping centre Magistral referred to above is located in the Mustamäe district of Tallinn having around 64,000 inhabitants. Magistral, constructed in 2000, has a leasable area of 9,450 square metres. This shopping centre provides significant opportunities for development and extension and, in connection with the property transaction, Citycon has also agreed on purchasing some 8,500 square metres of building rights for the sum of EUR 2 million if a pending amendment to the town plan becomes legally valid. The acquisition is Citycon's third shopping centre acquisition in the Baltic countries and the second one in Estonia.

A major redevelopment and extension project is going on in the Rocca al Mare shopping centre. More details on the project can be found under Development Projects.

In the Baltic Countries, reported capital expenditure totalled roughly EUR 3.9 million, of which new acquisitions and development investments accounted for EUR 0.0 million (EUR 16.2 million) and EUR 3.9 million (EUR 0.0 million), respectively.

Turnover and Profit

Turnover for the period came to EUR 70.2 million (EUR 55.0 million), mainly coming from the rental income generated by Citycon's retail premises, of which gross rental income accounted for 95.3 per cent (96.0 per cent).

Operating profit rose to EUR 231.9 million (EUR 108.7 million). Profit before taxes came to EUR 212.5 million (EUR 95.8 million) and profit after tax was EUR 170.4 million (EUR 72.7 million). The increase in operating profit was chiefly due to changes in the fair value of the property portfolio, and the operating profit generated by the acquired properties.

The effect of investment property fair value gains, gains on the sale of investment property and other non-recurring items, including the related tax effect, on the profit for the period attributable to parent company shareholders came to EUR 152.7 million (EUR 56.8 million). Taking this into account, the reported profit attributable to parent company shareholders after tax is EUR 0.7 million below the Q2/2006 level. The decline derives from a one-time exchange rate gain in the comparison period, divestment of non-core properties, higher number of shares as well as from increased development activities and costs related to expanded business operations.

Earnings per share were EUR 0.90 (EUR 0.47). Earnings per share excluding fair value gains, gains on sale on investment property, other non-recurring items and the resulting tax effects were EUR 0.08 (EUR 0.10).

Net cash flow from operating activities per share amounted to EUR 0.11 (EUR 0.10).

Human Resources and Administrative Expenses

On 30 June 2007, Citycon Group had a total of 94 (61) employees, 70 of whom worked in Finland, 18 in Sweden, five in Estonia and one in Lithuania. Administrative expenses grew to EUR 8.6 million (EUR 5.9 million), including EUR 0.5 million (EUR 0.4 million) in share-based, non-cash implicit expenses related to employee stock options and the share-based incentive scheme announced in April. Higher expenses were also attributable to expanding company operations and expenses resulting from the creation of the new regional organisation.

Capital Expenditure

Reported gross capital expenditure totalled EUR 181.3 million (EUR 114.2 million), of which property acquisitions accounted for EUR 158.7 million (EUR 101.0 million), property development for EUR 22.5 million (EUR 13.1 million) and other investments for EUR 0.2 million (EUR 0.1 million).

These investments were mainly financed with the proceeds from the EUR 133.8 million directed share issue carried out during the reporting period.

Balance Sheet and Financial Position

The period-end balance sheet total stood at EUR 1,878.1 million (EUR 1,170.6 million), and liabilities totalled EUR 998.5 million (EUR 675.4 million), with short-term liabilities accounting for EUR 131.8 million (EUR 104.9 million). The Group's financial position remained at a healthy level throughout the reporting period.

Year-on-year, reported interest-bearing debt increased by EUR 259.8 million, to EUR 886.0 million (EUR 626.2 million). The fair value of Group interest-bearing debt stood at EUR 903.5 million (EUR 626.2 million) while cash and cash equivalents came to EUR 40.1 million (EUR 17.7 million), resulting in EUR 863.3 million (EUR 608.5 million) in the fair value of net interest-bearing debt.

The interest rate of interest-bearing debt averaged 4.60 per cent (4.33 per cent). The average loan maturity, weighted according to loan principals, extended to 4.5 years (2.5 years) while the average time to fixing lengthened to 3.4 years (2.4 years). On 30 June 2007, the interest rate of interest-bearing debt, interest-rate swaps included, averaged 4.65 per cent.

The Group's equity ratio stood at 46.9 per cent (42.3 per cent). Period-end gearing was 96.2 per cent (122.9 per cent). A directed share issue carried out during the period and good financial performance pulled down gearing and improved the equity ratio.

Citycon's period-end interest-bearing debt included 79.4 per cent (88.5 per cent) of floating-rate loans, of which 68.1 per cent (71.3 per cent) had been converted to fixed-rate ones by means of interest-rate swaps. Fixed-rate debt accounted for 74.7 per cent of the Group's period-end interest-bearing debt, the interest-rate swaps included. On 30 June 2007, the nominal amount of derivative contracts was EUR 627.6 million (EUR 395.1 million) while the fair value stood at EUR 11.1 million (EUR -5.6 million).

Citycon applies hedge accounting, whereby changes in the fair value of interest-rate swaps subject to hedge accounting are recognised under equity. The period-end nominal amount of interest-rate swaps totalled EUR 539.1 million (EUR 395.1 million), with hedge accounting applied to interest-rate swaps whose nominal amount totalled to EUR 489.1 million (EUR 395.1 million).

Net financial expenses increased by EUR 6.5 million, to EUR 19.4 million (EUR 12.9 million), due mainly to higher interest-bearing debt and reported expenses resulting from an option on convertible bonds, as well as a non-recurring exchange rate gain of EUR 1.0 million recognised in the comparison period. Net financial expenses shown in the income statement include EUR 0.9 million (EUR 0.0 million) in non-cash expenses related to the option component on convertible bonds.

Share Capital and Shares

At the beginning of 2007, Citycon Oyj's registered share capital totalled EUR 225.7 million and the number of shares 167.2 million. During January–June, the company increased its share capital by EUR 33.9 million and 25.3 million shares, as a result of share subscriptions based on a directed share issue and stock options. The table below shows the changes in share capital in more detail. The company's period-end registered share capital amounted to EUR 259.6 million and the number of shares totalled 192.5 million. The company has a single series of shares, with each share entitling its holder to one vote at the shareholders' meeting. The shares have no nominal value.

Changes in share capital between 1 January and 30 June 2007

Date 2007	Reason	Change, EUR	Change in no. of shares	Share capital, EUR	Number of shares
1 Jan.				225,697,293.00	167,183,180
9 Feb.	Increase (stock options)	123,217.20	91,272	225,820,510.20	167,274,452
15 Feb.	Increase (directed share issue)	33,750,000.00	25,000,000	259,570,510.20	192,274,452
27 April	Increase (stock options)	-	206,441	-	192,480,893
14 June	Increase (stock options)	-	21,854	-	192,502,747
30 June				259,570,510.20	192,502,747

Since company shares no longer bear any nominal value and the AGM amended the stock options' terms and conditions in such a way that the share subscription price of shares subscribed on the basis of stock options would be recognised under the invested unrestricted equity fund, the company's share capital will no longer increase as a result of share subscriptions based on stock options.

During January–June, the number of Citycon shares traded on the Helsinki Stock Exchange totalled 66.4 million (29.1 million) at a total value of EUR 357.6 million (EUR 108.4 million). The highest quotation was EUR 6.09 (EUR 4.23) and the lowest EUR 4.61 (EUR 3.02). The trade-weighted average price was EUR 5.39 (EUR 3.73) and the share closed at EUR 4.77 (EUR 3.61). The company's market capitalisation at the end of June totalled EUR 918.2 million (EUR 595.7 million).

Directed Share Issue

Citycon strengthened its balance sheet by a directed share issue in February. The issue of new shares was based on the authorisation by the Extraordinary General Meeting of 26 January 2007. The new shares were offered to subscription to Finnish and international institutional investors in a directed issue, waving the shareholders' pre-emptive rights, and was carried out in an accelerated book-building process between 12 February and 13 February 2007. A total of 25 million new shares were subscribed for at a per-share price of EUR 5.35. The new shares entitle their holders to a dividend as of the financial year starting on 1 January 2007.

More detailed information on the directed share issue can be found in Citycon's stock exchange releases published in February and available on the company's website at www.citycon.fi.

Board Authorisations

The AGM of 13 March authorised the Board of Directors to decide on issuing new shares and disposing of treasury shares held by the company, through a rights or a free share issue. The company may issue new shares and transfer its treasury shares to its shareholders in proportion to their current shareholdings in the company or, waiving the shareholders' pre-emptive right, through a directed share issue, if the company has a weighty financial reason for doing so. The Board may also decide on a bonus issue to the company itself. In addition, the AGM authorised the Board of Directors to grant special rights, as referred to in Chapter 10, Section 1 of the Companies Act, entitling their holders to receive, against payment, new company shares or treasury shares held by the company. The combined number of new shares to be issued and treasury shares to be transferred, including the shares granted on the basis of the special rights, may not exceed 100 million. These authorisations are valid for five years from the date of the AGM.

Other decisions made at the Annual General Meeting have been reported in the previous interim report and the company's stock exchange release published on 13 March 2007 and available on the company's website at www.citycon.fi.

Notification of Changes in Ownership

In February, Fidelity International Limited notified that Fidelity International Limited's and its direct and indirect subsidiaries' shareholding in Citycon Oyj had fallen below ten (10) per cent. According to the notification, on 14 February 2007 Fidelity International Limited and its direct and indirect subsidiaries held a total of 17,297,574 Citycon shares, accounting for nine per cent of the company's fully paid share capital and votes at the time.

Stock Options

Citycon has two option schemes in force, the 1999 A/B/C scheme and the 2004 A/B/C scheme, which form part of the Group's employee incentive and motivation programme. The stock options 1999 and 2004 A are listed on the Helsinki Stock Exchange.

The table below shows basic information on the stock option schemes.

Stock options

	1999 A	1999 B	1999 C	2004 A	2004 B	2004 C
Number of options granted	1,800,000	1,800,000	1,727,500	1,040,000	1,090,000	1,250,000
Held by Veniamo-Invest Oy, number [1]			172,500	260,000	210,000	50,000
Subscription ratio, stock option/share	1:1,0927	1:1,0927	1:1,0927	1:1,0611	1:1,0611	1:1,0611
Subscription price/share, EUR	1.35	1.35	1.35	2.1636 [2]	2.6066 [2]	4.55 [2]
Share subscription period starts	1.9.2000	1.9.2002	1.9.2004	1.9.2006	1.9.2007	1.9.2008
Share subscription period ends	30.9.2007	30.9.2007	30.9.2007	31.3.2009	31.3.2010	31.3.2011

[1] Veniamo-Invest Oy has no right to subscribe for its parent company's shares.

[2] After dividend distribution for 2006. The subscription price will be reduced by half of the amount of annual dividends paid. However, the share subscription price will always amount to at least EUR 1.35.

In January–June, the number of new shares subscribed exercising Citycon's 1999 and 2004 stock options totalled 228,295. The number of shares subscribed exercising the 1999 A/B/C stock options totalled 98,343 at a per-share subscription price of EUR 1.35 and that exercising the 2004 A stock options 129,952 at a per-share subscription price of EUR 2.1636.

After the reporting period, a total of 307,524 new shares were subscribed for exercising stock options under Citycon's option schemes. The number of shares subscribed exercising the 1999 A/B/C stock options totalled 303,068 at a per-share subscription price of EUR 1.35 and that exercising the 2004 A stock options 4,456 at a per-share subscription price of EUR 2.1636. The new shares are estimated to be registered in the Trade Register on 24 July 2007 and traded on the Helsinki Stock Exchange starting from 25 July 2007. Shares subscribed for in 2007 entitle their holders to a dividend for the financial year 2007.

The unexercised stock options under Citycon's 1999 option scheme entitle their holders to subscribe for a further 613,077 new shares, and the stock options A under the 2004 scheme for a further 1,155,307 new shares. The share subscription period for the 1999 stock options will expire at the end of September this year.

Pages 34–36 in the Financial Statements Appendix to the Annual Report 2006 provide more detailed information on the company's stock option schemes.

Near-term Risks and Uncertainties

Citycon estimates that major near-term risks and uncertainties are associated with economic development in the company's operating regions, and changes in the fair value of investment properties and interest rates. As the focus of Citycon's growth strategy is shifting from property acquisitions to own property development and construction, also the risks associated with project management and with increasing construction costs will be more significant. A marked increase in interest rates, materialization of a major project risk considerably higher construction costs, a decline in the fair value of investment properties or a sharp economic slowdown in Finland, Sweden or the Baltic countries could have an adverse effect on Citycon's business and profit performance.

Events after the Reporting Period

Through share transactions concluded after the reporting period, Citycon Oyj acquired a majority holding in the Myllypuro retail centre in Eastern Helsinki. The transaction is associated with a more extensive refurbishment and development project in and around the Myllypuro retail centre in co-operation with the City of Helsinki.

Outlook

Citycon will remain active in seeking acquisition and development opportunities while implementing its expansion strategy in toughening competitive environment. The company expects the development and redevelopment projects to play a growing role in its business. Citycon estimates that its operating profit, excluding fair value changes and gains on sale of investment properties, will grow in 2007. This outlook is based on expected growth in the company's leasable area, resulting from major acquisitions carried out and development and redevelopment projects coming on line.

Helsinki, 20 July 2007

Citycon Oyj

Board of Directors

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS 30 JUNE 2007

Condensed Consolidated Income Statement, IFRS

EUR million	Note	Q2/2007	Q2/2006	Change	Q1-Q2/2007	Q1-Q2/2006	Change	1-12/2006
Gross rental income		34.1	26.7	27.8%	66.9	52.8	26.6%	115.1
Service charge income		1.8	1.1	66.3%	3.3	2.2	49.2%	4.2
Turnover	3	**35.9**	**27.8**	**29.4%**	**70.2**	**55.0**	**27.5%**	**119.4**
Property operating expenses		10.0	8.0	24.7%	21.1	15.9	33.0%	36.0
Other expenses from leasing operations		0.1	0.1	-12.4%	0.1	0.2	-42.3%	0.6
Net rental income		**25.8**	**19.6**	**31.5%**	**49.0**	**39.0**	**25.6%**	**82.8**
Administrative expenses		4.3	2.7	58.4%	8.6	5.9	44.9%	12.9
Other operating income and expenses		-0.1	0.0	-	-0.1	0.3	-	0.6
Net fair value gains on investment property		160.1	59.8	167.7%	191.6	75.3	154.4%	120.1
Net gains on sale of investment property		–	–	–	–	–	–	5.9
Operating profit		**181.6**	**76.8**	**136.4%**	**231.9**	**108.7**	**113.4%**	**196.5**
Net financial income and expenses		10.0	5.9	69.5%	19.4	12.9	50.5%	30.9
Profit before taxes		**171.6**	**70.9**	**142.0%**	**212.5**	**95.8**	**121.9%**	**165.6**
Current taxes		-2.8	-1.6	76.7%	-4.2	-3.0	40.1%	-7.4
Change in deferred taxes		-33.1	-15.6	112.4%	-37.9	-20.1	88.4%	-31.8
Profit for the period		**135.8**	**53.8**	**152.4%**	**170.4**	**72.7**	**134.5%**	**126.4**
Attributable to								
Parent company shareholders		134.6	54.3	147.7%	167.6	72.4	131.4%	124.9
Minority interest		1.2	-0.6	-	2.8	0.2	1,269.0%	1.5
Earnings per share (basic), EUR		0.70	0.34	106.7%	0.90	0.47	90.5%	0.78
Earnings per share (diluted), EUR		0.62	0.33	85.7%	0.80	0.47	70.0%	0.74

Condensed Consolidated Balance Sheet, IFRS

EUR million	Note	30 June 2007	30 June 2006	31 Dec. 2006
Assets				
Non-current assets				
Investment property	4	1,799.2	1,143.2	1,447.9
Development property	5	13.6	–	–
Other property, plant and equipment		0.7	0.7	0.6
Derivative financial instruments and other non-current assets	7	14.2	0.4	4.8
Total non-current assets		1,827.7	1,144.3	1,453.3
Current assets				
Derivative financial instruments	7	0.3	–	0.4
Trade and other receivables		10.0	8.6	11.3
Cash and cash equivalents	6	40.1	17.7	21.3
Total current assets		50.3	26.3	33.1
Total assets		**1,878.1**	**1,170.6**	**1,486.4**
Liabilities and Shareholders' Equity				
Equity attributable to parent company shareholders				
Share capital		259.6	222.8	225.7
Share issue		–	–	0.1
Share premium fund and other restricted reserves		131.1	116.0	131.1
Fair value reserve	7	6.9	-4.2	-1.3
Invested unrestricted equity funds		99.2	–	–
Retained earnings		354.1	156.7	209.7
Total equity attributable to parent company shareholders		850.9	491.4	565.3
Minority interest		28.6	3.8	15.0
Total shareholders' equity		879.5	495.2	580.3
Liabilities				
Interest-bearing liabilities		783.9	536.9	726.3
Derivative financial instruments and other non-interest bearing liabilities	7	2.0	5.8	4.9
Deferred tax liabilities		80.7	27.7	40.4
Total long-term liabilities		866.7	570.5	771.7
Interest-bearing liabilities		102.1	89.3	87.6
Trade and other payables		29.7	15.7	46.8
Short-term liabilities		131.8	104.9	134.4
Total liabilities		998.5	675.4	906.1
Total liabilities and shareholders' equity		**1,878.1**	**1,170.6**	**1,486.4**

Condensed Consolidated Statement of Changes in Shareholders' Equity, IFRS

	Equity attributable to parent company shareholders								
EUR million	Share capital	Share issue	Share premium fund and other reserves	Fair value reserve	Invested unrestricted equity fund	Retained earnings	Equity attributable to parent company shareholders	Minority interest	Shareholders' equity total
Balance at 1 Jan. 2006	**184.1**	**1.1**	**85.4**	**-10.5**	**–**	**96.5**	**356.6**	**3.6**	**360.2**
Cash flow hedges				6.3			6.3		6.3
Profit for the period						72.4	72.4	0.2	72.7
Total recognized income and expense for the period				**6.3**		**72.4**	**78.8**	**0.2**	**79.0**
Share subscriptions based on stock options	38.7	-1.1	37.2				74.8		74.8
Dividends (Note 8)			-6.6			-12.6	-19.2		-19.2
Share-based payment						0.4	0.4		0.4
Balance at 30 June 2006	**222.8**	**–**	**116.0**	**-4.2**	**0.0**	**156.7**	**491.4**	**3.8**	**495.2**
Balance at 1 Jan. 2007	**225.7**	**0.1**	**131.1**	**-1.3**	**–**	**209.7**	**565.3**	**15.0**	**580.3**
Cash flow hedges				8.2			8.2		8.2
Profit for the period						167.6	167.6	2.8	170.4
Total recognized income and expense for the period				**8.2**		**167.6**	**175.8**	**2.8**	**178.6**
Change in share capital	33.8				98.8		132.5		132.5
Share subscriptions based on stock options	0.1	-0.1	0.0		0.4		0.4		0.4
Dividends (Note 8)						-23.4	-23.4		-23.4
Translation differences						-0.3	-0.3	-0.3	-0.6
Share-based payment						0.5	0.5		0.5
Other changes			0.0				0.0	11.2	11.2
Balance at 30 June 2007	**259.6**	**0.0**	**131.1**	**6.9**	**99.2**	**354.1**	**850.9**	**28.6**	**879.5**

Condensed Consolidated Cash Flow Statement, IFRS

EUR million	Note	Q1-Q2/2007	Q1-Q2/2006	1-12/2006
Cash flow from operating activities				
Profit before taxes		212.5	95.8	165.6
Adjustments		-171.5	-62.2	-94.0
Cash flow before change in working capital		41.0	33.5	71.6
Change in working capital		-2.7	0.0	-0.5
Cash generated from operations		38.3	33.5	71.1
Paid interest and other financial charges		-15.2	-17.0	-34.1
Received interest and other financial income		1.0	0.2	0.9
Taxes paid		-3.7	-2.1	-5.9
Net cash from operating activities		**20.5**	**14.7**	**32.0**
Cash flow from investing activities				
Acquisition of subsidiaries, less cash acquired		-165.3	-66.7	-331.8
Acquisition of investment property	4	–	-32.3	-33.6
Capital expenditure on investment properties	4	-15.4	-13.2	-35.6
Capital expenditure on development properties, other PP&E and intangible assets	5	-7.3	–	–
Sale of investment property		–	–	73.9
Net cash used in investing activities		**-188.0**	**-112.1**	**-327.1**
Cash flow from financing activities				
Proceeds from share issue		132.5	73.6	77.4
Proceeds from short-term loans		130.0	180.0	421.2
Repayments of short-term loans		-115.5	-132.0	-392.2
Proceeds from long-term loans		209.3	30.0	675.3
Repayments of long-term loans		-146.4	-32.8	-461.8
Dividends paid	8	-23.4	-19.2	-19.2
Net cash from/used in financing activities		**186.6**	**99.6**	**300.8**
Net change in cash and cash equivalents		**19.0**	**2.1**	**5.7**
Cash and cash equivalents at period-start	6	21.3	15.6	15.6
Effects of exchange rate changes		-0.2	0.0	–
Cash and cash equivalents at period-end	6	**40.1**	**17.7**	**21.3**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basic company data

Citycon is a real estate company investing in retail premises. Citycon operates mainly in Finland, Sweden and the Baltic countries. Citycon is a Finnish, public limited company established under Finnish law and domiciled in Helsinki. The Board of Directors approved the interim financial statements on 20 July 2007.

2. Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2007 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not include all the disclosures required in the annual financial statements. Therefore, they should be read in conjunction with Citycon's annual financial statements for the year ended 2006.

Accounting policies

Citycon changed its accounting policies related to IAS 23 Borrowing Costs -standard as of 1 January 2007 and started to apply an alternative treatment allowed by IAS 23. The standard allows that the borrowing costs such as interest expenses and arrangement fees are capitalised as part of the cost of development properties.

Otherwise, the accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of Citycon's annual financial statements for the year ended 31 December 2006.

Acquisitions in the balance sheet

Balticgruppen Handel AB was acquired in June 2007. The identifiable assets and liabilities of Balticgruppen Handel AB, corresponding to the shares acquired, have been recognized at preliminary fair value in the company's balance sheet.

Reporting to Gazit-Globe Ltd.

The company's main shareholder, Gazit-Globe Ltd, holding approximately 38.9 per cent of the shares in the company, has announced that it will start applying International Financial Reporting Standards (IFRS) in its financial reporting in 2007. According to IFRS one company may exercise a controlling interest in another company even if its shareholding it that company does not exceed 50 per cent. Gazit-Globe Ltd. holds the view that it exercises 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.

3. Segment Information

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

EUR million	Q2/2007	Q2/2006	Change	Q1-Q2/2007	Q1-Q2/2006	Change	1-12/2006
Turnover							
Finland	24.7	23.7	4.2%	48.6	47.1	3.3%	95.8
Sweden	9.3	2.7	245.8%	17.8	5.3	235.0%	17.3
Baltic Countries	1.9	1.4	38.3%	3.7	2.7	39.3%	6.2
Total	**35.9**	**27.8**	**29.4%**	**70.2**	**55.0**	**27.5%**	**119.4**
Operating profit							
Finland	137.1	72.5	89.1%	167.3	103.2	62.0%	176.1
Sweden	40.6	2.4	1,599.6%	59.4	3.4	1,627.7%	16.8
Baltic Countries	5.6	3.4	65.1%	9.1	5.0	81.9%	10.9
Other	-1.8	-1.5	17.7%	-3.8	-3.0	28.0%	-7.2
Total	**181.6**	**76.8**	**136.4%**	**231.9**	**108.7**	**113.4%**	**196.5**

EUR million	30 June 2007	31 Dec. 2006	Change
Assets			
Finland	1,190.5	1016.6	17.1%
Sweden	535.8	358.0	49.6%
Baltic Countries	94.7	83.6	13.2%
Other	57.2	28.2	103.0%
Total	**1,878.1**	**1486.4**	**26.3%**

The significant increase in segment assets for Sweden is due to the acquisition of the shopping centres Tumba Centrum and Strömpilen as well as the retail centre Länken.

4. Investment property

EUR million	30 June 2007	30 June 2006	31 Dec. 2006
At period-start	**1,447.9**	**956.6**	**956.6**
Additions	181.1	109.9	436.2
Disposals	-	-	-67.9
Transfer into the development properties	-13.6	-	-
Net fair value gains	191.9	75.3	120.1
Exchange differences	-8.1	1.3	2.9
At period-end	**1,799.2**	**1,143.2**	**1,447.9**

An external professional appraiser has conducted the valuation of the company's properties with a net rental income based cash flow analysis. Market rents, occupancy rate, operating expenses and yield requirement form the key variables used in the cash flow analysis. The segments' yield requirements used by the external appraiser in the cash flow analysis were as follows at 30 June 2007 and 31 December 2006:

Yield requirement (%)	30 June 2007	31 Dec. 2006
Finland	5.9	6.6
Sweden	5.5	6.4
Baltic Countries	6.3	7.1
Average	**5.8**	**6.6**

5. Development property

When Citycon redevelops its existing investment properties, the properties remain as the investment properties in the balance sheet, and they are measured based on fair value model in accordance with IAS 40. The significant development projects, in which a new building or significant extension is constructed, are exceptions and they are treated in accordance with IAS 16 Property, Plant and Equipment standard. The significant extension projects are presented separately from the property, plant and equipment in the balance sheet based on the recommendations of the European Public Real Estate Association (EPRA). As at 30 June 2007, the development properties consisted of the capital expenditure relating to extension projects in Rocca al Mare, Åkerbserga and Liljeholmen shopping centres. Investments in development properties during the six months ended 30 June 2007 amounted to EUR 7.1 million (EUR 0.0 million) and the development property in the balance sheet totalled EUR 13.6 million at 30 June 2007.

6. Cash and cash equivalents

EUR million	30 June 2007	30 June 2006	31 Dec. 2006
Cash in hand and at bank	24.9	14.2	19.4
Restricted cash in hand and at bank	-	1.0	-
Short-term deposits	15.2	2.5	1.9
Total	**40.1**	**17.7**	**21.3**

7. Derivative Financial Instruments

EUR million	30 June 2007		30 June 2006		31 Dec. 2006	
	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate derivatives						
Interest rate swaps						
Maturity:						
less than 1 year	50.0	0.3	78.2	0.6	50.0	0.4
1-2 years	60.0	0.4	50.0	-0.4	40.0	0.0
2-3 years	149.0	-2.0	143.9	-2.6	86.0	-2.6
3-4 years	40.0	1.1	83.0	-3.4	83.0	-2.6
4-5 years	0.0	0.0	40.0	0.1	40.0	-0.8
over 5 years	240.1	11.8	0.0	0.0	242.7	3.8
Total	**539.1**	**11.5**	**395.1**	**-5.6**	**541.7**	**-1.8**
Foreign exchange derivatives						
Forward agreements						
Maturity:						
less than 1 year	88.5	-0.4	0.0	0.0	14.8	0.0
Total	**88.5**	**-0.4**	**0.0**	**0.0**	**14.8**	**0.0**

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

The fair values include foreign exchange loss of EUR 0.9 million (EUR 0.0 million) which is recognized in the income statement.

Hedge accounting is applied for interest rates swaps which have nominal amount of EUR 489.1 million (EUR 395.1 million). The fair value gain recognized in the fair value reserve under shareholders' equity taking account the tax effect totals EUR 6.9 million (EUR -4.2 million).

8. Dividends

In accordance with the proposal by the Board of Directors and the decision by the Annual General Meeting held on 13 March 2007 dividend for the financial year 2006 amounted to EUR 0.14 per share (EUR 0.14 for the financial year 2005).
Dividends paid amounted to EUR23.4 million (EUR19.2 million) during the period.

9. Contingent Liabilities

EUR million	30 June 2007	30 June 2006	31 Dec. 2006
Mortgages on land and buildings	47.6	7.8	21.1
Bank guarantees	20.1	5.4	37.1
Capital commitments	84.7	–	40.7

At 30 June 2007, Citycon had capital commitments of EUR 84.7 million relating mainly to development projects.

10. Key Figures

	Q2/2007	Q2/2006	Change	Q1-Q2/2007	Q1-Q2/2006	Change	1-12/2006
Earnings per share (basic), EUR	0.70	0.34	106.7%	0.90	0.47	90.5%	0.78
Earnings per share (diluted), EUR (EPRA EPS)	0.62	0.33	85.7%	0.80	0.47	70.0%	0.74
Equity per share, EUR (EPRA NAV)				4.42	2.98	48.5%	3.38
Equity ratio, %				46.9	42.3	–	39.1

The formulas for key figures can be found from the 2006 annual financial statements.

The figures are unaudited.

Financial reports in 2007

The next interim report for the period Q1-Q3/2007 will be published on Thursday, 18 October 2007, at approximately 12 noon.

Further information for investors is available at Citycon's website, www.citycon.fi.

Further information:
Mr Petri Olkinuora, CEO
Tel. +358 9 6803 6738 or +358 400 333 256
petri.olkinuora@citycon.fi

Mr Eero Sihvonen, CFO
Tel. +358 50 557 9137
eero.sihvonen@citycon.fi

Distribution:
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Major media
www.citycon.fi

Report on the general review of Citycon Oyj's interim report for the period 1.1.-30.6.2007

We have generally reviewed the interim report of Citycon Oyj for the period 1.1.-30.6.2007. The Board of Directors and the Managing Director have prepared an interim report in accordance with the Securities Market Act, chapter 2, paragraph 5. Based on our interim review we express at the request of the Board of Directors a report in accordance with the Securities Market Act, chapter 2, paragraph 5 a.

We conducted our general review in accordance with the International Standard on Auditing applicable to general review engagements. This standard requires that we plan and perform the review to obtain reasonable assurance as to whether the financial statements are free of material misstatement. The general review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our general review, nothing has come to our attention that causes us to believe that the interim report does not give a true and fair view in accordance with the Securities Market Act regarding the financial position of Citycon Oyj.

Helsinki, July 20, 2007

Ernst & Young Oy

Tuija Korpelainen, Authorized Public Accountant