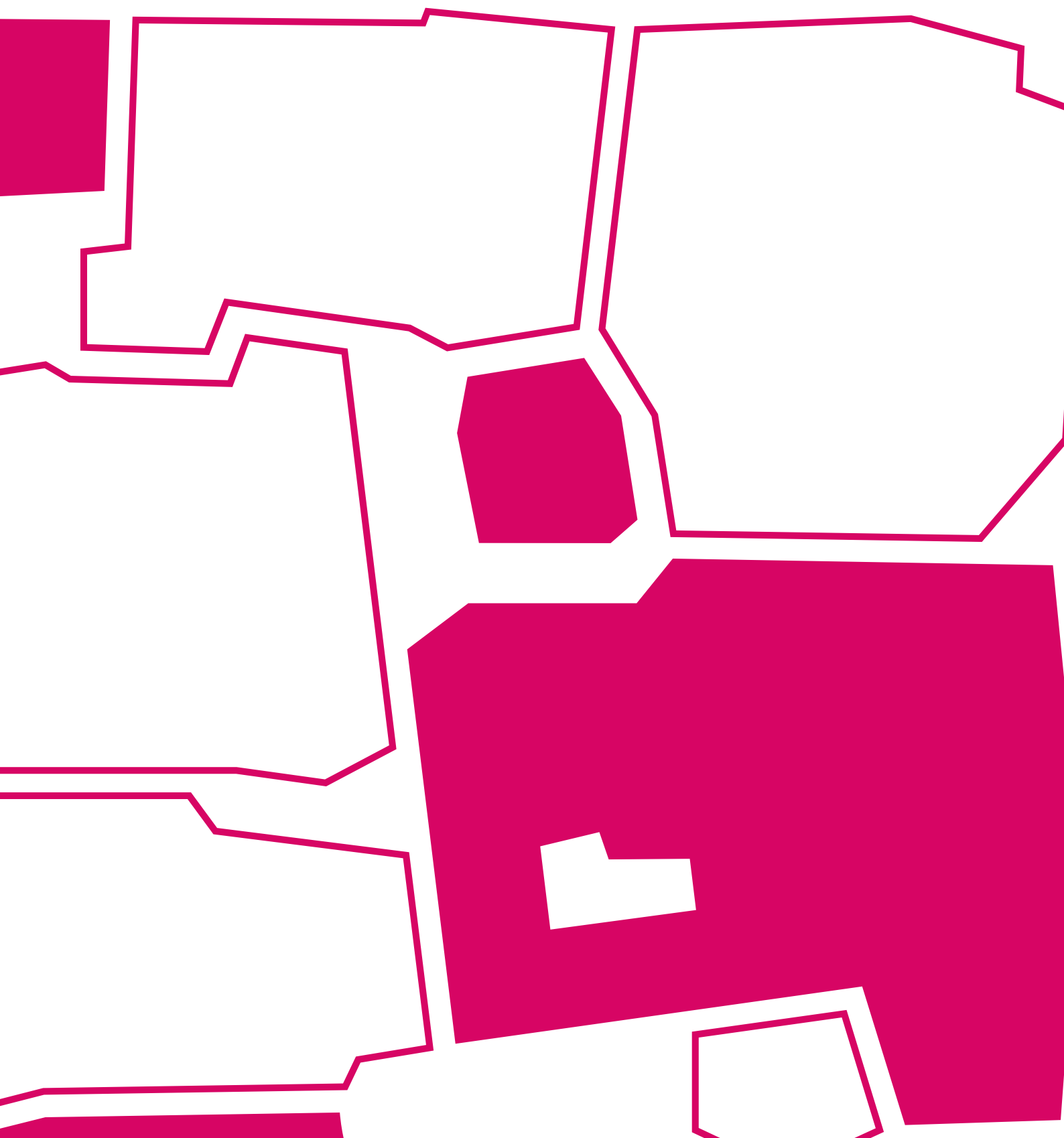


Citycon Oyj's Interim Report
for 1 January–31 March 2011

CITYCON
creating success for retailing



Citycon in Brief

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

At the end of March 2011, Citycon owned 33 shopping centres and 46 other retail properties. In addition, the company manages and redevelops one shopping centre without owning it. Of the shopping centres, 22 are located in Finland, eight in Sweden and three in the Baltic countries.

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Citycon Oyj's Interim Report for 1 January–31 March 2011

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

- Turnover increased to EUR 52.0 million (Q4/2010: EUR 49.9 million).
- Net rental income increased by EUR 0.6 million or 2.0 per cent to EUR 32.4 million (EUR 31.8 million). Net rental income increased due to completion of redevelopment projects such as Espoontori, Forum in Jyväskylä and Åkersberga Centrum and reduced by higher property operating expenses, reflecting common seasonal variations.
- The fair value change of investment properties was EUR 1.2 million (EUR 11.3 million), with the fair value of investment properties totalling EUR 2,386.2 million (EUR 2,367.7 million). The average net yield requirement for investment properties was 6.4 per cent (6.4%).
- Earnings per share fell to EUR 0.05 (EUR 0.06), mainly due to lower fair value changes as well as the reference period's lower taxes.
- Direct result per share (diluted) decreased to EUR 0.05 (EUR 0.06), due mainly to higher direct income taxes, while higher net rental income and lower administrative expenses contributed positively.

Summary of the First Quarter of 2011 Compared with the Corresponding Quarter of 2010

- Turnover increased to EUR 52.0 million (Q1/2010: EUR 49.5 million).
- Net rental income increased by 5.8 per cent to EUR 32.4 million (EUR 30.6 million). With comparable exchange rates, net rental income grew by EUR 1.0 million or 3.2 per cent. The completion of redevelopment projects such as Espoontori, Forum in Jyväskylä and Åkersberga Centrum increased net rental income by EUR 0.7 million. Net rental income from like-for-like properties increased by EUR 0.8 million or 3.2 per cent, excluding the impact of the strengthened Swedish krona.
- Earnings per share fell to EUR 0.05 (EUR 0.06). The decrease was mainly due to lower gains on sale, higher administration expenses and higher financial expenses. The share issue taken place in September 2010 also increased the number of shares.
- The direct result per share (diluted) was EUR 0.05 (EUR 0.05).
- Net cash from operating activities per share increased to EUR 0.09 (EUR 0.03) due to higher direct operating profit, extraordinary items and timing differences.
- The company agreed to acquire shopping centre Kristiine in Tallinn for EUR 105 million.
- Citycon Oyj's new CEO, Marcel Kokkeel, assumed his duties on 24 March 2011 and the company's new Executive Vice President, Finnish Operations, Michael Schönach, in the beginning of March.

Key Figures

	Q1/2011	Q1/2010	Change-% ¹⁾	Q4/2010	2010
Turnover, EUR million	52.0	49.5	5.0%	49.9	195.9
Net rental income, EUR million	32.4	30.6	5.8%	31.8	127.2
Operating profit, EUR million	28.2	30.3	-7.1%	35.4	157.7
% of turnover	54.2%	61.3%	-	70.9%	80.5%
Profit/loss before taxes, EUR million	14.4	17.2	-16.1%	22.0	102.8
Profit/loss attributable to parent company shareholders, EUR million	11.2	13.0	-13.4%	14.4	78.3
Direct operating profit, EUR million	27.0	26.4	2.4%	24.3	105.0
% of turnover	51.9%	53.3%	-	48.8%	53.6%
Direct result, EUR million	12.6	11.4	11.4%	13.5	47.3
Indirect result, EUR million	-1.4	1.6	-	0.9	31.1
Earnings per share (basic), EUR	0.05	0.06	-21.7%	0.06	0.34
Earnings per share (diluted), EUR	0.05	0.06	-21.6%	0.06	0.34
Direct result per share (diluted), (diluted EPRA EPS), EUR	0.05	0.05	0.8%	0.06	0.21
Net cash from operating activities per share, EUR	0.09	0.03	166.9%	0.00	0.09
Fair value of investment properties, EUR million	2,386.2	2,193.5	8.8%		2,367.7
Equity per share, EUR	3.43	3.20	7.2%		3.47
Net asset value (EPRA NAV) per share, EUR ²⁾	3.70	3.57	3.8%		3.79
EPRA NNNAV per share, EUR	3.44	3.22	6.8%		3.49
Equity ratio, %	36.3	32.7	10.9%		37.1
Gearing, %	154.8	175.9	-12.0%		153.1
Net interest-bearing debt (fair value), EUR million	1,389.5	1,327.2	4.7%		1,386.0
Net rental yield, %	5.8	6.0	-		5.8
Net rental yield, like-for-like properties, %	6.1	6.0	-		6.1
Occupancy rate (economic), %	94.9	94.5	-		95.1
Personnel (at the end of the period)	130	120	8.3%		129

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

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

CEO's Comment

Citycon Oyj's Chief Executive Officer Marcel Kokkeel comments on the reporting period:

The positive market trend continued in the beginning of the year. The company's like-for-like net rental growth was a positive sign. Especially Citycon's core business, shopping centres, performed well in the like-for-like portfolio. The negative result in the Finnish like-for-like portfolio was due mainly to two largely vacant properties in the supermarkets and shops category in Helsinki Metropolitan Area and one in Pori. One of these properties was the main reason behind the 20 basis point decrease in the company's occupancy rate compared to the year-end 2010 and these properties also showed fair value losses.

The 3.2 per cent growth in the like-for-like net rents was mainly thanks to Liljeholmstorget's improved performance compared to the year before. Also in the Baltic shopping centres, the sales have increased during the period and we were able to fully charge the indexations from the tenants, although some temporary rental rebates are still in place.

During the period Citycon entered a new line of business by taking up the management responsibility for the commercial management – including the leasing of retail premises – and marketing of Kämp Galleria, a shopping centre in the heart of Helsinki. This fits well into our ambition to better serve the tenants by offering the top downtown location in addition to the retail range of our own shopping centres.

Citycon strengthened its position in Tallinn market by signing an agreement to acquire the centrally located shopping centre Kristiine for approximately EUR 105 million. With a gross leasable area of 42,600 square metres, Kristiine is Tallinn's second-largest shopping centre after Citycon's Rocca al Mare. This acquisition shows Citycon's commitment for growth if and when interesting opportunities arise.

I started as the CEO of the company this March and have been exploring the company and the market these past few weeks. During that time I have already discussed with most of the people working for Citycon as well as familiarized myself with most of the Citycon's properties. I see opportunities in Citycon's portfolio and in the market for further growth.

Business Environment

Retail sales have grown both in Finland and in Sweden. In February, sales grew by 6.5 per cent in Finland and 3.0 per cent in Sweden compared to the previous year. During the first months of the year, the retail sales grew in Finland by 6.0 per cent and in Sweden by 2.7 per cent. In Estonia, retail sales grew by 2.0 per cent in February. (Sources: Statistics Finland, Statistics Sweden, Statistics Estonia)

Household consumer confidence remained strong in Sweden and Finland. Even in Estonia, household consumer confidence took a turn for the positive, whereas in Lithuania, confidence was significantly lower than in the Eurozone. (Source: Eurostat)

Unemployment remained high, being 8.4 per cent in Finland and 7.9 per cent in Sweden at the end of February. The unemployment remained high in Estonia as well, being 13.6 per cent at the end of 2010. The changeover to the euro had a positive impact on the Estonian economy, however. (Sources: Statistics Finland, Statistics Sweden, Statistics Estonia)

In Finland and Sweden, consumer prices continued to rise during the first quarter. The inflation rate in March was 3.3 per cent in Finland, 2.9 per cent in Sweden and 5.2 per cent in Estonia. Interest rates continued to be low but were on the rise. (Source: Ibid.)

Availability of financing continued improving compared with previous years. The Nordic banks in particular have adopted a more active approach to financing transactions.

Property Market

The atmosphere in the Finnish property market was expectant and cautiously optimistic. For the time being, the number of executed transactions has been low and investment demand has focused mainly on high-quality city-centre or newly built properties. The Swedish property market has recovered faster than the Finnish one and demand and trading have spread beyond the metropolitan area as well. Also foreign investment demand grew in Sweden, but the property market is, however, still mainly domestic-led. The Baltic countries are gradually coming out of the worst recession but the rental market is still extremely challenging. In spite of this, the first major post-recession property transactions have already been made in Estonia. (Source: Realia Management Oy)

Tenants' Sales and Footfall in Citycon's Shopping Centres

Total sales in Citycon's shopping centres grew by 4 per cent and footfall increased by 3 per cent in the first quarter, compared with the same period in the previous year. There was growth in sales in all of the company's countries of operation: 2 per cent in Finland, 8 per cent in Sweden and 5 per cent in the Baltic countries. Footfall increased in Finland by 2 per cent and in Sweden by 6 per cent, while in the Baltic region it fell by 2 per cent. Most of the growth in sales and footfall is attributable to the (re)development projects completed in recent years. Like-for-like shopping centre sales (sales without the effect of (re)development projects) grew by 4.0 per cent and were positive in all of the countries of operation. Like-for-like footfall grew by 1.0 per cent, being positive especially in the company's Swedish shopping centres.

Short-Term Risks and Uncertainties

Citycon's Board of Directors considers the company's short-term risks and uncertainties to be associated with economic development in the company's operating regions, which affects demand, rent and vacancy rates in retail premises, as well as with the cost-efficiency of debt financing, changes in the fair value of investment properties and the execution of redevelopment projects. The Board estimates that major risks of these for the company are related to the development of market interest rates, successful leasing of retail premises, and reduction of vacancy.

The credit margins for new bank loans fell during the first quarter of 2011, but market interest rates began to rise due to both the European Central Bank and Sweden's Riksbank raising their rates. The three-month EURIBOR rate, which is commonly used as a reference rate, rose by 0.32 percentage points during the first quarter, while the three-month STIBOR rose by 0.48 percentage points. The high hedging ratio of Citycon's debt portfolio reduces but does not completely eliminate the impact of interest rate rises on financial expenses.

Generally speaking, the economic situation was favourable during the quarter, but demand for retail premises still did not grow significantly, which made leasing activities difficult. During Q1 2011, the vacancy rate in Citycon's properties increased, and the occupancy rate fell to 94.9 per cent when compared to the last quarter of 2010. The market rents for retail premises developed moderately and even fell in some areas. The average rent level of new lease agreements made during the quarter fell compared to the previous quarter. Leasing of retail premises was particularly challenging in certain supermarket and shop properties owned by Citycon.

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

Outlook

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

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

In 2011, Citycon expects its turnover to grow by EUR 10-22 million and its direct operating profit by EUR 6-15 million compared with the previous year, based on the existing property portfolio. The company expects its direct result to increase by EUR 1-7 million from the previous year. These estimates are based on already completed (re)development projects and those completed in the future, as well as on the prevailing level of inflation and euro-krona exchange rate. Properties taken offline for planned (re)development projects will reduce net rental income during the year.

Changes in Property Portfolio

During the period:

- The company sold three non-core retail properties for a total of EUR 2.0 million. These properties were MREC Naantalin Tullikatu 16, Hakarinne and MREC Mäntyvuoksi. EUR 0.1 million in gains on sale were recorded from these divestments. As a consequence, the company's leasable area fell by 4,980 square metres.
- The company acquired a 50 per cent share in Espagalleria Oy for EUR 0.3 million. Espagalleria manages, leases and markets the Kämp Galleria shopping centre in downtown Helsinki.
- The company agreed to acquire Kristiine shopping centre for EUR 105 million. The acquisition reinforces Citycon's position in the Tallinn shopping centre market. The acquisition is scheduled for closing by the end of June. More information on the acquisition can be found in the company's stock exchange release from 17 March.
- The company bought more shares in Asunto Oy Tikkurilan Kassatalo by EUR 0.9 million, increasing its holding to 27.3 per cent by the end of March.
- The company had eight redevelopment projects under way, due to which some 14,000 square metres of retail space was offline. Ongoing (re)development projects are presented in more detail in the table below.
- The topping out ceremony for Myllypuron Ostari was celebrated on 17 March 2011. The first shops are scheduled to open their doors in May 2011, and all construction phases are due for completion by May 2012.
- No new (re)development projects started up.
- No (re)development projects were completed. The refurbishment of the original, older part of the Åkersberga Centrum shopping centre was completed on schedule after the reporting period, in April.

Citycon's reported gross capital expenditure for the period totalled EUR 16.0 million (EUR 27.5 million), with new property acquisitions accounting for EUR 1.0 million (EUR 0.0 million), agreed purchase price adjustments related to property acquisitions concluded earlier for EUR 1.0 million (EUR 2.7 million), acquisitions of joint ventures for EUR 0.3 million (EUR 0.0 million), property development for EUR 13.2 million (EUR 24.6 million), and other investments for EUR 0.4 million (EUR 0.3 million). Capital expenditure in the quarter totalled EUR 10.6 million (EUR 8.7 million) in Finland, EUR 4.7 million (EUR 11.1 million) in Sweden and EUR 0.1 million (EUR 7.5 million) in the Baltic countries. The company made divestments totalling EUR 2.0 million (EUR 23.7 million), from which a total of EUR 0.1 million (EUR 2.3 million) was recorded in gains and losses on sale (including taxes).

At the end of March 2011, Citycon owned 33 (33) shopping centres and 47 (51) other properties. Of the shopping centres, 22 (22) were located in Finland, eight (8) in Sweden and three (3) in the Baltic countries.

(Re)development Projects

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

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

Redevelopment Projects Completed in 2010 and in Progress on 31 March 2011 ¹⁾

	Location	Project area, sq.m. before and after	Estimated total project investment (EUR million)	Actual gross capital investments by 31 March 2011 (EUR million)	Estimated final year of completion
Forum	Jyväskylä, Finland	12,000 12,000	16.0	16.0	completed
Espoonatori	Espoo, Finland	10,400 10,400	25,8 ²⁾	20.9	completed
Åkersberga Centrum	Österåker, Sweden	20,000 27,500	52,3 ³⁾	47.0	2011
Martinlaakso	Vantaa, Finland	3,800 7,300	22.9	10.7	2011
Myllypuro	Helsinki, Finland	7,700 7,300	21.3	16.3	2012
Hansa (Trio)	Lahti, Finland	11,000 11,000	8.0	5.7	2011 ⁴⁾
Isolinnankatu	Pori, Finland	7,600 7,600	3.0	1.4	2011
Asema-aukio	Pori, Finland	8,000 8,000	2.5	0.3	2012
Myymanni	Vantaa, Finland	8,400 8,400	6,5 ⁵⁾	4.6	2011
Kirkkonummen liikekeskus	Kirkkonummi, Finland	5,000 5,000	4.0	2.1	2011

¹⁾ Calculated at end of period exchange rates.

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

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

⁴⁾ The completion of the project has been postponed due to slower than expected leasing.

⁵⁾ The estimated total investment has been raised by EUR 1.7 million.

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

Financial Performance

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

Turnover

The company's turnover consists mainly of rental income from retail properties, and utility and service charge income. Turnover for the first quarter of 2011 came to EUR 52.0 million (EUR 49.5 million). Turnover grew by EUR 2.5 million, or 5.0 per cent. With comparable exchange rates, turnover increased by EUR 0.9 million, or 1.9 per cent. Completed (re)development projects, such as Espoonatori, Forum in Jyväskylä and Åkersberga Centrum, accounted for EUR 1.1 million of the turnover growth and like-for-like properties for EUR 0.7 million. Divestments (see divestments in 2011 under paragraph Changes in Property Portfolio; sales of apartments in Sweden in 2010 are included in the reference period's divestment portfolio) decreased turnover by EUR 0.9 million. (Also see the table Net Rental Income and Turnover by Segment and Property Portfolio.)

Turnover from like-for like properties increased thanks to an improved occupancy rate in shopping centres but reduced due to higher vacancy rates in other retail properties. Turnover from like-for like properties was also affected by temporary rental rebates falling from EUR 0.8 million to EUR 0.6 million.

At the end of the period under review, Citycon had a total of 3,782 (4,029) leases. The leasable area fell by 1.7 per cent to 937,540 square metres. The decrease in the number of lease agreements and in the leasable area was due to divestments of supermarket properties in Finland and apartments in Sweden. The average remaining length of the lease portfolio remained unchanged and was

3.1 (3.1) years. The average rent increased from EUR 17.8/sq.m. to EUR 19.1/sq.m. thanks to exchange rate changes, development projects and index increments. The economic occupancy rate rose to 94.9 per cent (94.5%), mainly due to lower vacancy rates in the Swedish shopping centres. During the preceding 12 months, the rolling twelve-month occupancy cost ratio for like-for-like shopping centre properties was 8.7 per cent.

Lease Portfolio Summary

	Q1/2011	Q1/2010	Change-%	Q4/2010	2010
Number of properties	80	84	-4.8%		83
Gross leasable area, sq.m.	937,540	953,650	-1.7%		942,280
Annualised potential rental value, EUR million ^{1) 2)}	210.7	201.8	4.4%		205.2
Average rent (EUR/sq.m.)	19.1	17.8	7.3%		18.7
Number of leases started during the period	187	185	1.1%	245	789
Total area of leases started, sq.m. ³⁾	34,143	42,997	-20.6%	47,621	160,215
Average rent of leases started (EUR/sq.m.) ³⁾	17.1	18.2	-6.0%	18.3	17.9
Number of leases ended during the period	168	392	-57.1%	294	1,279
Total area of leases ended, sq.m. ³⁾	34,981	68,467	-48.9%	25,114	190,489
Average rent of leases ended (EUR/sq.m.) ³⁾	16.7	17.7	-5.6%	20.0	16.2
Occupancy rate at end of the period (economic), %	94.9	94.5	0.4%		95.1
Average remaining length of lease portfolio at the end of the period, year	3.1	3.1	0.0%		3.2

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

²⁾ In 2010 in the Baltic Countries, maintenance fees have been split to maintenance and utility charges in order to make the practice comparable with the other business units. This change had an effect on the figures of the reference period.

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

Property operating expenses

Property operating expenses consist of the maintenance costs relating to real estate properties, such as electricity, cleaning and repairs. Property operating expenses rose by EUR 0.8 million, from EUR 18.8 million to EUR 19.6 million. With comparable exchange rates, the operating expenses increased by EUR 0.1 million, i.e. 0.3 per cent. The completed (re)development projects increased property operating expenses, while divestments decreased them. The like-for-like property operating expenses remained level with the first quarter of 2010, even though electricity and heating costs increased due to environmental electricity tax and cold winter (Cf. Note 4: Property Operating Expenses). Snow loading expenses decreased from the previous year.

Other expenses from leasing operations

Other expenses from leasing operations consist of tenant improvements and credit losses. They totalled EUR 0.0 million (EUR 0.1 million). The decrease in expenses was mostly due to lower credit losses in Swedish operations.

Net rental income

Citycon's net rental income was EUR 32.4 million (EUR 30.6 million). Net rental income increased by EUR 1.8 million or 5.8 per cent. With comparable exchange rates, net rental income increased by EUR 1.0 million, i.e. 3.2 per cent. (Re)development projects such as Espoonatori, Forum in Jyväskylä and Åkersberga Centrum increased net rental income by EUR 0.7 million, while growth in like-for-like properties was EUR 0.8 million. Divestments reduced net rental income by EUR 0.5 million. Like-for-like net rental income grew by EUR 0.8 million or 3.2 per cent, mainly thanks to a clear increase in net rental income from Liljeholmstorget Galleria shopping centre, and reduced vacancy rates in shopping centres. The negative net rental income development in the Finnish like-for-like portfolio was due mainly to two largely vacant properties in the supermarkets and shops category in Helsinki Metropolitan Area and one in Pori.

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

The following table presents like-for-like net rental income growth by segment. Like-for-like properties are properties held by Citycon throughout two full preceding periods, excluding properties under development or extension and undeveloped lots. 60.4 per cent of like-for-like properties are located in Finland, measured in net rental income.

Net Rental Income and Turnover by Segment and Property Portfolio

Net Rental Income by Segments and Portfolios						Turnover by Portfolios
EUR million	Finland	Sweden	Baltic Countries	Other	Total	Citycon total
Q1/2009	23.1	5.2	2.1	0.0	30.3	45.9
(Re)development projects	-1.1	1.2	1.0	0.0	1.0	2.8
Divestments	0.0	-0.3	-	0.0	-0.4	-0.1
Like-for-like properties	-0.9	-0.2	-0.1	0.0	-1.1	0.0
Other (incl. exchange rate diff.)	0.2	0.5	0.0	0.0	0.8	0.9
Q1/2010	21.3	6.4	3.0	0.0	30.6	49.5
Acquisitions	0.0	-	-	0.0	0.0	0.0
(Re)developments projects	0.4	0.2	-	0.0	0.7	1.1
Divestments	0.0	-0.4	-	0.0	-0.5	-0.9
Like-for-like properties	-0.3	1.0	0.0	0.0	0.8	0.7
Other (incl. exchange rate diff.)	0.0	0.8	0.0	0.0	0.7	1.6
Q1/2011	21.4	7.9	3.0	0.0	32.4	52.0

Administrative expenses

Administrative expenses totalled EUR 5.5 million (EUR 4.5 million). This represented an increase of EUR 1.0 million or 23.5 per cent, mainly due to lower capitalisation of expenses for personnel involved in development projects. In 2010, the amount of capitalised expenses was higher as projects that had been planned for several years were started up. At the end of the period, the Citycon Group employed a total of 130 (120) persons, of whom 86 worked in Finland, 37 in Sweden and seven in the Baltic countries.

Net fair value gains on investment properties

Net fair value gains on investment properties totalled EUR 1.2 million (EUR 0.8 million). The change in fair value was mainly due to value increase in shopping centre properties located in major cities and redeveloped properties. The company recorded a total value increase of EUR 17.7 million (EUR 16.3 million) and a total value decrease of EUR 16.5 million (EUR 15.5 million). Value increases came mainly from the company's largest shopping centres in Finland, while the decreases came from supermarket and shop properties. On 31 March 2011, the average net yield requirement defined by Realia Management Oy for Citycon's entire property portfolio was 6.4 per cent (31 Dec. 2010: 6.4%). The yield figure for properties in Finland, Sweden and the Baltic countries was 6.4 per cent, 6.0 per cent and 8.0 per cent, respectively. The average rent used for the valuation rose to EUR 23.9/sq.m. from EUR 22.8/sq.m. (cf. Note 6: Investment Properties). Realia Management Oy's Valuation Statement for the end of March can be found on the corporate website at www.citycon.com/valuation.

Net gains on the sale of investment properties

Net gains on the sale of investment properties totalled EUR 0.1 million (cf. Changes in Property Portfolio) compared to EUR 3.3 million in the first quarter of 2010. The first quarter of 2010 included EUR 1.0 million in gains on sale from the divestment of apartments in Jakobsbergs Centrum, and EUR 2.3 million from the sale of the building rights for the apartments to be built in connection with the Myllypuron Ostari shopping centre.

Operating profit

Operating profit came to EUR 28.2 million (EUR 30.3 million). The reduction was primarily due to lower gains on sale and higher administrative expenses offset by the increase in net rental income and higher net fair value gains on investment properties.

Net financial expenses

Net financial expenses increased by EUR 0.7 million to EUR 13.8 million (EUR 13.1 million). This increase was mainly attributable to higher interest expenses as a result of higher interest-bearing debt and higher average interest rate. The year-to-date weighted average interest rate for interest-bearing debt increased slightly compared to the previous year, being 4.00 per cent (3.97%). Interest rates began to rise at the end of 2010, which increased the weighted average. At the end of the period, the weighted average interest rate, including interest rate swaps, rose to 4.08 per cent, taking into account the expenses for 2011 relating to interest rate swaps unwound during 2010.

Share of profit of joint ventures

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

Income taxes

Income taxes for the financial period were EUR 0.6 million (EUR 2.9 million). The decrease was primarily due to lower direct taxes for the period, due to the fact that depreciations were made in Finland in 2011 also on properties of which Citycon owns less than 100 per cent.

Profit for the period

Profit for the period came to EUR 13.9 million (EUR 14.3 million). The decrease was mainly due to the lower operating profit and higher financial expenses.

Direct result

The company's direct result was EUR 12.6 million (EUR 11.4 million), up by EUR 1.3 million or 11.4 per cent (cf. EPRA Key Performance Measures, Table 1: Direct Result). The growth in the direct result was due to net rental income growth and lower direct income taxes. The reasons for net rental income growth can be found under Net rental income. The lower direct income taxes were mainly due to depreciations, which were made in Finland also on properties of which Citycon owns less than 100 per cent. The direct result was lowered by higher administration expenses and financial expenses. The reasons for administrative expense growth are given under Administrative expenses. The increase in financial expenses in 2011 arose from higher interest expenses due to an increase in interest-bearing debt and a higher average interest rate level. The effect of changes in the fair value of the property portfolio, of gains on sales and other indirect items on the profit attributable to the parent company's shareholders was EUR -1.4 million (EUR 1.6 million), tax effects included and they don't have impact on the direct result.

Statement of Financial Position and Financing

Investment properties

The fair value of the company's property portfolio totalled EUR 2,386.2 million (EUR 2,193.5 million), with Finnish properties accounting for 64.7 per cent (65.9%), Swedish properties for 28.3 per cent (26.6%) and Baltic properties for 7.0 per cent (7.4%).

The fair value of investment properties increased from the end of 2010 (EUR 2,367.7 million) by EUR 18.5 million because of gross capital expenditure of EUR 15.3 million, offset by divestments totalling EUR 0.4 million (see Changes in Property Portfolio). In addition to investments, the net fair value gains on investment properties increased the value of investment properties by EUR 1.2 million (see detailed analysis under Financial Performance: *Net fair value gains on investment properties*), and the strengthening of the Swedish krona by EUR 2.4 million.

Shareholders' equity

The shareholders' equity attributable to the parent company's shareholders was EUR 839.6 million (EUR 709.7 million). This figure fell from the end of 2010 (EUR 849.5 million) due to dividend payments and equity returns. On the other hand, the profit for the reporting period attributable to parent company shareholders' and the fair value change of interest derivative contracts increased

the shareholders' equity. Citycon applies hedge accounting, which means that fair value changes of applicable interest derivatives are recorded under Other items of comprehensive income, which affects shareholders' equity. A gain on fair value of interest derivatives of EUR 13.0 million was recorded for the period, taking into account their tax effect (a loss of EUR 6.6 million) (cf. Note 9: Derivative Contracts).

Due to the items mentioned above, NAV per share decreased to EUR 3.70 (Q4/2010: EUR 3.79) and NNNAV per share to EUR 3.44 (Q4/2010: EUR 3.49). The equity ratio was 36.3 per cent (Q4/2010: 37.1%). The company's equity ratio, as defined in the loan agreement covenants, decreased to 37.6 per cent (Q4/2010: 39.4%) due to the decrease in shareholders' equity as a consequence of dividend payments and equity returns.

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

Loans

Liabilities totalled EUR 1,578.3 million (EUR 1,546.5 million), with short-term liabilities accounting for EUR 290.1 million (EUR 238.5 million). At the end of the period under review, Citycon's liquidity was EUR 220.2 million, of which EUR 183.5 million consisted of undrawn, committed credit facilities and EUR 36.7 million of cash and cash equivalents. At the end of the period, Citycon's liquidity, excluding short-term credit limits and commercial papers, stood at EUR 207.3 million (EUR 233.1 million at year-end 2010).

Interest-bearing debt increased year on year by 52.7 million to EUR 1,419.1 million (EUR 1,366.4 million). The fair value of the interest-bearing debt was EUR 1,426.2 million (EUR 1,375.9 million) at the period's end. Cash and cash equivalents totalled EUR 36.7 million (EUR 48.7 million), making the fair value of the interest-bearing net debt EUR 1,389.5 million (EUR 1,327.2 million). The average loan maturity, weighted according to the principal amount of the loans, was 2.8 years (3.3 years). The average interest-rate fixing period was 3.4 years, up from 3.1 years due to the fact that new interest hedging was carried out in late 2010.

Citycon's interest coverage ratio was unchanged at 2.0x (Q4/2010: 2.0x).

Fixed-rate debt accounted for 79.2 per cent (80.3%) of the period-end interest-bearing debt, interest-rate swaps included. The debt portfolio's hedging ratio was in line with the company's financing policy.

Cash Flow Statement

Net cash from operating activities

Net cash flow from operating activities totalled EUR 21.7 million (EUR 7.4 million). The increase was due to higher operating profit, positive changes in working capital and received tax return.

Net cash used in investing activities

Net cash flow from investing activities totalled EUR -21.0 million (EUR -0.9 million). Capital expenditure related to investment properties and tangible and intangible assets totalled EUR 23.0 million (EUR 23.0 million). The negative cash flow from investing activities in the reference period was reduced by sales of investment properties totalling EUR 22.2 million. Investment property sales during the reporting period totalled EUR 2.0 million.

Net cash flow from financing activities

Net cash flow from financing activities totalled EUR 16.5 million (EUR 21.8 million). This consisted of loan repayments and new loan withdrawals. New loans were taken to finance investments.

Financial Performance of Business Units

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

Finland

Citycon is the market leader in the Finnish shopping centre business. Citycon's share of the Finnish shopping centre market was 22.7 per cent at the end of 2010 (source: Entrecon). At the end of the period, the company had 22 shopping centres and 40 other properties in Finland, with a total leasable area of 575,340 square metres (587,650 sq.m.). The leasable area fell due to completed divestments (cf. Changes in Property Portfolio). The annualised potential rental value increased to EUR 136.4 million, mainly due to indexation.

Lease agreements started during the reporting period applied to a GLA of 18,855 square metres (30,840 sq.m.). Ending lease agreements applied to 28,641 square metres (48,260 sq.m.). The average rent level for both started and ended lease agreements was lower than the average for the entire property portfolio, because they applied mainly to supermarket and shop properties which usually have lower rents than shopping centre properties.

The average rent rose from EUR 19.8/sq.m. to EUR 20.8/sq.m., mainly thanks to completed (re)development projects and index increments. The occupancy rate fell to 93.8 per cent (94.1%), following the increased vacancy in some single supermarket and shop properties.

The company's net rental income from Finnish operations during the reporting period totalled EUR 21.4 million (EUR 21.3 million). The net rental income grew by EUR 0.2 million or 0.8 per cent, thanks to the EUR 0.4 million effect of completed redevelopment projects such as Espoontori, Forum in Jyväskylä and a retail property in Kirkkonummi. Net rental income for like-for-like properties in Finland fell by EUR 0.3 million, mainly due to the higher vacancy rate in supermarket and shop properties. The business unit accounted for 66.2 per cent (69.5%) of Citycon's total net rental income. Net rental yield was 6.0 per cent, representing a decrease of 0.4 percentage points from the reference period. The decrease was mainly due to the rise in the fair value of investment properties by EUR 97.2 million to EUR 1,543.8 million.

Key Figures, Finland

	Q1/2011	Q1/2010	Change-%	Q4/2010	2010
Number of properties	62	66	-6.1%		65
Gross leasable area, sq.m.	575,340	587,650	-2.1%		579,980
Annualised potential rental value, EUR million ¹⁾	136.4	135.5	0.7%		135.5
Average rent (EUR/sq.m.)	20.8	19.8	5.1%		20.3
Number of leases started during the period	96	99	-3.0%	133	429
Total area of leases started, sq.m. ²⁾	18,855	30,840	-38.9%	27,790	107,970
Average rent of leases started (EUR/sq.m.) ²⁾	19.0	20.7	-8.2%	19.2	19.6
Number of leases ended during the period	119	180	-33.9%	82	458
Total area of leases ended, sq.m. ²⁾	28,641	48,260	-40.7%	13,790	122,680
Average rent of leases ended (EUR/sq.m.) ²⁾	17.4	20.3	-14.3%	21.0	18.2
Occupancy rate at end of the period (economic), %	93.8	94.1	-0.3%		94.0
Average remaining length of lease portfolio at the end of the period, year	2.9	3.0	-3.3%		3.0
Turnover, EUR million	32.9	32.5	1.3%	32.0	126.5
Net rental income, EUR million	21.4	21.3	0.8%	22.0	86.7
Net rental yield, % ³⁾	6.0	6.4	-		6.0
Net rental yield, like-for-like properties, %	6.4	6.5	-		6.5
Fair value of investment properties, EUR million	1,543.8	1,446.6	6.7%		1,533.0

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

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

³⁾ Includes the lots for development projects.

Sweden

At the end of the period, the company had eight shopping centres and seven other retail properties in Sweden, with a total leasable area of 291,400 square metres (295,000 sq.m.). The properties were located in the Greater Stockholm and Gothenburg Areas and in Umeå. The leasable area fell due to the divestment of residential units. The annualised potential rental value increased to EUR 59.9 million, mainly due to exchange rate fluctuations and the completion of the extension of Åkersberga Centrum in 2010.

Lease agreements started during the reporting period applied to a GLA of 14,060 square metres (11,775 sq.m.). These included two new anchor agreements for Åkersberga Centrum. The average rent level for new lease agreements was lower than the average for the entire property portfolio, mainly due to new office lease agreements (accounting for approx. 3,500 sq.m.). Ending lease agreements applied to 5,214 square metres (19,687 sq.m.). The average rent level for ending lease agreements was also lower than the average for the entire property portfolio, due to the ended residential leases and one major supermarket and shop lease.

The average rent rose from EUR 14.5/sq.m. to EUR 16.8/sq.m., mainly due to exchange rate changes and changes in the property portfolio (residential divestments and completion of Åkerbergsa Centrum extension). The occupancy rate rose to 96.3 per cent (94.4%), thanks to reduced vacancy rates in shopping centre properties.

The company's net rental income from Swedish operations increased by EUR 1.6 million or 25.1 per cent to EUR 7.9 million (EUR 6.4 million). If the impact of the strengthened Swedish krona is excluded, net rental income from Swedish operations increased by EUR 0.8 million or 11.4 per cent. The net rental income increase was due to the Åkersberga Centrum redevelopment project, as well as to net rental income increases from like-for-like properties. Net rental income from like-for-like properties grew by EUR 1.0 million, thanks mainly to improved net rental income from Liljeholmstorget Galleria. The business unit accounted for 24.5 per cent (20.8%) of Citycon's total net rental income. Net rental yield was 4.9 per cent, representing an increase of 0.3 percentage points from the reference period. The increase was due mainly to Liljeholmstorget's improved performance compared to the year before.

Key Figures, Sweden

	Q1/2011	Q1/2010	Change-%	Q4/2010	2010
Number of properties	15	15	0.0%		15
Gross leasable area, sq.m.	291,400	295,000	-1.2%		291,500
Annualised potential rental value, EUR million ¹⁾	59.9	52.3	14.5%		54.7
Average rent (EUR/sq.m.)	16.8	14.5	15.9%		15.9
Number of leases started during the period	77	82	-6.1%	85	316
Total area of leases started, sq.m. ²⁾	14,060	11,775	19.4%	17,069	46,879
Average rent of leases started (EUR/sq.m.) ²⁾	14.4	11.7	23.1%	17.8	14.3
Number of leases ended during the period	37	209	-82.3%	184	777
Total area of leases ended, sq.m. ²⁾	5,214	19,687	-73.5%	8,508	62,584
Average rent of leases ended (EUR/sq.m.) ²⁾	12.9	11.2	15.2%	21.7	11.9
Occupancy rate at end of the period (economic), %	96.3	94.4	2.0%		96.4
Average remaining length of lease portfolio at the end of the period, year	3.2	2.9	10.3%		3.1
Turnover, EUR million	14.9	12.6	18.0%	13.8	52.8
Net rental income, EUR million	7.9	6.4	25.1%	6.6	28.7
Net rental yield, % ³⁾	4.9	4.6	-		4.8
Net rental yield, like-for-like properties, %	5.0	4.6	-		4.9
Fair value of investment properties, EUR million	674.8	583.8	15.6%		668.6

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

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

³⁾ Includes the lots for development projects.

Baltic Countries

Citycon has three shopping centres in the Baltic countries: Rocca al Mare and Magistral in Tallinn, Estonia, and Mandarinas in Vilnius, Lithuania. At the end of March 2011, their gross leasable area totalled 70,800 square metres (71,000 sq.m.). The annualised potential rental value increased to EUR 14.4 million, mainly due to lower rental rebates than in the reference period. This also led to the average rent rising from EUR 16.5 to EUR 17.0/sq.m.

Lease agreements started during the reporting period applied to a GLA of 1,228 square metres (382 sq.m.), and ending lease agreements to 1,126 square metres (520 sq.m.). The average rent level for new lease agreements was higher than the average for the ending lease agreements thanks to changes in the tenant mix.

The occupancy rate rose to 99.9 per cent (98.8%), as lease agreements were made for vacant premises.

The net rental income from Baltic operations remained level with the previous year at EUR 3.0 million (EUR 3.0 million). The business unit accounted for 9.3 per cent (9.7%) of Citycon's total net rental income. Net rental yield was 7.4 per cent, representing an increase of 0.4 percentage points from the reference period. The increase was due to the rise in the net rental income.

Key Figures, Baltic Countries

	Q1/2011	Q1/2010	Change-%	Q4/2010	2010
Number of properties	3	3	0.0%		3
Gross leasable area, sq.m.	70,800	71,000	-0.3%		70,800
Annualised potential rental value, EUR million ^{1) 2)}	14.4	14.0	2.8%		15.0
Average rent (EUR/sq.m.) ²⁾	17.0	16.5	3.0%		17.8
Number of leases started during the period	14	4	250.0%	27	44
Total area of leases started, sq.m. ³⁾	1,228	382	221.5%	2,762	5,366
Average rent of leases started (EUR/sq.m.) ^{2) 3)}	18.3	18.5	-1.1%	12.5	12.9
Number of leases ended during the period	12	3	300.0%	28	44
Total area of leases ended, sq.m. ³⁾	1,126	520	116.5%	2,816	5,225
Average rent of leases ended (EUR/sq.m.) ^{2) 3)}	16.0	25.9	-38.2%	9.5	13.2
Occupancy rate at end of the period (economic), %	99.9	98.8	1.1%		99.7
Average remaining length of lease portfolio at the end of the period, year	4.5	5.0	-10.0%		4.6
Turnover, EUR million	4.1	4.3	-4.4%	4.1	16.7
Net rental income, EUR million	3.0	3.0	1.2%	3.1	11.8
Net rental yield, like-for-like properties, % ⁴⁾	7.4	7.0	-		7.5
Fair value of investment properties, EUR million	167.6	163.1	2.8%		166.1

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

²⁾ In 2010 in the Baltic Countries, maintenance fees have been split to maintenance and utility charges in order to make the practice comparable with the other business units. This change had an effect on the figures of the reference period.

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

⁴⁾ Includes the lots for development projects.

Environmental Responsibility

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

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

In order to fulfil its energy saving objectives, Citycon joined a Finnish energy efficiency agreement system, which was supplemented in February with an action plan for office premises. The programme was developed by the Ministry of Employment and the Economy, the Finnish Association of Building Owners and Construction Clients (RAKLI), and Motiva in cooperation with several major players in the sector. The energy efficiency system's action plan is a tool for property owners to use in fulfilling the national energy efficiency targets. The companies that join the system may be eligible for state subsidies of energy efficiency investments in line with the programme.

On 12 February 2011, Citycon organised a Toy Collection Event in its Finnish shopping centres in collaboration with the Mannerheim League for Child Welfare and Radio Nova. This was the fourth time that the nationwide toy collection event was organised. It resulted in a record 100,000 toys being donated to the League's family cafés and, through partnering charities, to day care centres, children's homes, hospitals and families of modest means. Some of the toys were delivered to recipients abroad through the network of the Suomen Idäntö charity. In Sweden, Tumba Centrum organised a Climate Market event together with local operators and the municipality of Botkyrka. In addition, all Citycon shopping centres took part in the annual Earth Hour campaign in March.

Governance

Annual General Meeting 2011

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

Decisions of the Annual General Meeting

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

Board Members and Their Remuneration

The number of members of the Board of Directors was confirmed to be ten, with Ronen Ashkenazi, Chaim Katzman, Claes Ottosson, Dor J. Segal, Thomas W. Wernink, Per-Håkan Westin and Ariella Zochovitzky being re-elected to the Board for a one-year-term. Roger Kempe, Kirsi Komi and Jorma Sonninen were elected as new members to the Board. Personal details of the members of the Board of Directors can be found on the corporate website, at www.citycon.com/board.

The AGM decided that Board members' fees would remain unchanged, with the Chairman of the Board of Directors receiving an annual fee of EUR 160,000, the Deputy Chairmen EUR 60,000 and ordinary members of the Board EUR 40,000. In addition, the AGM decided that the Chairman of the Board and the chairmen of the Board's committees be paid a meeting fee of EUR 700 and the other Board and committee members EUR 500 per meeting. Furthermore, it was decided that Board members residing outside the Greater Helsinki Area be compensated for actual travel and lodging expenses and any other expenses resulting from their work on the Board.

Chaim Katzman was elected as Board Chairman of Citycon Oyj and Ronen Ashkenazi and Thom Wernink as Deputy Chairmen at the Board's organising meeting, which was held after the Annual General Meeting. At the same meeting, the Board decided to expand the role of the Board's Nomination Committee and to change the name of the committee to the Nomination and Governance Committee. The following Board members were appointed to the committees:

Audit Committee	Remuneration Committee	Nomination and Governance Committee	Strategy and Investment Committee
Ariella Zochovitzky (chair)	Chaim Katzman (chair)	Kirsi Komi (chair)	Ronen Ashkenazi (chair)
Kirsi Komi	Roger Kempe	Ronen Ashkenazi	Dor J. Segal
Jorma Sonninen	Claes Ottosson	Chaim Katzman	Jorma Sonninen
Thom Wernink	Per-Håkan Westin	Roger Kempe	Thom Wernink
	Ariella Zochovitzky	Claes Ottosson	Per-Håkan Westin

Independence of the Members of the Board of Directors

In the view of the Board of Directors, all Board members are independent of the company as non-executive directors and Roger Kempe, Kirsi Komi, Jorma Sonninen, Thom Wernink and Per-Håkan Westin are independent of major shareholders.

Auditor

Authorised public accounting firm Ernst & Young Oy continues as the company's auditor with Authorised Public Accountant Tuija Korpelainen continuing as the chief auditor.

Authorising the Board of Directors to Decide on the Acquisition of the Company's Own Shares

As proposed by the Board of Directors, the AGM authorised the Board to decide on the acquisition of a maximum of 20,000,000 of the company's own shares by using unrestricted equity through public trading on the NASDAQ OMX Helsinki Ltd at the market price prevailing at the time of the acquisition. The shares may be acquired to improve the company's capital structure or to be used in the financing or implementation of potential acquisitions or other corporate transactions, or as part of the company's incentive plan. The company may hold, convey or cancel the shares for the aforementioned purposes. The Board was authorised to decide on other matters related to the acquisition of the company's own shares. This acquisition authorisation will be valid until the next Annual General Meeting.

New Chief Executive Officer

Citycon Oyj's new Chief Executive Officer, Marcel Kokkeel, assumed his duties on 24 March 2011. The CEO's personal and career details can be found on the corporate website under Remuneration Statement (www.citycon.com/cg).

Events after the Reporting Period

On 17 March 2011, Citycon announced the signing of an agreement to acquire Kristiine shopping centre in Tallinn, Estonia for EUR 105 million. Closing and payment of the transaction took place on 2 May 2011. The transaction has been described in greater detail in the company's stock exchange release issued on 17 March 2011.

Helsinki, 3 May 2011

Citycon Oyj
Board of Directors

EPRA Performance Measures

EPRA PERFORMANCE MEASURES

	Q1/2011	Q1/2010	Change-%	2010
Direct result (EPRA Earnings), EUR million	12.6	11.4	11.4%	47.3
Direct result per share, diluted (Diluted EPRA EPS), EUR	0.05	0.05	0.8%	0.21
EPRA NAV, EUR ¹⁾	3.70	3.57	3.8%	3.79
EPRA NNNNAV, EUR	3.44	3.22	6.8%	3.49
EPRA Net Initial Yield (NIY) (%)	6.2	6.4	-	6.3
EPRA "topped-up" NIY (%)	6.4	6.8	-	6.4
EPRA vacancy rate (%)	5.1	5.5	-	4.9

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

The following tables present how EPRA Performance Measures are calculated.

1) DIRECT RESULT

	Q1/2011	Q1/2010	Change-%	2010
Direct result				
Net rental income	32.4	30.6	5.8%	127.2
Direct administrative expenses	-5.4	-4.3	26.2%	-22.5
Direct other operating income and expenses	0.0	0.1	-45.5%	0.3
Direct operating profit	27.0	26.4	2.4%	105.0
Direct net financial income and expenses	-13.8	-12.9	7.1%	-55.1
Direct share of loss/profit of joint ventures	-0.1	-	-	-
Direct current taxes	-0.2	-1.8	-86.8%	-0.6
Change in direct deferred taxes	0.2	0.1	74.9%	-0.3
Direct non-controlling interest	-0.4	-0.4	1.3%	-1.8
Total direct result	12.6	11.4	11.4%	47.3
Direct result per share (diluted), (diluted EPRA EPS), EUR ¹⁾	0.05	0.05	0.8%	0.21
Indirect result				
Net fair value gains/losses on investment property	1.2	0.8	41.1%	50.8
Profit/loss on disposal of investment property	0.1	3.3	-97.4%	2.6
Indirect administrative expenses	-0.1	-0.2	-52.5%	-0.8
Movement in fair value of financial instruments	-	-0.2	-	0.2
Indirect share of profit/loss of joint ventures	0.2	-	-	-
Indirect current taxes	-	-0.6	-	-
Change in indirect deferred taxes	-0.5	-0.6	-14.5%	-11.6
Indirect non-controlling interest	-2.3	-0.9	140.5%	-10.3
Total indirect result	-1.4	1.6	-	31.1
Indirect result per share, diluted	-0.01	0.01	-	0.13
Profit/loss for the period attributable to parent company shareholders	11.2	13.0	-13.4%	78.3

2) DIRECT RESULT PER SHARE

	Q1/2011	Q1/2010	Change-%	2010
Direct result, EUR million (Table 1)	12.6	11.4	11.4%	47.3
Expenses from convertible capital loan, tax effect deducted (EUR million)	1.0	1.1	-4.1%	4.1
Profit used in the calculation of diluted direct result per share (EUR million)	13.7	12.4	10.0%	51.4
Average number of shares, million	244.6	221.3	10.5%	228.1
Adjustment for convertible capital loan, million	17.0	18.2	-6.9%	17.5
Adjustment for stock options, million	-	0.0	-	0.0
Adjustments for long-term share-based incentive plan, million	0.1	0.2	-40.1%	0.1
Diluted average number of shares, million	261.6	239.7	9.2%	245.8
Direct result per share, diluted (Diluted EPRA EPS), EUR	0.05	0.05	0.8%	0.21

3) EPRA NAV AND EPRA NNNAV PER SHARE

	31 March 2011			31 March 2010			31 Dec. 2010		
	EUR million	Number of shares on 31 March 2011 (1,000)	per share, EUR	EUR million	Number of shares on 31 March 2010 (1,000)	per share, EUR	EUR million	Number of shares on 31 March 2010 (1,000)	per share, EUR
Equity attributable to parent company shareholders	839.6	244,565	3.43	709.7	221,715.5	3.20	849.5	244,565	3.47
Deferred taxes from the difference of fair value and fiscal value of investment properties	60.1	244,565	0.25	49.4	221,715.5	0.22	59.7	244,565	0.24
Fair value of financial instruments ¹⁾	5.9	244,565	0.02	31.6	221,715.5	0.14	18.8	244,565	0.08
Net asset value (EPRA NAV)	905.6	244,565	3.70	790.7	221,715.5	3.57	928.1	244,565	3.79
Deferred taxes from the difference of fair value and fiscal value of investment properties	-60.1	244,565	-0.25	-49.4	221,715	-0.22	-59.7	244,565	-0.24
The difference between the secondary market price and fair value of bonds and capital loans ²⁾	0.8	244,565	0.00	4.0	221,715	0.02	3.6	244,565	0.01
Fair value of financial instruments ¹⁾	-5.9	244,565	-0.02	-31.6	221,715	-0.14	-18.8	244,565	-0.08
EPRA NNNAV	840.4	244,565	3.44	713.7	221,715	3.22	853.1	244,565	3.49

1) Fair value of financial instruments

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

2) Secondary market price

When calculating the EPRA NNNAV in accordance with EPRA's recommendations, the shareholders' equity is adjusted in line with EPRA's guidelines so that bonds and capital loans are valued based on secondary market prices. In accordance with Citycon's accounting policies, the carrying amount and fair value of bonds and capital loans are different from this secondary market price. Due to this, in the calculation of this key figure subordinated capital loan 1/2005, convertible capital loan 1/2006 and bond 1/2009 have been valued using the price derived from the secondary market on the interim balance sheet date. The secondary market price for convertible capital loan 1/2006 was 99.13 per cent (94.00%) and for bond 1/2009 99.50 per cent (101.00%) on 31 March 2011. The secondary market price for subordinated capital loan 1/2005 was 100.30 per cent on 31 March 2010. The difference between the secondary market price and the fair value of the bonds and capital loans was EUR 0.8 million (EUR 4.0 million) on 31 March 2011.



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

EUR million	Q1/2011	Q1/2010	2010
Fair value of investment properties determined by the external appraiser	2,378.9	2,205.4	2,361.1
Less (re)development properties, lots, unused building rights and properties, the valuation of which is based on the value of the building right	-473.0	-510.9	-487.4
Completed property portfolio	1,905.9	1,694.4	1,873.7
Plus the estimated purchasers' transaction costs	38.0	33.1	37.1
Gross value of completed property portfolio (A)	1,943.8	1,727.5	1,910.8
Annualised gross rents for completed property portfolio	170.6	155.3	170.8
Property portfolio's operating expenses	-50.7	-43.9	-50.2
Annualised net rents (B)	119.9	111.4	120.6
Plus the notional rent expiration of rent free periods or other lease incentives	5.2	6.3	2.4
Topped-up annualised net rents (C)	125.1	117.7	123.0
EPRA Net Initial Yield (NIY) (%) (B/A)	6.2	6.4	6.3
EPRA "topped-up" NIY (%) (C/A)	6.4	6.8	6.4

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

5) EPRA VACANCY RATE (%)

EUR million	Q1/2011	Q1/2010	2010
Annualised potential rental value of vacant premises	10.4	10.6	9.6
./ Annualised potential rental value for the whole portfolio	205.1	193.5	196.5
EPRA vacancy rate (%)	5.1	5.5	4.9

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 March 2011

Condensed Consolidated Statement of Comprehensive Income, IFRS

EUR million	Note	Q1/2011	Q1/2010	Change-%	2010
Gross rental income		49.5	47.2	5.0%	185.9
Utility and service charge income		2.5	2.3	6.4%	10.0
Turnover	3	52.0	49.5	5.0%	195.9
Property operating expenses	4	19.6	18.8	4.5%	67.4
Other expenses from leasing operations		0.0	0.1	-124.4%	1.3
Net rental income		32.4	30.6	5.8%	127.2
Administrative expenses		5.5	4.5	23.5%	23.3
Other operating income and expenses		0.0	0.1	-45.5%	0.3
Net fair value gains/losses on investment property	6	1.2	0.8	41.1%	50.8
Net gains/losses on sale of investment property	6, 7	0.1	3.3	-97.4%	2.6
Operating profit		28.2	30.3	-7.1%	157.7
Net financial income and expenses		-13.8	-13.1	5.3%	-54.9
Share of profit/loss of joint ventures		0.1	-	-	-
Profit/loss before taxes		14.4	17.2	-16.1%	102.8
Current taxes		-0.2	-2.4	-90.0%	-0.6
Change in deferred taxes		-0.3	-0.5	-34.9%	-11.8
Profit/loss for the period		13.9	14.3	-2.9%	90.4
Profit/loss for the period attributable to					
Parent company shareholders		11.2	13.0	-13.4%	78.3
Non-controlling interest		2.6	1.3	99.8%	12.0
Earnings per share attributable to parent company shareholders					
Earnings per share (basic), EUR	5	0.05	0.06	-21.7%	0.34
Earnings per share (diluted), EUR	5	0.05	0.06	-21.6%	0.34
Other comprehensive income/expenses					
Net gains/losses on cash flow hedges	9	17.5	-8.9	-	5.1
Income taxes relating to cash flow hedges	9	-4.6	2.3	-	-1.3
Exchange gains/losses on translating foreign operations		0.2	0.9	-76.6%	3.1
Other comprehensive income/expenses for the period, net of tax		13.2	-5.7	-	6.9
Total comprehensive profit/loss for the period		27.1	8.6	214.7%	97.3
Total comprehensive profit/loss for the period attributable to					
Parent company shareholders		24.3	6.2	294.4%	83.4
Non-controlling interest		2.7	2.4	12.5%	13.9

Condensed Consolidated Statement of Financial Position, IFRS

EUR million	Note	31 March 2011	31 March 2010	31 Dec. 2010
Assets				
Non-current assets				
Investment properties	6	2,386.2	2,193.5	2,367.7
Investments in joint ventures		0.4	-	-
Intangible assets and property, plant and equipment		2.7	1.7	2.5
Deferred tax assets		1.2	10.9	5.6
Derivative financial instruments and other non-current assets	9	11.2	0.0	2.3
Total non-current assets		2,401.7	2,206.2	2,378.1
Investment properties held for sale	7	-	18.6	1.5
Current assets				
Trade and other receivables		32.9	21.9	37.4
Cash and cash equivalents	8	36.7	48.7	19.5
Total current assets		69.6	70.6	56.9
Total assets		2,471.3	2,295.4	2,436.5
Liabilities and shareholders' equity				
Equity attributable to parent company shareholders				
Share capital		259.6	259.6	259.6
Share premium fund		131.1	131.1	131.1
Fair value reserve		-5.9	-29.2	-18.8
Invested unrestricted equity fund	10	174.3	136.4	198.8
Retained earnings	10	280.4	211.8	278.8
Total equity attributable to parent company shareholders		839.6	709.7	849.5
Non-controlling interest		53.4	39.2	50.7
Total shareholders' equity		893.0	748.9	900.2
Long-term liabilities				
Long-term interest-bearing debt	11	1,210.1	1,215.5	1,212.4
Derivative financial instruments and other non-interest bearing liabilities	9	15.3	41.9	19.2
Deferred tax liabilities		62.9	50.6	62.6
Total long-term liabilities		1,288.2	1,308.0	1,294.2
Short-term liabilities				
Short-term interest-bearing debt	11	209.0	150.9	185.3
Derivate financial instruments	9	1.7	1.0	1.6
Trade and other payables		79.4	86.6	55.3
Total short-term liabilities		290.1	238.5	242.2
Total liabilities		1,578.3	1,546.5	1,536.3
Total liabilities and shareholders' equity		2,471.3	2,295.4	2,436.5

Condensed Consolidated Cash Flow Statement, IFRS

EUR million	Note	Q1/2011	Q1/2010	2010
Cash flow from operating activities				
Profit/loss before taxes		14.4	17.2	102.8
Adjustments		12.7	9.2	2.3
Cash flow before change in working capital		27.1	26.4	105.1
Change in working capital		2.6	-3.4	2.9
Cash generated from operations		29.7	23.0	108.0
Paid interest and other financial charges		-11.6	-10.6	-68.0
Interest income and other financial income received		0.2	0.1	0.5
Realised exchange rate losses/gains		-1.9	-2.8	-10.6
Taxes received/paid		5.5	-2.4	-9.9
Net cash from operating activities		21.7	7.4	20.0
Cash flow from investing activities				
Capital expenditure on investment properties as well as on intangible assets and PP&E	6	-23.0	-23.0	-133.8
Sale of investment properties	6,7	2.0	22.2	66.3
Net cash used in investing activities		-21.0	-0.9	-67.5
Cash flow from financing activities				
Sale of treasury shares		-	-	0.2
Proceeds from share issue		-	-	62.2
Share subscriptions based on stock options		-	3.3	3.3
Proceeds from short-term loans	11	8.6	22.5	109.0
Repayments of short-term loans	11	-7.6	-19.4	-192.6
Proceeds from long-term loans	11	64.7	88.4	346.5
Repayments of long-term loans	11	-49.1	-73.0	-252.2
Dividends and equity returns from the invested unrestricted equity fund	10	-	-	-31.2
Net cash from financing activities		16.5	21.8	45.2
Net change in cash and cash equivalents		17.2	28.3	-2.3
Cash and cash equivalents at period-start	8	19.5	19.8	19.8
Effects of exchange rate changes		0.0	0.6	2.0
Cash and cash equivalents at period-end	8	36.7	48.7	19.5

Condensed Consolidated Statement of Changes in Shareholders' Equity, IFRS

EUR million	Equity attributable to parent company shareholders						Equity attributable to parent company shareholders	Non-controlling interest	Shareholders' equity, total
	Share capital	Share premium fund	Fair value reserve	Invested un-restricted equity fund	Translation reserve	Retained earnings			
Balance at 1 Jan. 2010	259.6	131.1	-22.7	155.2	-9.5	217.3	731.1	36.8	767.9
Total comprehensive profit/loss for the period			-6.6		-0.2	13.0	6.2	2.4	8.6
Share subscriptions based on stock options				3.3			3.3		3.3
Dividends and equity return from the invested unrestricted equity fund (Note 10)				-22.1		-8.8	-30.9		-30.9
Share-based payments						0.1	0.1		0.1
Balance at 31 March 2010	259.6	131.1	-29.2	136.4	-9.7	221.5	709.7	39.2	748.9
Balance at 1 Jan. 2011	259.6	131.1	-18.8	198.8	-8.2	287.0	849.5	50.7	900.2
Total comprehensive profit/loss for the period			13.0		0.1	11.2	24.3	2.7	27.1
Dividends and equity return from the invested unrestricted equity fund (Note 10)				-24.5		-9.8	-34.2		-34.2
Share-based payments						0.0	0.0		0.0
Balance at 31 March 2011	259.6	131.1	-5.9	174.3	-8.1	288.5	839.6	53.4	893.0

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Basic Company Data

Citycon is a real estate company investing in retail premises. Citycon operates mainly in Finland, Sweden and the Baltic countries. Citycon is a Finnish public limited liability company established under the laws of Finland and domiciled in Helsinki. The Board of Directors has approved the interim financial statements on 3 May 2011.

2. Basis of Preparation and Accounting Policies

Citycon prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). The interim financial statements for the three-month period ended on 31 March 2011 have been prepared in accordance with IAS 34 Interim Financial Reporting. The figures are unaudited. The following standards and amendments to existing standards have been adopted in the interim financial statements:

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

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

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

3. Segment Information

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

EUR million	Q1/2011	Q1/2010	Change-%	2010
Turnover				
Finland	32.9	32.5	1.3%	126.5
Sweden	14.9	12.6	18.0%	52.8
Baltic Countries	4.1	4.3	-4.4%	16.7
Total	52.0	49.5	5.0%	195.9
Net rental income				
Finland	21.4	21.3	0.8%	86.7
Sweden	7.9	6.4	25.1%	28.7
Baltic Countries	3.0	3.0	1.2%	11.8
Other	0.0	0.0	-	0.0
Total	32.4	30.6	5.8%	127.2
Direct operating profit/loss				
Finland	19.7	20.5	-3.8%	80.9
Sweden	6.8	5.5	24.6%	24.1
Baltic Countries	2.8	2.7	2.3%	10.6
Other	-2.4	-2.4	0.2%	-10.5
Total	27.0	26.4	2.4%	105.0

EUR million	Q1/2011	Q1/2010	Change-%	2010
Net fair value gains/losses on investment property				
Finland	0.6	-3.0	-	24.5
Sweden	-0.9	4.9	-	22.8
Baltic Countries	1.4	-1.0	-	3.5
Total	1.2	0.8	-	50.8
Operating profit/loss				
Finland	20.5	19.8	3.7%	107.5
Sweden	5.9	11.2	-47.6%	46.7
Baltic Countries	4.2	1.7	141.2%	14.1
Other	-2.4	-2.4	0.2%	-10.5
Total	28.2	30.3	-7.1%	157.7

EUR million	31 March 2011	31 March 2010	Change-%	31 Dec. 2010
Assets				
Finland	1,549.3	1,454.3	6.5%	1,540.6
Sweden	694.5	612.0	13.5%	688.8
Baltic Countries	168.5	164.1	2.7%	166.8
Other	59.0	65.0	-9.2%	40.3
Total	2,471.3	2,295.4	7.7%	2,436.5

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

4. Property Operating Expenses

EUR million	Q1/2011	Q1/2010	Change-%	2010
Heating and electricity	7.7	7.1	7.5%	22.0
Maintenance expenses	6.0	5.7	4.6%	23.0
Land lease fees and other rents	0.3	0.2	62.1%	1.3
Property personnel expenses	0.2	0.2	-18.7%	0.6
Administrative and management fees	0.6	0.6	4.9%	2.3
Marketing expenses	1.1	1.2	-10.5%	5.0
Property insurances	0.2	0.2	-5.0%	0.5
Property taxes	1.6	1.5	11.1%	6.3
Repair expenses	2.0	2.1	-2.5%	6.5
Other property operating expenses	0.0	0.1	-70.1%	0.0
Total	19.6	18.8	4.5%	67.4

Two properties had no income during the first quarter of 2011 and 2010, but they generated expenses of EUR 0.0 million (EUR 0.1 million)

5. Earnings per Share

	Q1/2011	Q1/2010	2010
Earnings per share, basic			
Profit/loss for the period attributable to parent company shareholders, EUR million	11.2	13.0	78.3
Average number of shares, million	244.6	221.3	228.1
Earnings per share (basic), EUR	0.05	0.06	0.34
Earnings per share, diluted			
Profit/loss for the period attributable to parent company shareholders, EUR million	11.2	13.0	78.3
Expenses from convertible capital loan, the tax effect deducted (EUR million)	1.0	1.1	4.1
Profit/loss for the period used in the calculation of diluted earnings per share (EUR million)	12.2	14.0	82.5
Average number of shares, million	244.6	221.3	228.1
Adjustment for convertible capital loan, million	17.0	18.2	17.5
Adjustment for stock options, million	-	0.0	0.0
Adjustments for long-term share-based incentive plan, million	0.1	0.2	0.1
Diluted average number of shares, million	261.6	239.7	245.8
Earnings per share (diluted), EUR	0.05	0.06	0.34

6. Investment Property

Citycon divides its investment properties into two categories: Investment Properties Under Construction (IPUC) and Operative Investment Properties. On 31 March 2011, the first mentioned category included Espoontori, Kirkkonummen Liikekeskus, Lahden Hansa (Trio), Myllypuron Ostari, Martinlaakson Ostari and Myyrmanni in Finland as well as Åkersberga Centrum in Sweden.

EUR million	31 March 2011		
	Investment properties under construction (IPUC)	Operative investment properties	Investment properties total
At period-start	326.1	2,041.6	2,367.7
Acquisitions	0.0	2.0	2.0
Investments	9.1	3.1	12.1
Disposals	-	-0.4	-0.4
Capitalised interest	1.0	0.2	1.1
Fair value gains on investment property	1.3	16.4	17.7
Fair value losses on investment property	-1.2	-15.3	-16.5
Exchange differences	0.3	2.2	2.4
Transfers between items	-	-	-
At period-end	336.5	2,049.7	2,386.2

EUR million	31 March 2010		
	Investment properties under construction (IPUC)	Operative investment properties	Investment properties total
At period-start	269.8	1,877.6	2,147.4
Acquisitions	2.0	0.7	2.7
Investments	7.8	15.5	23.3
Disposals	-1.0	-11.3	-12.3
Capitalised interest	0.2	0.9	1.1
Fair value gains on investment property	1.7	14.6	16.3
Fair value losses on investment property	-10.4	-5.2	-15.5
Exchange differences	2.2	28.2	30.4
Transfers between items	42.8	-42.8	0.0
At period-end	315.3	1,878.2	2,193.5

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

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

	Weighted average yield requirement (%)			Weighted average market rents (€/m²)		
	31 March 2011	31 March 2010	31 Dec. 2010	31 March 2011	31 March 2010	31 Dec. 2010
Finland	6.4	6.6	6.4	24.2	23.0	23.6
Sweden	6.0	6.4	6.1	24.1	22.7	24.1
Baltic Countries	8.0	8.2	8.1	19.7	21.4	21.4
Average	6.4	6.6	6.4	23.9	22.8	23.6

7. Investment Properties Held for Sale

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

EUR million	31 March 2011	31 March 2010	31 Dec. 2010
At period-start	1.5	26.0	26.0
Investments	-	0.1	-
Disposals	-1.5	-8.4	-28.5
Exchange differences	-	1.0	2.5
Transfers from investment properties	-	-	1.5
At period-end	-	18.6	1.5

8. Cash and Cash Equivalents

EUR million	31 March 2011	31 March 2010	31 Dec. 2010
Cash in hand and at bank	35.6	14.8	19.4
Short-term deposits	1.1	33.9	0.1
Total	36.7	48.7	19.5

9. Derivative Financial Instruments

EUR million	31 March 2011		31 March 2010		31 Dec. 2010	
	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate derivatives						
Interest rate swaps						
Maturity:						
less than 1 year	40.0	-1.7	51.5	-0.9	40.0	-1.6
1-2 years	30.0	-0.4	110.0	-2.9	30.0	-0.8
2-3 years	161.2	-6.7	50.0	-2.5	161.2	-10.2
3-4 years	202.3	-2.2	236.9	-16.9	202.0	-6.6
4-5 years	163.0	4.0	202.4	-11.0	123.6	0.5
over 5 years	274.7	5.7	138.5	-6.1	313.1	0.6
Subtotal	871.1	-1.3	789.2	-40.2	869.8	-18.1
Foreign exchange derivatives						
Forward agreements						
Maturity:						
less than 1 year	3.9	0.0	19.6	-0.1	-	-
Total	875.1	-1.3	808.8	-40.3	869.8	-18.1

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

The fair value of the instruments includes foreign exchange rate loss of EUR -1.6 million (gain EUR 1.6 million), which is recognised in the statement of comprehensive income under net financial income and expenses.

Hedge accounting is applied for interest rates swaps with nominal amount of EUR 871.1 million (EUR 763.5 million). The change in fair values of these derivatives (net of taxes), EUR 13.0 million (EUR -6.6 million), is recognised under other comprehensive income, taking the tax effect into account.

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

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

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

11. Interest-bearing Liabilities

During the period, repayments of interest-bearing debt amounted to EUR 18.7 million and these repayments were made in line with previously disclosed repayment terms.

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

12. Contingent Liabilities

EUR million	31 March 2011	31 March 2010	31 Dec. 2010
Mortgages on land and buildings	37.0	44.9	36.9
Bank guarantees	42.7	44.6	43.4
Capital commitments	22.4	24.1	32.3

On 31 March 2011, Citycon had capital commitments of EUR 22.4 million (EUR 24.1 million) relating mainly to development and redevelopment projects.

13. Related Party Transactions

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

Convertible capital loan

The outstanding amount of convertible capital loan was EUR 71.3 million on 31 March 2011 (EUR 76.5 million on 31 March 2010) and the carrying amount was EUR 66.7 million on 31 March 2011 (EUR 69.8 million). Based on the information Citycon has received, Gazit-Globe Ltd. held 58.9 per cent (54.9%) out of the outstanding amount of convertible capital loan, i.e. EUR 39.3 million (EUR 38.3 million) out of the carrying amount of convertible capital loan on 31 March 2011. Out of the convertible capital loan interest liability total of EUR 1.2 million (EUR 1.2 million) belong to Gazit-Globe Ltd on 31 March 2011.

Purchases of services and expenses charged forward

Citycon has paid expenses of EUR 0.0 million to Gazit-Globe Ltd. and its subsidiaries and charged expenses of EUR 0.1 million forward to Gazit-Globe Ltd. and its subsidiaries. Citycon had a trade receivable of EUR 0.1 million from the expenses charged forward on 31 March 2011.

14. Key Figures

	Q1/2011	Q1/2010	Change-%	2010
Earnings per share (basic), EUR	0.05	0.06	-21.7%	0.34
Earnings per share (diluted), EUR	0.05	0.06	-20.0%	0.34
Equity per share, EUR	3.43	3.20	7.2%	3.47
Equity ratio, %	36.3	32.7	10.9%	37.1

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

15. Shareholders, Share Capital and Shares

At the end of March, Citycon had a total of 4,476 (4,115) registered shareholders, of which nine were account managers of nominee-registered shares. Nominee-registered and other international shareholders held 212.4 million (197.7 million) shares, or 86.9 per cent (89.2%) of shares and voting rights in the company.

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

Share price, transactions, EUR

	Q1/2011	Q1/2010	Change-%	2010
Low	3.02	2.63	14.8%	2.29
High	3.33	3.15	5.7%	3.31
Average	3.16	2.89	9.3%	2.84
Latest	3.23	2.95	9.5%	3.08
Market capitalisation at period-end, EUR million	789.9	654.1	20.8%	753.3
Share trading volume				
Number of shares traded, million	24.2	29.1	-16.8%	115.0
Value of shares traded, EUR million	76.6	84.3	-9.1%	326.4
Share capital and shares				
Share capital at period-start, EUR million	259.6	259.6	-	259.6
Share capital at period-end, EUR million	259.6	259.6	-	259.6
Number of shares at period-start, million	244.6	221.1	10.6%	221.1
Number of shares at period-end, million	244.6	221.7	10.3%	244.6

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

Board authorisations and own shares

Pursuant to a share issue authorisation granted by the AGM of 2007, the Board of Directors can still decide on a maximum of 50,033,412 shares to be issued or treasury shares to be conveyed. Based on this authorisation, the Board may also decide on the grant of stock options and other special rights. This authorisation will be valid until 13 March 2012.

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

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

Stock options 2004

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

All in all, a total of 1,687,665 Citycon shares were subscribed by exercising stock options under the 2004 stock option plan during 2006-2010. As a result of the subscriptions, the company's share capital was increased by EUR 121,115.25. Most of the subscription price, a total of EUR 4.0 million, was recognised in the company's invested unrestricted equity fund.

Since the expiry of the company's stock option plan 2004, the company has no stock option plans in place.

Financial Reports in 2011

In 2011, Citycon will publish another two interim reports:

January-June 2011 on Wednesday 13 July 2011, at approximately 9:00 a.m., and
January-September 2011 on Wednesday 12 October 2011, at approximately 9:00 a.m.

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

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Report on Review of Citycon Oyj's Interim Financial Information for the period January 1 – March 31 2011

To the Board of Directors of Citycon Oyj

Introduction

We have reviewed the accompanying statement of financial position of Citycon Oyj as of March 31, 2011 and the related statements of comprehensive income, changes in equity and cash flows for the three-month period then ended, and explanatory notes prepared in accordance with International Financial Reporting Standards as adopted by the EU. The board of Directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with the Securities Market Act, chapter 2, paragraph 5 a. Based on our interim review we express at the request of the Board of Directors a report in accordance with the Securities Market Act, chapter 2, paragraph 5 a.

Scope of Review

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

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information, prepared in accordance with International Financial Reporting Standards as adopted by the EU, does not give a true and fair view of the financial position of the entity as at March 31, 2011, and of its financial performance and its cash flows for the three-month period then ended in accordance with the Securities Market Act.

May 3, 2011

ERNST & YOUNG OY
Authorized Public Accountants

Tuija Korpelainen, Authorized Public Accountant