

CITYCON

annual report 2002





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CITYCON OYJ

A developing retail premises expert

- Citycon is a listed property investment company specialised in retail premises.
- The company plays an active role in the letting, management, administration and development of its property assets.
- The regional focus of the company's property assets is on the Helsinki region and other Finnish cities with over 50,000 inhabitants such as Tampere, Turku, Oulu, Lahti, Pori, Kuopio and Jyväskylä.
- Citycon customers are companies in the retail and groceries trade, chain stores and private entrepreneurs who require retail premises.
- The company invests in developing new retail premises, Retail Parks, and is embracing an increasingly customer and service driven approach in its operations.
- Citycon had a successful year in 2002, with improved profitability and earnings.

■ Key figures

	2002	2001
Turnover, EUR million	79.4	77.7
Turnover, increase %	2.2	2.2
Operating profit, EUR million	43.9	44.9
as % of turnover	55.3	57.8
Result before exceptional items and taxes, EUR million	19.2	17.6
Number of employees at 31 December 2002	33	29
EPS, EUR	0.14	0.12
Equity per share, EUR	1.96	1.91
P/E ratio	8	8
Dividend per share, EUR	0.09*	0.08
Return on equity (ROE), %	4.8	4.5
ROE excluding minority interests, %	7.1	6.7
Return on investment (ROI), %	6.0	6.1
Equity ratio, %	39.1	38.2
Equity ratio, capital loan included in core capital, %	48.4	47.3
Net yield of property portfolio, %	8.6	8.3
Economic occupancy rate of retail premises, %	98	98
* Board of Director's recommendation		



VIBRANT RETAIL S

Citycon's mission is to serve various sectors of the retail trade. The company lets retail premises to companies in the retail and groceries trade, chain stores, department stores and private entrepreneurs in Finland's largest cities.

Citycon is contributing to paving the way for its clients to improve their business. Citycon is a retail premises expert and partner, which addresses the ongoing study of its clients' needs and closely watches the market. The company's strong retail premises excellence, continual development of its properties and comprehensive property assets enable the creation of long-term client relationships and the provision of an effective service also to large retail chains.

CUSTOMER-DRIVEN APPROACH

Citycon has some 700 clients and 1,150 rental agreements. The company is committed to satisfying its clients' need for retail premises and services both flexibly and efficiently. Citycon's market and retail excellence and quality through constantly improving services translates

*Quality premises
and well-managed
properties appeal
to clients.*

ITES, *quality service*

into added customer value. The company is also renowned for the successful, customer-driven development of its properties and for innovating new retail premises concepts for the retail trade.

Citycon's expertise is based on a sound raft of experience and active customer relationship management. Citycon's largest client is Kesko Corporation, which focuses on the groceries and department store business and which accounts for around 60 per cent of Citycon's gross rental returns. Utility goods customers include H&M, Lindex and Tiimari. Citycon clients also include numerous banks and insurance companies such as Nordea and Sampo.

VIBRANT RETAIL SITES

Citycon's business is centred on the Helsinki region and other cities in Finland with a population of over 50,000. Citycon owns 13 shopping centres and 139 supermarkets or store properties occupying prime sites in the heart of regional centres.

Citycon is an owner of shopping centres with a pole position on the Finnish property market. The company is able to efficiently develop its shopping

centre operations and to strengthen their market position. Likewise, Citycon has accumulated special retail excellence, which it can draw on in managing and developing new properties.

The provision of quality premises and well-managed properties appeal to clients and around 98 per cent of Citycon's property stock is currently let.

QUALITY, DYNAMIC SERVICE

Citycon's focus is on the retail property business and developing its property assets to meet client needs. In addition, Citycon is planning and developing a new type of retail centre, Retail Parks, in response to the needs of large retail outlets. Citycon's operative business is split into three divisions, through which the company is able to provide a comprehensive service to various sectors of the retail trade in accordance with its clients' special needs and expectations. Citycon's operations seek to foster customer satisfaction and long-term customer relationships. A flexible operational model, which adapts to client needs, enables profitable cooperation and the ongoing development of Citycon's business.

CLEAR-CUT TARGETS DRIVE OPERATIONS

Citycon seeks to be acclaimed for its productive property assets, earnings performance, quality services and its ability to develop and enhance retail trade premises.

All Citycon's activities are geared towards building on corporate value and excellence and on forming customer relationships based on enduring, strong, long-term partnerships. The company seeks to serve various sectors in the retail trade by offering them ultimate expertise. Aside from this, Citycon seeks to utilise the company's strong excellence to develop new properties and to innovate new services.

Citycon aims to profile itself as a dynamic, profitable company whilst retaining its ability to pay a strong, healthy dividend. Citycon is seeking profitable growth by enhancing the value of its property assets and by improving its operations. The company's ability to develop and enhance retail premises and services paves the way for new growth potential and increases the appeal of Citycon as an investment.



Our new operational structure provides a good starting point for closer cooperation with clients.

HEALTHY DEMAND A

Steady progress was made during 2002 in providing a sound platform for Citycon's growth and development. We focused on honing our core business activities, revamping our operational structure and planning promising development projects. We consolidated our position as Finland's leading property investment company specialising in retail premises and began work on making our activities even more customer- and service-driven. Likewise we made earnings progress.

Citycon's profitability improved significantly and the company's earnings remained on the growth track, not least as a result of the opening of the refurbished IsoKarhu Shopping Centre in Pori in late autumn 2001, active letting activities and favourable market development.

Despite a general slow in the economy, demand for retail premises has remained good in Finland's largest cities. This demand is being sustained by consumers' strong confidence in their own finances, which in turn has driven growth and development in the retail sector. We expect this trend to continue during 2003.

Autumn 2002 was an exceptional one for Citycon since it was marked by the tragic event taking place at the Myyrmanni Shopping Centre in Vantaa and the ensuing consequences. The incident shocked everyone in Finland and made us consider more closely security issues in respect of the properties we own.

AND STRONG ECONOMY *ensure growth and development*

NEW PROJECTS STIMULATE GROWTH AND DEVELOPMENT

At the start of 2003, we introduced a new operational structure, splitting our property assets into three divisions according to property type and customer needs. Our Shopping Centres Division is tasked with further focusing the management of our shopping centre activities and enhancing the market position of the centres we own. Our Supermarkets & Shops Division manages and develops our properties on a customer-driven basis in accordance with the latest requirements of the retail trade.

However, Citycon's future growth potential rests largely with the Retail Park Division, which is creating new business opportunities for the company. We intend to build new types of retail centres, retail clusters of large supermarkets outside city centres. We are drawing on our sound expertise and experience of managing dynamic properties to plan, build and administer these centres. When completed, retail parks will strengthen the range of premises Citycon can offer its clients, diversifying both our property assets and client base.

CUSTOMER-DRIVEN OPERATIONAL STRUCTURE PRODUCING RESULTS

Our new operational structure provides a good starting point for closer cooperation with clients. At the same time, we are

improving our capacity to serve and our ability to react to market changes. We are now even better placed to maintain the best expertise in the business and to use this expertise to benefit our clients' business. Citycon's skilled, motivated people ensure our market success and keep our company at the cutting edge of development.

We believe that convergence of the property business will continue. This means that the ownership and management of large shopping and retail centres will be increasingly focused on the best players in the business. We seek to be recognised for our excellence and success in owning and managing retail premises also in the future. To this end, we are investing in the construction of a new type of retail cluster and in the ongoing development of the shopping centres and supermarkets we already own. In 2002, we made a start on planning extensions to the Myyrmanni, IsoKarhu and Lippulaiva shopping centres to improve the commercial position and competitiveness of those centres and to enhance the range of services we offer our clients. Likewise, the projects will also increase Citycon's turnover and rental returns.

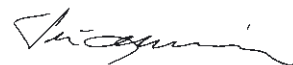
A steady cash flow generated by prominent tenants coupled with the company's healthy financial position enable us to continually develop our properties. In November 2002, we signed a loan facility that will make at least €150 million available for Citycon to fund future new property investments.

NEW CHALLENGES AHEAD

The results of investments made during 2002 will be visible in our business during the current financial year and enable us to generate additional new benefits to our customers. Our challenge is to make optimum use of our new operational structure to develop our business activities. We will be aiming for focused, well-coordinated and cost-effective activities in marketing shopping centres, providing retail premises and in maintaining property throughout its lifecycle.

Our new development projects will pave the way for new growth potential and enhance Citycon's attraction as an investment. The arrival of international property investors and service companies also adds to the interesting prospects in the business.

Last year saw us establish a sound platform for our future. I would like to take this opportunity to thank our clients, partners and employees for their contribution to Citycon's success during the past year. We have made a good start.



Helsinki, 3 March 2003
Petri Olkinuora
Citycon Oyj



The interest of international investors will foster development of the domestic property investment market.

ENCOURAGING RE *sustained in large*

Citycon is active on the Finnish retail property market, which in recent years has shown encouraging development and potential. Demand for retail premises remained brisk in the Helsinki region¹ and in Finland's largest cities. Rents for retail premises in regional centres were healthy and the number of vacant retail premises remained low. For several years now, vacancy rates for retail premises in Helsinki and neighbouring Espoo have remained at under two per cent.²

There was no evidence of either an upswing or rent increases on the office premises market. Vacancy rates for office premises were still considerably higher than those for retail premises.

There was again brisk new construction of retail premises, especially in the Helsinki region. Work began on many major retail building projects and new or revitalised retail centres opened throughout Finland. Nevertheless, new construction of retail premises fell short of the volume witnessed in 2001. New office construction was very modest.

CONSUMER CONFIDENCE SUSTAINS DEMAND

Despite uncertainty in the economy as a whole, the confidence of consumers in their own personal finances remained high throughout 2002.³ Because private consumer demand has remained high, general economic slowdown has not impacted negatively on movements in the retail trade in recent years. Low interest rates, which are still falling, are also helping to sustain the growth in private consumption.

Retail sales in the grocery trade rose by 4.2 per cent in 2002. Above average increases in sales were reported by large supermarkets (4.4%), hypermarkets (6.6%) and department stores (7.2%). Benefiting from Sunday trading,

TAIL MARKET TREND

st cities

self-service stores of under 400 m² also prospered, increasing sales by around 2.5 per cent.⁴

STRONG DEMAND CREATES NEW NEEDS FOR PREMISES

The encouraging trend in the retail trade is expected to continue in 2003. The consumer barometer published by Statistics Finland in January 2003 shows that despite factors of uncertainty surrounding the global economy, the confidence of consumers in their own finances has grown further during the past few months.

Strong consumer demand is holding up growth in the retail trade, which in turn is constantly creating new needs for premises. Large supermarkets, department stores and shopping centres continue to increase in popularity and there is healthy demand for major new retail units. There is also growing need to develop and expand premises in response to clients' need for space.

INTERNATIONALISATION CONTINUES ON THE PROPERTY MARKET

The encouraging development taking place on the Finnish property market, economic growth, which is faster in Finland than in the rest of Europe, and the strong confidence of consumers in their own finances have sparked a growing interest in the Finnish property market among international players. Major international investors are seeking properties generating good returns and the benefit of regional spread for their investment portfolios also in Finland. Since many Finnish companies are ready to dispose of their real estate assets, this also increases the international attraction of the domestic property market.

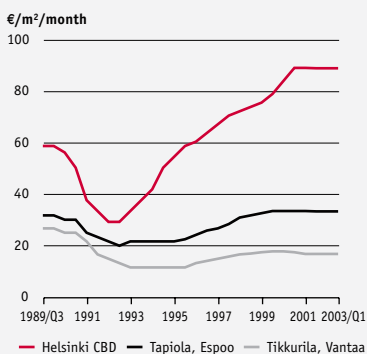
In 2002, this trend was evident in the arrival on the Finnish market of foreign investor and finance professionals and international chain stores. Several new grocery and retail chains started trading in Finland and international

chains with a longer presence in Finland consolidated their foothold on the Finnish market by increasing the number of branches. This was reflected in the demand for retail premises, especially in city centres.

Internationalisation continued on the Finnish property services market, with the conclusion of several new international joint projects, alliances and corporate acquisitions. The arrival of international investors and financial backers on the Finnish market gathered momentum and international organisations were involved in some of the most significant property transactions and investments taking place in Finland during the year. A similar trend is expected to continue and even gain strength during the foreseeable future. It is thought the interest in and arrival of international investors in Finland will foster development of the domestic property investment market and communicate a firm belief in the Finnish property market and its development prospects.

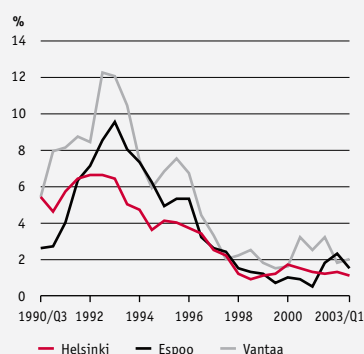
1) SOURCE: Finnish Institute of Real Estate Economics, KTI 2) SOURCE: Catella 3) SOURCE: Statistics Finland 4) SOURCE: Finnish Food Marketing Association (PTY)

■ Gross rents for retail premises in the Helsinki metropolitan area⁵

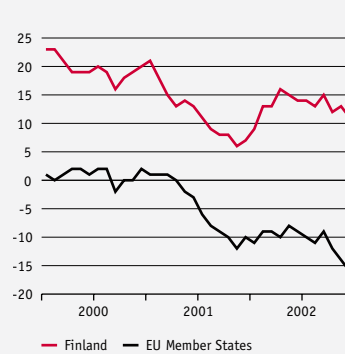


5) SOURCE: Catella

■ Vacancy rates for retail premises in the Helsinki metropolitan area⁵



■ Consumer confidence indicator⁶



6) SOURCE: Statistics Finland / European Commission

SPECIALISATION C *expertise efficien*

■ Key indicators by property portfolio 2002

	Shopping Centres	Supermarkets & Shops	Total
Lettable surface area, m ²	161,023	284,825	445,848
Yield, MEUR	35.9	37.8	73.7
Expenses, MEUR	8.2	9.3	17.5
Net rental returns, MEUR	27.7	28.5	56.2
Average book value of property assets, MEUR	340.0	313.0	653.0
Net yield, %	8.15	9.10	8.61

Net rental returns have been calculated in accordance with the recommendations of the Finnish Institute of Real Estate Economics (KTI).

The value of property assets is the average value of property assets during 2002.

■ Property portfolio by region 2002, MEUR

	Shopping Centres	Supermarkets & Shops	Total
Helsinki region	210.4	133.1	343.5
Other large cities with over 50,000 inhabitants	114.8	67.1	181.9
Rest of Finland	14.7	109.2	123.8
Total	339.8	309.4	649.2

Based on book value of the property assets at 31 December 2002.

■ Length of rental agreements 2002

	Less than 1 year	1-3 years	3-5 years	5-10 years	over 10 years	Average length of rental agreements *
Shopping Centres	31%	16%	17%	35%	0%	3.4 years
Supermarkets & Shops	23%	15%	8%	36%	18%	4.8 years
Total	27%	16%	13%	36%	9%	4.1 years

* Weighted by gross rental return

At year-end 2002, Citycon owned 152 properties in Finland's largest cities. The regional focus of the company's property assets is on the Helsinki region and other Finnish cities with over 50,000 inhabitants such as Tampere, Turku, Oulu, Lahti, Kuopio, Jyväskylä and Pori. Over half of Citycon's property assets are in the Helsinki region and over a fifth in other regional growth centres.

Citycon has focused its interests on retail premises, which account for 98 per cent of the company's property assets. The book value of the property assets was €649.2 million and the average net rate of return was 8.6 per cent. Citycon's 13 shopping centres and the 15 largest supermarkets account for more than 75 per cent of the income from the company's operations.

Citycon's net rental returns in 2002 were €56.2 million, of which 54.5 per cent derived from properties in the Helsinki region and 27.1 from properties in other major cities outside the region. The economic occupancy rate of Citycon's retail premises was 97.8 per cent.

PROVIDER OF RETAIL PREMISES

In line with Citycon's strategy, specialisation is driving development of the property business. The company seeks to strengthen its position in its chosen regional focus areas and to concentrate on serving the retail trade. At the same time, Citycon is divesting properties that are outside its core business.

During 2002, Citycon divested 18 properties in line with its strategy and decreased its holding in two properties. In addition, Citycon increased its holding in a further three for a total of

***Citycon seeks to strengthen
its position on its chosen regional
focus areas and to concentrate on
serving the retail trade.***

REATES ADDED VALUE,

cy

€2.8 million. Citycon made a gain of €0.4 million on properties divested for a total of €6.4 million.

LONG RENTAL AGREEMENTS PROVIDE STABILITY

Citycon lets retail premises to companies in the retail and groceries trade, chain stores and private entrepreneurs. Citycon's clients represent various sectors in the retail trade. Chain stores account for around 80 per cent of rent returns. Citycon's largest tenant group is various chains of Kesko Corporation, which account for around 45 per cent of rental returns in shopping centres and around 80 per cent in supermarkets and shops. Other major tenants include international utility goods chains and banks and insurance companies.

Citycon has some 700 clients with whom it has concluded 1,150 rental agreements. Rents are almost without exception linked to the cost of living index. Most of the rental agreements are long fixed-term agreements at various stages or agreements valid for an indefinite period. These ensure a steady cash

flow for years to come. At year-end 2002, 18.2 per cent of Citycon's rental agreements were fixed-term agreements, the average length of which was 4.2 years.

SATISFYING CLIENTS AND ENVIRONMENTAL CRITERIA

Upholding property quality and customer satisfaction, cost-effectiveness and environmental awareness are important factors in Citycon's business.

Cost-effectiveness comes with specialisation, whereby Citycon can draw on its strong retail premises excellence to develop new properties. The administration of large, similar retail premises gives rise to cost savings and efficient operations by, among other things, managing property repair and maintenance centrally.

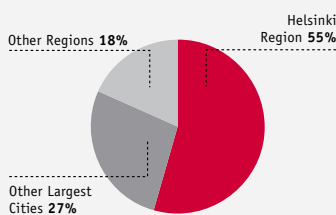
In recognition of the importance of environmental issues to its business, Citycon is a signatory to the KRESS energy saving agreement aimed at energy efficiency in Citycon's properties. KRESS is an agreement drawn up by the Finnish Ministry of Trade and Industry and the

Finnish Association of Building Owners and Construction Clients (RAKLI) to reduce the specific consumption of energy and to introduce operating models resulting in energy efficiency becoming an integrated part of the property business.

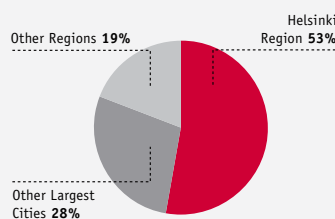
THREE DIVISIONS PROVIDE EFFICIENCY

Effective 1 January 2003, Citycon's property business is conducted in three divisions, each an independent profit centre: The Shopping Centres Division, the Supermarkets & Shops Division and the Retail Park Division. These three divisions specialising in three different customer needs and types of premises enable Citycon to develop an increasingly effective, precision service model.

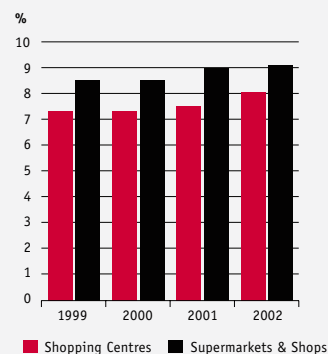
■ Net rental returns by region



■ Property portfolio by region



■ Net yield (%)





*Shopping centres are
the core of Citycon's business.
The company's strength lies in
shopping centre management.*

QUALITY SHOPPING *visitor numbers on*

■ Citycon's Shopping Centre Division focuses on shopping centre management, active tenant structure and property development on the terms of its clients. The Division serves the need for premises of large retail chains and individual speciality shops alike. Shopping centre success depends very much on the attractiveness of the premises and the right tenant mix, in other words a complementary range of goods and services.

The Division lets and administers a total of 13 shopping centres predominantly specialising in the retail trade in the Helsinki region and in Finland's other largest cities. These shopping centres have a total book value of around €340 million, which corresponds to just over half Citycon's entire property assets.

DYNAMIC CHOICE OF PROPERTIES

Shopping centres form the core of Citycon's business. The company's strength lies in shopping centre management and effective property administration. Additionally, the company is investing in the ongoing development of its shopping centres and diversification of the range of premises it provides.

During 2002, Citycon increased its holding e.g. in retail premises in Heikintori Oy, a shopping centre in Tapiola in Espoo. In consequence of

SHOPPING CENTRES ATTRACT CUSTOMERS, *the rise*

these deals, Citycon's holding in Heikintori Oy rose from 47.7 per cent to 52.1 per cent and Heikintori became a Citycon subsidiary.

A start was made in 2002 on planning the extension to the IsoKarhu Shopping Centre in Pori. Work on the extension is due to start during 2003 and is scheduled for completion by autumn 2004. Additionally, plans are under way for extension of the Myyrmanni shopping centre in Vantaa and Lippulaiva and Ulappatori shopping centres in Espoo.

HEALTHY RENTAL AGREEMENT STOCK

Income from the shopping centres accounts for 48.7 per cent of Citycon's gross rental returns. At year-end 2002, Citycon's shopping centres had a total of 450 tenants, with whom it had concluded 710 rental agreements. The average length of agreements was 3.4 years and most rents derived from them were linked to the cost of living index.

During 2002, Citycon concluded 155 new rental agreements, 123 of which were with new clients and 32 signed with former tenants. The rental agreements signed during the year under review were for a surface area of 19,555 m².

Major new agreements were negotiated in Vantaa with HOK Liiketoiminta Oy concerning the lease of 3,232 m² in the Isomyyri Shopping Centre and with

the City of Vantaa for 1,000 m² of retail premises in the Myyrmanni Shopping Centre. Another major rental agreement was signed with Helsingin Lääkärikeskus Oy and Laboratoriot Oy for around 1,050 m² in the Ulappatori Shopping Centre in Espoo. Aside from these, Citycon also signed rental agreements for premises of over 500 m² in various shopping centres with Aholaita, Tiimari, If P&C Insurance Company and Chandu. At year-end 2002, the shopping centre occupancy rate was 98.0 per cent.

DIVERSE CUSTOMER STRUCTURE

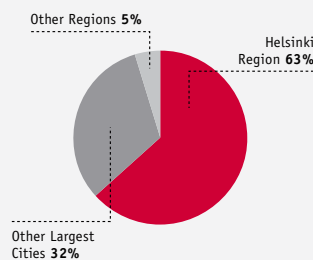
Shopping centres are predominantly retail centres primarily focusing on



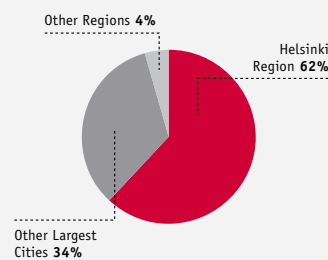
"Shopping centres have a diverse mix of tenants, which puts our business and excellence to the test. Tenants include small entrepreneurs, well-known retail chains and large and small retail companies in various sectors. We are continuing to build on our suite of services and seek to provide our customers with the best service in the business."

Antti Uski, Head of Citycon's Shopping Centre Division

■ Rental returns by region in the Shopping Centres Division



■ Property portfolio by region in the Shopping Centres Division



"Citycon's strength lies in its skilled, motivated people who are capable of working closely with clients, entrepreneur associations, architects, builders and with property and construction industry organisations. We draw on our own excellence to ensure tenant satisfaction and to continually improve our shopping centres."

Antti Uski, Head of Citycon's Shopping Centre Division

speciality stores. The popularity of shopping centres essentially depends on tenant mix, which must be able to respond to the various needs of shopping centre visitors. Products and services sold in shopping centres need to complement each other. Additionally, each shopping centre should have a so-called anchor shop, a strong household name that attracts people time and again.

Shopping centres have a diverse client base comprising well-known retail chains, department stores, supermarkets and speciality shops. Citycon's largest shopping centre tenants are Kesko, Lindex and the S-Group.

EFFECTIVE ADMINISTRATION

Each shopping centre has a director responsible for the administration and development of the property concerned. In addition, depending on size, each shopping centre has a property manager

and property secretary to deal with the operative side of the business. Citycon's marketing manager coordinates the marketing aspect of the company's shopping centres and is responsible for making the properties known and raising their profile. The largest shopping centres also have their own marketing manager responsible for the special needs of that particular property.

Centralised property administration leads to cost-effective operations, consolidates expertise and enables continual development of the administration process. To ensure optimum results, Citycon's people work in close cooperation with clients and entrepreneur associations. Citycon outsources services such as technical maintenance, cleaning and security, modification and maintenance contracting.

Security issues have become increasingly important since the events at the Myyrmanni Shopping Centre last autumn. Citycon has already been

■ Citycon's shopping centres Dec. 31, 2002

Shopping centres	Location	Retail area, m ²	Citycon's share of retail area, %
Lippulaiva ja Ulappatori	Espoo	23,181	100%
Tikkuri	Vantaa	9,594	100%
IsoKarhu	Pori	8,883	100%
Espoonatori	Espoo	6,328	100%
Galleria	Oulu	3,040	100%
IsoKristiina	Lappeenranta	8,880	93%
Sampokeskus	Rovaniemi	12,892	84%
Isomyyri	Vantaa	11,928	84%
Trio	Lahti	22,734	76%
Myyrmanni	Vantaa	32,112	72%
Heikintori	Espoo	7,050	62%
Jyväskeskus	Jyväskylä	6,508	44%
Koskikeskus	Tampere	36,068	21%

addressing improvements to the security of its shopping centres for several years. At the practical level, statutory security plans are being translated into clear, functional guidelines for tenants, security guards and property management. Comprehensive preventative maintenance of technical security systems is also extremely important.

SHOPPING CENTRES AT THE LEADING EDGE OF DEVELOPMENT

Finnish consumer habits favour shopping centres. The speciality goods trade is increasingly focusing on the busiest shopping areas in city centres, shopping centres and on supermarkets specialising in groceries outside the city centre. Shopping centres continue to account for an increasingly large share of the retail and utility goods trade.

Visitor numbers to shopping centres are also giving rise to the development of new service models in the property business. Information and communications technology (ICT) will be utilised in increasingly more diverse ways as a shopping centre marketing tool and to drive up sales.

Citycon is involved in RAKLI's eProM development project, which seeks to study mobile multimedia services and the potential to develop a new property business model based on them. Citycon is also examining the application of new kinds of precision marketing services for the use of shopping centres by taking part in the innovation and development of a new property concept. The idea is to diversify Citycon's suite of services and to improve the interface of supply and demand in the company's shopping centres.



Increasing visitor numbers to shopping centres are giving rise to the development of new service models in the property business.



Citycon's supermarket and shop properties are ideal for the grocery trade and speciality shops.

RETAIL PREMISES

■ The Supermarkets & Shops Division focuses primarily on serving grocery chains and on letting and developing properties. The Division is also responsible for property administration and maintenance management and for instructing partners responsible for building maintenance and management.

The Division lets and administers a total of 139 properties, which are typically department stores, supermarkets, retail premises and buildings occupied by one tenant. Most of the properties enjoy a central location in city centres or are part of the suburban service network. The properties have a total book value of around €310 million, which corresponds to roughly 48 per cent of the value of Citycon's property portfolio.

PROPERTIES IN BUSY SHOPPING AREAS

Property assets in the Supermarkets & Shops Division fall into three categories: Supermarkets, which includes the 15 largest department stores and hyper- and supermarkets. Shops, which comprise 87 premises, which are either supermarkets, commercial premises and/or buildings located in Citycon's geographical focus areas. In addition to this, Citycon has other properties that because of their type or location are not part of the company's core business. At year-end 2002, such properties accounted for around 5.3 per cent of Citycon's property portfolio.

for grocery chains

At year-end 2002, 43.0 per cent of the properties in the Supermarkets & Shops Division were in the Helsinki region, 21.7 per cent in Finland's other largest cities and 35.3 per cent in other regions. During the year under review, Citycon acquired ownership of two supermarket or shop premises. In line with its strategy, the company divested 18 properties and reduced its ownership in two properties. Citycon made a gain of €0.4 million on properties divested for a total of €6.4 million.

STEADY RENTAL AGREEMENT STOCK

Rental returns from the 15 largest supermarkets account for around 57.5 per cent of the total rental returns from Citycon's supermarkets and shops. Returns are extremely steady thanks to long-term rental agreements, the average length of which is around 6.5 years. This means the rental return from the largest supermarkets is low risk and the properties thus stabilise Citycon's cash flow.

For other supermarkets and shops, the average length of agreements was 2.6 years. Rents derived from agreements are mostly linked to the cost of living index.

During 2002, Citycon signed a total of 83 new rental agreements for its supermarket and shop properties, 53 with new clients and 30 with former tenants. The rental agreements signed

during the year under review were for a surface area of 34,095 m².

Major new agreements were negotiated with Kesko Corporation concerning the letting of 11,200 m² in Vantaa and with Schenker Corporation for 2,789 m² in Seinäjoki. Citycon also signed rental agreements for large individual properties with A-Logistiikka, Tarjoustalo, Olvi and Done. At year-end 2002, the occupancy rate of supermarket and shop properties was 97.7 per cent.

RETAIL CHAIN CUSTOMERS

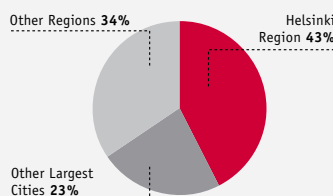
Citycon's supermarket and shop properties are ideal for the grocery trade and speciality shops. Various chains of Kesko rank among the company's largest clients and account for around 80 per cent of rental income in the Supermarkets & Shops Division.



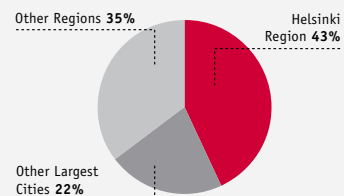
"It's important for us to develop customer-driven operations and services. We are in constant contact with our most important clients and seek to gain a deeper insight into and understanding of the special features of their business. Our aim is to provide the best expert service in our business. Since all our clients operate in the same retail sector, we can constantly develop our operating principles in response to client needs."

Jyrki Karjalainen, Head of Citycon's Supermarkets & Shops Division

■ Rental returns by region in the Supermarkets & Shops Division



■ Property portfolio by region in the Supermarkets & Shops Division



" One of the major challenges facing the Supermarkets & Shops Division in 2003 is long-term planning of the maintenance of our properties and the ensuing costs. We have comprehensive, distinct and sufficiently specialised property assets and the cutting-edge excellence of our people. We employ these strengths in organising our operations, maintenance and building management and in anticipating future needs on a property-specific basis. Since we know the returns from, expenses of and future repairs to our properties, property administration is effective and foreseeable."

Jyrki Karjalainen, Head of Citycon's Supermarkets & Shops Division

■ Citycon's 15 largest markets at Dec. 31, 2002

Property	Location	Retail area, m ²	Citycon's share of retail area, %
Mankkaan Supermarket	Espoo	11,455	100%
Anttila	Kuopio	11,125	100%
Citymarket	Pori	10,362	100%
Citymarket	Savonlinna	10,300	100%
Tikkurilan Anttila	Vantaa	9,800	100%
Paavolan Citymarket	Lahti	8,600	100%
Citymarket	Varkaus	7,960	100%
Citymarket	Porvoo	7,900	100%
Länsikeskus	Espoo	6,924	100%
Foorumi	Riihimäki	5,822	100%
Anttila	Pori	5,200	100%
Kirkkonummen Supermarket	Kirkkonummi	5,000	100%
Valkeakosken Supermarket	Valkeakoski	4,006	100%
Linjurin kauppakeskus (Plaza)	Salo	9,900	95%
Kontulan Asemakeskus	Helsinki	11,804	37%

A total of 61 of Citycon's supermarket or shop properties are mainly occupied by various Kesko chains, supermarkets or department stores. Other supermarket and shop tenants include the S-Group, Nordea Finland, Huoneistokeskus and Suomalainen Kirjakauppa.

Large, nationwide grocery chains are satisfied with Citycon's properties because they are located where there are good streams of customers, Citycon provides a comprehensive dynamic standard of service and an adequately

extensive choice of properties in Finland's largest cities.

COST-EFFECTIVE MAINTENANCE A CHALLENGE

The property business in the Supermarkets & Shops Division focuses on property maintenance planning, the cost-effective purchase of related services and decision-making in respect of property administration and properties to be divested. Operations are

coordinated by the head of the Division assisted by property managers and a letting manager.

Properties in the Supermarkets & Shops Division are typically individual properties throughout Finland. Common factors include property type, tenant's line of business and similar basic property maintenance measures. Since it administrates extensive property assets, Citycon is able to draw on its excellence to respond to various maintenance requirements. Experience helps Citycon

■ Length of rental agreements 2002

	< 1 year	1-3 years	3-5 years	5-10 years	> 10 years	Average length of rental agreements*
Supermarkets and shops, total	23%	15%	8%	36%	18%	4.8 years
Supermarkets	6%	12%	8%	43%	32%	6.5 years
Shops	43%	18%	7%	32%	1%	2.8 years
Properties outside core business	50%	23%	15%	11%	0%	2.0 years

*) Weighted by gross rental return

to accurately assess property needs and the related cost impacts throughout a building's lifecycle. Additionally, the company is able to utilise the breadth and depth of its business in planning and implementing actions through, for example, larger joint projects. The most important benefits on this front are cost-savings and optimum efficiency.

TREND TOWARDS MAJOR RETAIL UNITS

Recent years have shown Finnish consumers to favour large retail units and shopping centres. However, individual supermarkets and shops in central shopping areas or suburbs justify their position as retail premises, especially in the grocery trade. The grocery trade has been accounting for a growing share of consumer demand and in 2002 it rose by 4.2 per cent.¹

Higher grocery sales are driving the need for new premises for retail companies and chains. This helped to sustain the strong demand for retail premises throughout 2002. At some 2 per cent, vacancy rates remained extremely low in the Helsinki metropolitan area. The construction of new retail premises was also quite significant in the Helsinki region.

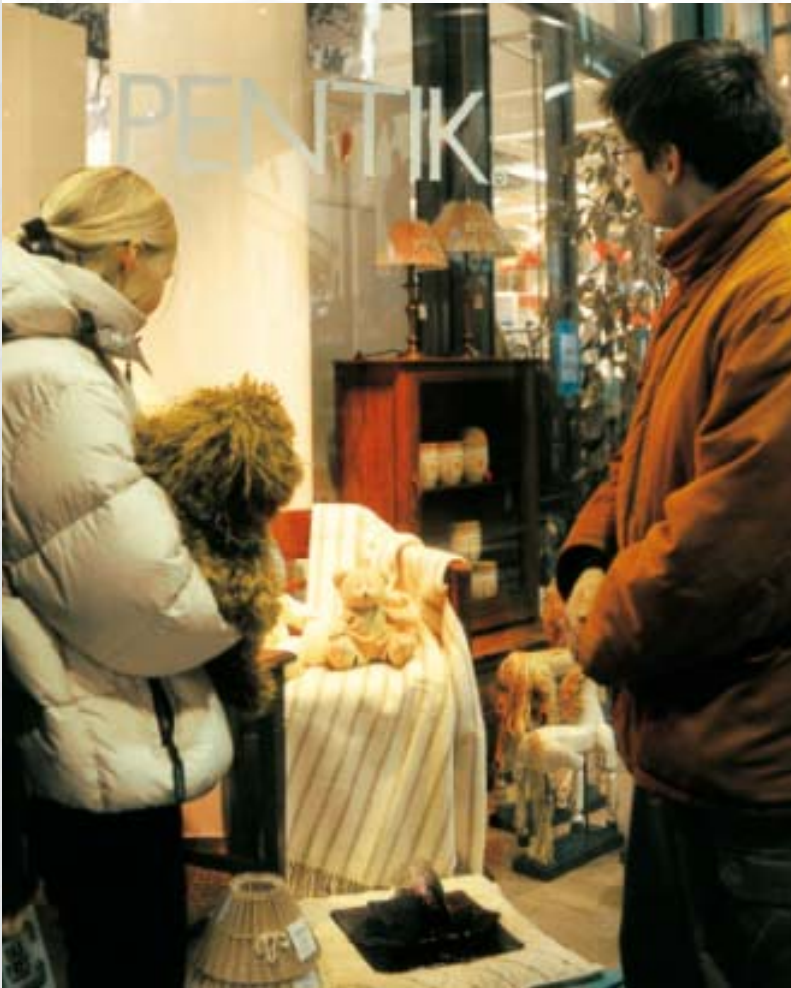
Despite the centralisation taking place within the grocery trade and the popularity of large units, the market also supports the prosperity of individual supermarkets and shops.

During 2002, Citycon embarked on the property-specific study and planning of its own supermarket and shop properties in a bid to consolidate their market position and to improve the average net rental return. This will ensure that the excellent location, adaptability and quality maintenance of Citycon's supermarkets and shops also means that they are in future demand, too.

1) SOURCE: Finnish Food Marketing Association (PTY)



***Higher grocery sales
are driving the need
for new premises for
retail companies and chains.***



The Retail Park Division is responsible for planning, developing and marketing new retail centres.

NEW TYPE OF RETAIL *for shops selling bulky*

Established on 1 January 2003, Citycon's Retail Park Division is responsible for planning, developing and marketing new retail centres designed for retail outlets requiring space for bulky items such as furniture, household appliances, hardware and sports equipment. The Retail Park Division also uses its expertise in planning extensions to and the development of Citycon's shopping centre, supermarket and shop properties.

PLANS UNDER WAY FOR A SPECIALITY GOODS CLUSTER

Citycon started work on plans for retail parks in March 2001 in conjunction with Skanska Oy. Citycon's new Retail Park Division has now assumed active work on the concept. The start of the retail park business marks an expansion of Citycon's business of owning, letting and managing retail premises into the development of entire new centres to shop.

Citycon and Skanska established a joint venture, Retail Park Oy, to run the retail park business. Retail Park Oy plans, develops and markets retail centres, which operate under a consistent,

IL CENTRE *ulky goods*

commercialised and recognised name. Citycon is acquiring the land required, concluding long-term rental agreements and is responsible for development of the retail buildings and the surrounding environment. Skanska is responsible for the actual construction work of the properties.

Retail parks are designed for large retail outlets and shops selling bulky goods. It is hoped also local service companies will find a home in the parks, as well as hypermarkets, supermarkets and factory outlets. Diverse moderately priced restaurant, café and service station services are also an integral part of a working shopping and retail centre that attracts customers. The centres aim to form the largest cluster of speciality household and leisure time goods in their area.

OPERATIONS ON A SOUND BASIS

During 2002, Citycon focused on planning its Retail Park concept by analysing the market and studying

alternative locations. The company will make its first investment decisions once urban planning and land ownership issues are definite and a sufficient number of preliminary agreements to rent premises have been signed.

Seamless cooperation with various organisations during the planning stage is paramount to the success of these projects. Major partners in this respect are municipal representatives, Skanska, landowners, planners and not least potential tenants. The latter are primarily various retail chains whose individual needs are conveniently taken into account during the planning and realisation stage.

The first retail park projects are to be launched in the Tampere and Turku areas as planned. Potential sites have also been studied in the Helsinki region and Oulu.

Citycon aims to achieve a net rental return of at least 10 per cent for its retail parks.



"Citycon's Retail Park concept is being developed on a sound platform. Our strength lies in Citycon's retail premises excellence, Skanska's construction expertise, a diverse range of customers, sound financial position and a good ownership base. Future retail parks will compete through location, adequate size and their image as an enjoyable, low-cost, wide-ranging place to shop for the entire family."

Carl Slätis, Head of
Citycon's Retail Park
Division



EFFECTIVE EXPERT *Citycon's key value*

Citycon aims to ensure it retains a competitive edge by actively improving the excellence of its people. Expert people are an underlying resource supporting the company's growth and prosperity. It is important for every Citycon employee to communicate the company's objectives and his or her own role in the company as a whole and in achieving the objectives set.

Citycon seeks to create a working environment conducive to fostering employee satisfaction and to creating an interest in continually building on employees' own excellence, thus enhancing the company's business. Citycon seeks to be an interesting employer and highly rated in its field by experts.

ADVANCED EXPERTISE

The sound expertise and service focus of Citycon's people is one of the mainstays of the company's business strategy. Citycon employs real estate experts and uses systematic training in a bid to continuously build on the expertise of its people.

Citycon actively invests in the professional training of its people and encourages them to further develop their existing language and IT skills. During 2002, Citycon's personnel completed studies at educational institutions offering advanced training in

*Citycon seeks to be
an interesting employer
and highly rated in its field
by experts.*

ORGANISATION IS driver

the property industry. In addition, the company's financial administration staff were trained in preparation for IAS accounting.

EMPLOYEES AND NEW ORGANISATION

At year-end 2002, Citycon Group had a total of 33 employees, 27 of whom were employed by the parent company. Men accounted for 11 of the employees and women for 22. In 2002, the Group comprised three regional property business divisions and the financial administration and administration units. Average employee age was 43 years. All staff

members were in permanent employment.

Towards the end of 2002, the company embarked on a restructuring plan. The new operational structure was deployed on 1 January 2003. The early structure based on geographic division was abandoned and the property business was reorganised into three divisions according to property type and client need.

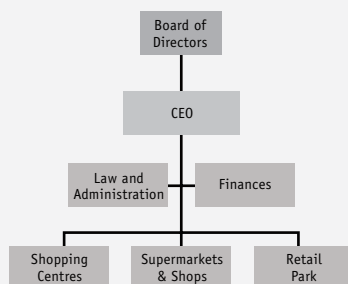
GOOD WORK REWARDED

Constant daily feedback is one of the most important ways of providing encouragement. Citycon offers its people

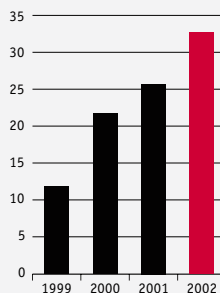
challenging work and an ongoing opportunity for professional development. The company provides competitive salaries and a motivating work environment. Additionally, Citycon supports the well-being of its people by providing comprehensive healthcare services and leisure time sports and recreational activities.

Citycon has an incentive scheme designed to motivate its people and to help the company to achieve its business objectives. The restructuring recently put into place will result in the incentive scheme being revised in spring 2003. Citycon also has a warrant programme open to its employees.

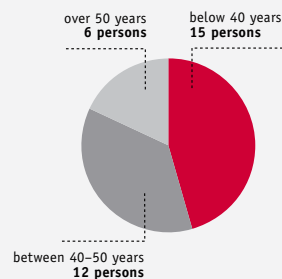
■ Citycon's organisation
1 January 2003



■ Changes in employee numbers



■ Employee age structure



STEADY FINANCES,



Citycon's turnover consisted primarily of rental income from letting out retail premises. During 2002 the company's turnover rose to €79.4 million (€77.7m), of which gross rental income accounted for €73.7 million (€71.3m). Shopping centres and the 15 largest supermarkets account for 78.2 per cent of the income from Citycon's operations. Last year, Citycon made gains of €0.4 million on the divestment of property assets.

Depreciation and value adjustments during the year under review amounted to €7.6 million, of which €0.8 million was value adjustments on property stock.

The result before exceptional items rose by 8.7 per cent to €19.2 million (€17.6m). The operating profit was €43.9 million (€44.9m) and the result for the financial year €13.8 million (€12.6m).

Return on investment (ROI) was 6.0 per cent (6.1%) and the return on equity (ROE), excluding minority interests, was 7.1 per cent (6.7%).

Earnings per share rose to €0.14 (€0.12). Equity per share was €1.96 (€1.91).

■ Maturity profile of loan portfolio

Year	2004	2005	2006	2007	2008	2009
Repayment, € million	11	11	22	81	81	233
%	2.5	2.5	5.0	18.5	18.5	53.0

■ Maturity profile of interest-rate swap portfolio

Year	2004	2009	2010
Maturing, € million	50	66	83
%	25.1	33.2	41.7

■ Maturity profile of interest-rate option portfolio

Year	2003	2004
Maturing, € million	79	54
%	59.4	40.6

BALANCE SHEET AND DEBT STRUCTURE

At year-end 2002, Citycon owned 152 properties, which had a total book value of €649.2 million (€655.3m). The market value of properties was €650.1 million (€666.6m). The balance sheet total was €746.3 million (€748.9m), of which liquid cash assets amounted to €11.7 million (€5.8m), or 1.6 per cent of the balance sheet total.

Creditors at the consolidated balance sheet date totalled €383.3 million (€392.5m). Interest bearing debt amounted to €440.5 million (€451.5m), of which equity finance debt was €68.5 million

good financial position

(€68.5m). Financial charges were €25.0 million (€27.7m). The average interest rate on debt was 5.3 per cent (5.8%) a year. The average borrowing period was 4.9 (5.8) years and the average interest-rate fixing period was 4.1 years (5.0 years).

Group equity ratio stood at 39.1 per cent (38.2%) and 48.4 per cent (47.3%) with the capital loan included in core capital.

Of Citycon's debt portfolio, 84 per cent was floating, half of which had been changed to fixed rate using interest rate swaps and a third was hedged through interest rate caps. The nominal value of interest rate swaps and interest rate caps was €199 million and €133 million respectively. At 31 December 2002, the market value of derivative instruments was €12 million. Net interest income - earnings before interest charges, taxes and depreciation (EBITDA) in relation to net financing charges - which describes debt servicing ability was 2.1 (1.9).

INVESTMENTS

Gross investments made by the Group in 2002 totalled €5.9 million (€20.4m). These were primarily in the acquisition of shares in new properties and property refurbishment.

During 2003, Citycon aims to embark on plans for an approximately €10 million extension project at the IsoKarhu Shopping Centre in Pori and to progress with extension and development plans for the Myyrmanni, Lippulaiva and Ulappatori shopping centres. These extensions are a bid to improve the market position of the shopping centres concerned and to enhance Citycon's rental returns and profitability. In addition, Citycon seeks to embark on the construction of a new type of Retail Park shopping and retail centre in Tampere and Turku market areas.

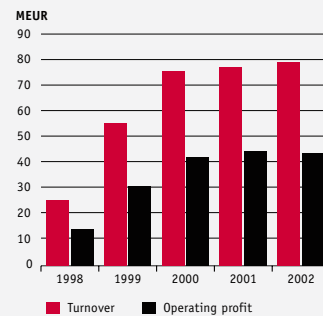
FINANCE

Citycon Group's financial position was good throughout the year. November 2002 saw Citycon sign a €360 million syndicated loan facility. Nordea Bank Finland Plc acted as the credit coordinator and lead manager together with managers Svenska Handelsbanken AB of Sweden and EuroHypo AG of Germany. The loan facility is intended to broaden Citycon's capital base, to secure future investments and to restructure Citycon's existing loan stock. The arrangement will make at least €150 million available for Citycon to fund future new property investments.

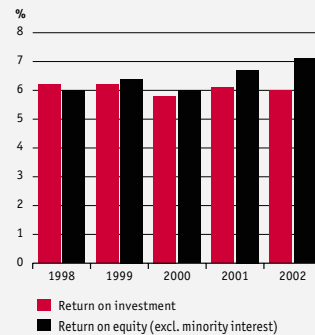
RISKS

Citycon's business is mainly exposed to financial and client risks. To manage the financial risks, Citycon seeks to maintain a steady, continual cash flow. Interest risks are managed through interest rate swaps and interest rate caps. The interest sensitivity of Citycon's debt portfolio is reflected by the fact that a rise of 1 percentage point in money market interest rates in early 2003 would raise the annual interest charges from 5.45 per cent to 5.50 per cent or by €0.2 million. Likewise, a rise of 5 percentage points would raise the annual interest rate to 5.68 per cent or by €1.0 million. Similarly, a fall of 1 percentage point in money market interest rates would reduce interest charges to 5.39 per cent or by €0.2 million. Citycon takes no currency risks and uses derivative instruments solely to reduce or eliminate financial risks in the balance sheet.

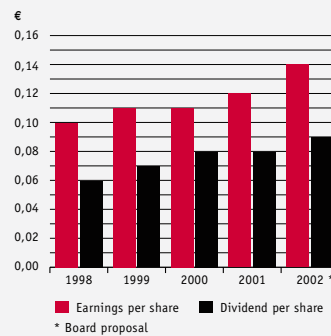
Turnover and operating profit



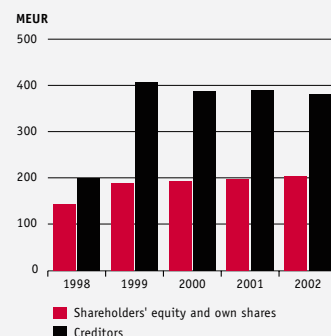
ROE and ROI



Earnings and dividend per share



Ratio between equity and creditors



CORPORATE GOVERNANCE

Citycon complies with good administration practice. The company applies corporate administration principles in compliance with the Finnish Companies Act, and with the recommendations for the corporate governance of public companies issued by the Helsinki Exchanges, the Central Chamber of Commerce and the Confederation of Industry and Employers. In early 2003, Citycon introduced a new set of corporate governance guidelines and defined working order between the Board of Directors, CEO and the Corporate Management Committee.

GENERAL MEETING OF SHAREHOLDERS

Ultimate responsibility for the management and arrangement of Citycon Group's business is vested in Citycon's Annual General Meeting, Board of Directors, CEO and the Corporate Management Committee assisting him. Ultimate decision-making authority is vested in the General Meeting of Shareholders. The Annual General Meeting is held by the end of April once the financial statements have been drawn up. Extraordinary general meetings are held whenever decision-making deems it necessary.

The Annual General Meeting adopts the financial statements, decides on the use of profits and appoints the company's Board of Directors and auditors. In addition, the Annual General Meeting decides the remuneration of members of the Board of Directors and releases them and the CEO from liability.

BOARD OF DIRECTORS

Citycon's Board of Directors comprises between four and eight members.



Ultimate responsibility for the management and arrangement of Citycon Group's business is vested in AGM, Board of Directors, CEO and the Corporate Management Committee.

NANCE, *Citycon's administration principles*

During the 2002 financial year, the Board of Directors had six members. The Annual General Meeting decides the number and names of Board members. The Board of Directors elects a chairman and deputy chairman from among its members, neither of which may be the company's CEO. The term of office of the Members of the Board of Directors is the period between Annual General Meetings, in other words approximately one year.

BOARD OF DIRECTORS' WORK

The functions and responsibilities of the Board of Directors are determined in accordance with the Finnish Companies Act, the Articles of Association and the Board of Director's working order. The Board of Directors is responsible for Citycon Group's strategic policies and the proper arrangement of activities and group administration. The company's CEO attends Board meetings and prepares and presents to the Board the business to be considered at meetings. The Board of Directors is quorate when more than half of its members are present.

Aside from that provided for in law and in the company's Articles of Association, Citycon's Board of Directors

- affirms the company's long-term objectives and strategy
- approves the company's business plan, budget, financing plan and oversees their implementation
- affirms the company's internal control and risk management principles
- decides major individual strategically important investments, property acquisitions and divestments worth over €2 million as well as other business risk decisions.
- affirms the obligations and areas of

responsibility of executive management and the reporting system

- decides on the principles of employee reward and incentive schemes
- determines the dividend policy.

CEO

Citycon's Board of Directors appoints the CEO and decides the terms and conditions of his employment contract. The CEO is responsible for the everyday management and supervision of the company in accordance with the provisions of the Finnish Companies Act and authorisations and guidelines received from the Board of Directors.

He is responsible for ensuring compliance with the objectives, procedures and strategic plans set by the Board of Directors. The CEO is also responsible for ensuring that the information and decision documents to be considered at Board meetings have been properly prepared and that the objectives set, procedures and plans are presented to the Board of Directors for updating or inspection as appropriate. Additionally, the CEO ensures that members of the Board of Directors continually receive sufficient information to track the company's financial position and progress.

In addition to the above, the CEO also

- serves as chairman of the company's Corporate Management Committee
- appoints, at the proposal by a member of the Corporate Management Committee, other persons in managerial positions and decides on the salaries of employees under a member of the Corporate Management Committee in accordance with the principles complied with in the organisation
- decides in accordance with the principles and instructions complied with in

the company on the granting of employee fringe benefits and the acceptance of expenses

- informs Citycon's Board of Directors of any major events, decisions and future acquisitions related to the company's business.

CORPORATE MANAGEMENT COMMITTEE

Citycon has a Corporate Management Committee comprising at least three members. The CEO serves as the Committee's chairman. Members of the Committee are appointed by Citycon's Board of Directors at the proposal of the company's CEO.

The main responsibility of the Corporate Management Committee is to assist the CEO, to monitor and develop the company's business in accordance with established objectives, to distribute information and prepare decisions for consideration by the Board of Directors. The Corporate Management Committee assisting Citycon's CEO is especially responsible for

- drawing up changes and revisions relating to the company's strategy for presentation to the Board of Directors in accordance with the guidelines issued by the Board of Directors
- preparing a plan of action and budget for presentation to the Board of Directors and for monitoring implementation of the same
- planning and drafting organisational changes assigned by the Board of Directors and CEO
- approving the replies to internal and external auditors' reports for presentation to the Board of Directors
- ensuring the implementation of actions related to annual planning in accordance with instructions.

BOARD OF DIRECTORS



■ **Bergström Stig-Erik**, born 1941
 Doctor of Science (Econ)
 Deputy Managing Director, Stockmann Plc until 2001
 Board member since 2000 and chairman since 2002
 Chairman of the Board at Handelsbanken, Regional Bank Finland
 Board Member at Norvestia Oyj and Neomarkka Oyj
 Member of Hallitusammattilaiset ry (Board professionals)
 Citycon shares: 15,761



■ **Lehtonen Jorma**, born 1958
 MSc (Eng)
 Director, Real Estate, Sampo Plc
 Board member since 1998 and deputy chairman since 2002
 Board Member at Kiinteistövarma Oy and at SIPA Scandinavian Property Investors Association
 Deputy Board Member at Dividum Oy
 Citycon shares: 13,098



■ **Hyppönen Heikki**, born 1945
 MSc (Econ)
 Senior Vice President until 2002, Nordea
 Board member since 2001
 Chairman of the Board at Dividum Oy and Realinvest Oy Ab
 Board Member at Sato-Yhtymä Oyj
 Citycon shares: 41,477



■ **Järvi Juhani**, born 1952
 MSc (Econ)
 Executive Vice President, CFO Kesko Corporation
 Board member since 2001
 Citycon shares: 8,813



■ **Nordman Carl G.**, born 1939
 Counsellor of Industry (Hon), BSc (Eng)
 Managing director until 2000, Oy Aga Ab
 Board member since 1999
 Chairman of the Board at SKF Oy
 Board Member at Patria Industries Oyj, ADR-Haanpää Oy, Machinery Oy and PI-Consulting Oy
 Member of Hallitusammattilaiset ry (Board professionals)
 Citycon shares: 12,827



■ **Juha Olkinuora**, born 1952
 MSc (Eng)
 Head of Unit, Nordea Bank Finland Plc
 Board member since 1999
 Board Member at Dividum Oy, Realinvest Oy Ab, Turun Arvokiinteistöt Oy, Nordea Fastigheter Ab and JSP Facilities Oy
 Citycon shares: 16,281

COMPENSATION COMMITTEE

As well as a Board of Directors and Corporate Management Committee, Citycon has, as provided by its Articles of Association, an executive committee, which is responsible for preparing proposals relating especially to Citycon's organisation, employee salaries and incentive rewards for the consideration and decision of the Board of Directors. The Committee comprises of the CEO and between two and four members appointed by the Board of Directors.

SALARIES AND REMUNERATION

The Annual General Meeting confirms the remuneration of members of the Board of Directors each year in advance. The Board of Directors confirms the CEO's salary and other benefits and also decides the salaries and benefits of senior management.

Members of the Board of Directors have undertaken to use the annual remuneration paid to them for Board membership, less statutory withdrawal tax, to acquire Citycon shares. Board members may not convey or pledge shares acquired in this way before the following Annual General Meeting.

INSIDER HOLDING

Citycon has an insider holding instruction in place covering the obligations and disclosure liability of insiders. This instruction has been drafted to complement the provisions of the Securities Market Act and the insider holding instructions issued by the Finnish Financial Supervision Authority and the Helsinki Exchanges. Citycon complies with at least the minimum requirements of the insider holding instructions issued by the Helsinki Exchanges and the Finnish Financial Supervision Authority.

Insiders defined by law by virtue of their position include members of the Board of Directors, the CEO, the CEO's deputy, the company's auditors and any organisation or foundation in which these persons have a controlling interest either alone, together with other family members, with any other of the persons above or a member of their family. Members of and secretary to the Corporate Management Committee, the financial manager, the head of administration and their secretaries are defined as insiders within Citycon by virtue of their work. At 31 December 2002, there were 6 persons classified as insiders at Citycon.

Citycon maintains a list of insider holdings in the Finnish Central Security Depository's SIRE system. The company reviews annually the information to be disclosed by permanent insiders. It also uses register data provided by the Finnish Central Securities Depository to check, at least once a year, trading carried out by

permanent insiders. If required, the company also otherwise controls insider trading on a transaction basis.

TRADING RESTRICTION ON PERMANENT INSIDERS

Persons considered as permanent insiders within the company may not trade in Citycon shares or securities entitling to shares at any time other than the following 14 days after announcement of the company's financial statements, interim result or interim review.

Insiders are obliged to request the person responsible for the company's insider holders for an opinion of the fairness of securities trading they propose to engage in.

SUPERVISION SYSTEMS

Control and supervision of Citycon's business activities takes place using the corporate governance and management system described above. The company has the necessary reporting systems in place to monitor business activities and control treasury operations.

AUDITORS AND AUDIT COMMITTEE

The Annual General Meeting appoints two auditors and one deputy auditor, one of which must be an auditor authorised by the Central Chamber of Commerce, to audit Citycon's administration and accounts. A firm authorised by the Central Chamber of Commerce may be appointed as the company's auditor. The elected auditor shall also carry out an internal audit, if applicable.

Citycon's auditors provide shareholders with a statutory auditor's report in conjunction with the company's annual financial statements. The principal function of the statutory auditors' report is to verify that the financial statements give a true and fair view of the company's result of operations and of the company's financial position for

each financial year. In addition to providing the auditors' report above, the auditors also report to Citycon's CEO at least four times a year.

Citycon's Audit Committee meets at least once a year. The Audit Committee comprises the auditors and the full Board of Directors.

DECISION-MAKING BODIES AND REPORTING

Ultimate responsibility for bookkeeping and treasury control is vested in Citycon's Board of Directors, which is also responsible for approving Citycon's risk management and reporting procedure and for supervising the adequacy, appropriateness and effectiveness of the company's administrative procedures.

The CEO and company's Corporate Management Committee are responsible for ensuring that the company's everyday business complies with the law and other provisions based thereon and for the company's operational principles and decisions of the Board of Directors.

A planning and reporting system covering the entire group is used to monitor the implementation of objectives set. The system enables rolling financial forecasting for 3 and 12 month periods. The system also enables long-term forecasts and planning and serves as a budgeting tool.

RISK MANAGEMENT

Citycon's Board of Directors and management keep a constant track of business risks, paying particular attention to financing and customer risk management. Financing risks are managed by complying with the principles and rules imposed on financing and customer risks by requiring customers to have profitable business, solvency and good credit data. Ongoing monitoring seeks to prevent the occurrence of risks and to minimise any impacts of such risks.

Citycon's other business risks relate to information systems function,

CORPORATE MANAGEMENT COMMITTEE



■ **Petri Olkinuora**, born 1957
CEO
MSc (Eng), MBA
Citycon shares: -
Warrants: 1,500,000



■ **Outi Raekivi**, born 1968
Corporate General Counsel,
Head of Administration
LLM, CPM
Citycon shares: -
Warrants: 100,000



■ **Merja Tuomi**, born 1955
Finance Manager
BSc (Econ)
Citycon shares: -
Warrants: 350,000



■ **Antti Uski**, born 1943
Head of Division,
Shopping Centres
LLM
Citycon shares: -
Warrants: 150,000



■ **Jyrki Karjalainen**, born 1965
Head of Division,
Supermarkets & Shops
MSc (Eng)
Citycon shares: -
Warrants: 96,670



■ **Carl Slätis**, born 1959
Head of Division,
Retail Park
MSc (Eng), MBA
Citycon shares: -
Warrants: 100,000

maintenance and backup. Citycon has taken out relevant insurance against property, business interruption and liability for damages risks attributable to its business activities.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

Citycon Oyj's Annual General Meeting will be held starting at 10am on Thursday 20 March at Kansallissali, Aleksanterinkatu 44, 2nd floor, 00100 Helsinki.

Shareholders wishing to attend the Annual General Meeting should be listed by 10 March 2003 as shareholders in the Company's share register kept by the Finnish Central Securities Depository and should notify their intention to attend the meeting before 4pm Finnish time on 17 March 2003 either by telephone to Raija Rinne-Ingberg on +358 (0)9 680 3670, by fax on +358 (0)9 680 36 788, by email to raija.rinneingberg@citycon.fi or in writing to Citycon Oyj, Raija Rinne-Ingberg, Pohjoisesplanadi 35 AB, FIN-00100 Helsinki, Finland.

Any proxies are requested to be sent to arrive at the above address before the deadline given.

DIVIDEND

The Board of Directors is to recommend the payment of a dividend of €0.09 per share for 2002. The dividend will be paid on 1 April 2003 to shareholders that are listed as shareholders by 25 March 2003 in the share register kept by the Finnish Central Securities Depository.

SHARE REGISTER

Shareholders should notify any changes of name, address or ownership to the book-entry securities register where their book-entry account is registered.

FINANCIAL INFORMATION

Citycon Oyj will publish financial information in Finnish and English during 2003 as follows:

- Thursday 8 May 2003
interim review for January to March
- Thursday 28 August 2003
interim review for January to June
- Thursday 30 October 2003
interim review for January to September
- After publication, the reviews will immediately be posted on Citycon's website at www.citycon.fi.

The company's annual report will be published during week 11. An electronic version of the report will be posted on the company's website at www.citycon.fi. Printed copies of the annual report can be ordered from the company's website, by email from raija.rinneingberg@citycon.fi or by telephone on +358 (0)9 680 3670.

CITYCON OYJ'S INVESTOR RELATIONS

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No meetings are held, nor do spokespersons for the company make any comments on the results between the closing of each financial period and publication of the financial bulletin for the period concerned.

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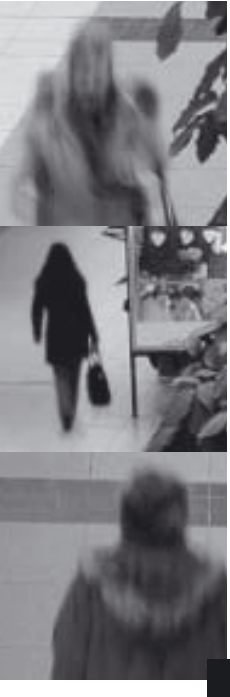
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CITYCON

financial statements 2002



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TURNOVER AND BUSINESS ENVIRONMENT

Citycon's turnover principally consists of the rental income from its retail properties. During 2002 the company's turnover rose to EUR 79.4 million (EUR 77.7m), of which gross rental income accounted for EUR 73.7 million (EUR 71.3m). Shopping centres and the 15 largest supermarkets account for 75 per cent of the income from Citycon's operations. Other turnover consists mostly of proceeds from the divestment of properties. In 2002, Citycon made gains of EUR 0.4 million (EUR 1.7m) on the divestment of property assets.

Citycon's turnover and rental agreement stock developed as expected during 2002. There was continued strong demand for retail premises in the Helsinki region and in Finland's largest cities. Despite uncertainty in the economy as a whole, consumers were very confident about their own personal finances and there was continued brisk consumer demand. Figures released by Statistics Finland show that sales in the retail trade, excluding cars, rose by 3.7 per cent and grocery sales by 4.7 per cent.

Higher consumer demand sustained the strong demand for retail premises. Despite new construction projects, overall occupancy rates for retail premises remained high. Slow urban planning and construction

continued to hamper the availability of good, new retail premises.

CLIENTS AND RENTAL AGREEMENTS

At year-end 2002, Citycon had 700 tenants, with whom it had concluded 1 150 rental agreements. 18.2 per cent of Citycon's rental agreements are long, fixed-term agreements. The fixed-term agreements are valid for an average of 4.2 years.

The total annual rent of new rental agreements signed during the year amounted to some EUR 6.9 million. The most significant new agreements were signed with Kesko and HOK Liiketoiminta Oy. Citycon's 10 largest clients generate around 69.2 per cent of the company's net rental income. The vacancy rate of Citycon's retail premises remained healthy at 2.0 per cent.

NET RENTAL INCOME AND OPERATING PROFIT

During 2002, net rental income from Citycon's property assets totalled EUR 56.2 million (EUR 54.5m), of which 49.3 per cent was generated by Shopping Centres and 50.7 per cent by Supermarkets & Shops. Calculated in accordance with the recommendations of the Institute for Real Estate Economics (KTI) net rental income from the entire property stock were 8.6 per cent (8.3%).

Shopping Centres generated a total net return of 8.2 per cent (7.6%) and Supermarkets & Shops 9.1 per cent (9.0%). The economic occupancy rate of Citycon's retail premises was 98 per cent.

The operating profit for the 2002 financial year was EUR 43.9 million (EUR 44.9m) and the profit EUR 13.8 million (EUR 12.6m). This encouraging trend was made on the back of the completion of the IsoKarhu Shopping Centre extension in Pori, active letting activities and positive market development in the line of business.

BUSINESS DEVELOPMENT PROJECTS

During the 2002 financial year, Citycon's property assets were divided into two portfolios: Shopping Centres and Supermarkets & Shops.

On the Shopping Centres front, major development projects during 2002 involved planning for extensions to the Myyrmanni, IsoKarhu and Lippulaiva shopping centres in Vantaa, Pori and Espoo respectively. These extensions seek to improve the market position of these shopping centres and to increase income.

On the Supermarkets & Shops front, major development projects during the 2002 financial year focused primarily on property refurbishment and other modification work necessary for tenants' business activities.

IMPACT ON CITYCON OF THE EVENT AT THE MYYRMANNI SHOPPING CENTRE

The damage caused by the explosion at the Myyrmanni Shopping Centre in October 2002 had minimum impact on Citycon's performance. Citycon Oyj and Kiinteistö Oy Myyrmanni were insured against the material damage caused by the explosion and the loss of rent resulting from the temporary closure of the shopping centre. Kiinteistö Oy Myyrmanni contributed to the fund to raise money for the victims of the explosion.

PROPERTY ACQUISITIONS AND DIVESTMENTS

The 2002 financial year saw Citycon further intensify its focus on its chosen geographical areas and acquire retail properties or holdings in retail properties in the Helsinki region. In line with its strategy, Citycon divested properties outside its core business.

Citycon acquired retail premises in Heikintori Oy, a shopping centre in Tapiola Espoo. Subsequent to these deals, Citycon's holding in Heikintori Oy rose to 52.1 per cent and Heikintori became a Citycon subsidiary. During the 2002 financial year, Citycon also increased its holding in Kiinteistö Oy Saturnus, in Annankatu in the centre of Helsinki. Subsequent to the deal, Citycon owns all the commercial

property in Kiinteistö Oy Saturnus.

In line with its divestment programme, Citycon sold the entire share capital in 18 (20) properties and reduced its interest in two (5) properties during 2002. Citycon made a gain of EUR 0.4 million (EUR 1.7m) on properties divested for a total of EUR 6.4 (EUR 11.5m). This gain is shown as part of turnover.

BALANCE SHEET AND FINANCES

At year-end 2002, Citycon owned 152 properties, which had a total book value of EUR 649.2 million (EUR 655.3m). The market value of the properties was EUR 650.1m (EUR 666.6m). The balance sheet total at 31 December 2002 was EUR 746.3 million (EUR 748.9m), of which liquid cash assets amounted to EUR 11.7 million (EUR 5.8m), or 1.6 per cent of the balance sheet total.

Creditors at the consolidated balance sheet date totalled EUR 383.3 million (EUR 392.5m). Interest bearing debt amounted to EUR 440.5 million (EUR 451.5m), of which the capital loan was EUR 68.5 million (EUR 68.5m). Financial charges were EUR 25.0 million (27.7m). The average interest rate on debt was 5.3 per cent (5.8%) a year. The average borrowing period was approximately 4.9 (5.8) years and the average interest-rate fixing period was 4.1 (5.0) years.

Group equity ratio stood at 39.1 per cent (38.2%) and 48.4 per cent (47.3%) with the capital loan included in core capital.

Of Citycon's loan portfolio, 84 per cent were floating loans. Half of these were swapped to fixed rate using interest-rate swaps and a third was hedged through interest-rate caps. The nominal value of interest-rate swaps was EUR 199 million and that of interest-rate caps EUR 133 million. The EBITDA/net financial charges (interest coverage ratio), which describes debt servicing ability, was 2.1 (1.9).

Citycon Group's financial position was good throughout the year. Citycon signed a EUR 360 million syndicated loan facility on 25 November 2002. Nordea Bank Finland Plc acted as the credit coordinator and lead manager together with managers Svenska Handelsbanken AB of Sweden and EuroHypo AG of Germany. The loan facility is intended to broaden Citycon's capital base, to secure future investments and to restructure Citycon's existing loan stock. The arrangement will make at least EUR 150 million available for Citycon to fund future new property investments.

Gross investments made by the Group in 2002 totalled €5.9 million (€20.4m) and were mostly in the acquisition of shares in new properties and the refurbishment of Citycon's existing properties.

EMPLOYEES AND SALARIES

There was a moderate increase in employee numbers during 2002. At the end of the financial year, the Group had a total of 33 (29) employees, 27 (23) of which were employed by the parent company.

Wages and salaries paid by the Citycon Group totalled EUR 2.0 million, of which EUR 0.3 million was paid to managing directors and members of the Board of Directors. Wages and salaries paid to employees in the parent company totalled EUR 1.7 million, of which EUR 0.2 million was paid to the CEO and to members of the Board of Directors.

Petri Olkinuora MSc (Eng) was appointed the company's new CEO and Olli-Pekka Mikkola LLM deputy CEO. Both appointments became effective on 1 August 2002. Olli-Pekka Mikkola left the company on 31 December 2002.

EVENTS TAKING PLACE AFTER 31 DECEMBER 2002

Citycon specified its operational structure and organisation at the start of 2003. The company has split its property business into three divisions according to property type: Shopping Centres, Supermarkets & Shops and Retail Parks. In future, the company will increasingly address the development

of retail premises and new retail centres such as retail parks.

The new operational structure consolidates Citycon's position as Finland's leading company specialising in retail premises. Retail Park development projects will enable Citycon to expand its target client base, to provide a more comprehensive service for various sectors of the retail trade and to provide diverse premises solutions to support the business of its clients. Property assets will continue to be focused on Finland's largest cities, where Citycon is working on development projects to further consolidate its position as the best provider of retail premises and its clients' long-term partner of choice.

SHARE PERFORMANCE

At 31 December 2002, Citycon's share capital was EUR 142,800,108.30 distributed among 105,777,858 shares, each having a nominal value of EUR 1.35.

During the year under review, 8,581,070 Citycon shares (4,652,941) were traded on the Helsinki Exchanges for a total of EUR 9,060,607.20 (EUR 4.7m). Nominee registered shares and shares in foreign ownership accounted for 908,500 Citycon shares, corresponding to 0.87 per cent of the shares and votes.

The highest and lowest trading prices during the year under review

were EUR 1.12 (EUR 1.07) and EUR 0.98 (EUR 0.93) respectively. The weighted middle price during the period under review was EUR 1.06 (EUR 1.01) and the shares closed on the year at EUR 1.10 (EUR 1.02). The market capitalisation value at the balance sheet date was EUR 112.1 million, excluding the impact of those shares owned by the company.

During 2002, the HEX All-Share Index fell by 34.4 per cent and the Portfolio Index by 16.7 per cent. However, the index reflecting the share prices of listed property investment companies rose by 5.3 per cent during 2002.

Citycon's ownership structure remained almost unchanged. Citycon had 1,123 shareholders at 31 December 2002. At year-end 2002, the ten largest shareholders owned a total of 82.4 per cent of Citycon's shares and votes. The largest shareholders were Nordea Bank Finland Plc, Kesko Corporation including its subsidiaries and associated companies, Sampo Life Insurance Company Ltd and Etra-Invest Oy, with a total of 78.0 per cent of the company's shares and votes. At 31 December 2002, members of Citycon's Board of Directors owned 108,257 shares, corresponding to 0.1 per cent of the total shares and votes. Citycon's CEO and Corporate Management Committee had no interests in the company's shares.

At the end of the period under review, Citycon owned 3,874,000 of its own shares, which it acquired for a total of EUR 4,675,812.76, the lowest price paid being EUR 1.10 and the highest EUR 1.35. The shares owned by company represented 3.7 per cent of total shares and votes.

AUTHORISATIONS

Meeting on 26 March 2002, Citycon's Annual General Meeting authorised the Board of Directors to decide whether to increase the share capital through one or more rights issues offering a maximum aggregate of 21,085,106 shares corresponding €28,464,893.10. Furthermore, the Annual General Meeting authorised the Board of Directors to decide on the purchase or conveyance of a maximum of 5,271,276 of the Company's own shares having a nominal value of €1.35 during the validity of this authorisation. At the end of 2002 none of these authorisations had been exercised. The authorisations are valid until 20 March 2003.

BOARD OF DIRECTORS AND AUDITORS

Stig-Erik Bergström DSc (Econ), Heikki Hyppönen MSc (Econ), Juhani Järvi MSc (Econ), Jorma Lehtonen MSc (Eng), Carl G. Nordman Counsellor of Industry (Hon) and Juha Olkinuora

MSc (Eng) were appointed to Citycon's Board of Directors on 26 March 2002. Stig-Erik Bergström was elected as Chairman and Jorma Lehtonen as Deputy Chairman of the Board of Directors.

Ari Ahti authorised public accountant and Jaakko Nyman authorised public accountant serve as the company's auditors. Authorised Public Accountants KPMG Wideri Oy Ab are the company's deputy auditors.

BOARD OF DIRECTORS' DIVIDEND RECOMMENDATION

Citycon's Board of Directors is to recommend to the Annual General Meeting convening on 20 March 2003 that a dividend of EUR 0.09 per share be paid for 2002 on all shares outside the company's ownership. The Board of Directors recommends that the record date be 25 March 2003 and that the dividend be paid to shareholders on 1 April 2003.

FUTURE OUTLOOK

The demand for occupancy rates and rent levels of retail premises are expected to remain healthy in the Helsinki region and in Finland's largest cities. There is still adequate demand for good retail premises since consumers' have strong confidence in their

own finances and private consumption is rising. The encouraging trend in the retail trade is constantly creating a need for new premises and in turn bolstering demand for retail premises. Despite new construction, the scant supply of retail premises continues to sustain demand.

Citycon's new business structure and especially development projects will provide a platform for long-term growth potential. Citycon's turnover and earnings in 2003 are expected to be in line with those of the previous year.

Helsinki, 27 February 2003

Citycon Oyj
Board of Directors

I N C O M E S T A T E M E N T

€ 1,000	Note	Group 1 Jan.-31 Dec. 2002	Group 1 Jan.-31 Dec. 2001	Parent company 1 Jan.-31 Dec. 2002	Parent company 1 Jan.-31 Dec. 2001
TURNOVER	1.	79,398	77,716	74,123	67,676
Other income	2.	287	105	74	39
CHARGES					
Materials and services	3.	18,881	17,276	2,283	2,167
Staff costs	4.	2,469	1,980	2,160	1,539
Depreciation and value adjustments	5.	7,620	6,792	1,970	1,095
Rents and maintenance charges	6.	4,268	4,467	16,948	14,761
Share of associate's result		493	494		
Other operating charges		2,058	1,917	2,590	3,736
Charges, total		35,789	32,926	25,951	23,297
OPERATING PROFIT		43,895	44,895	48,246	44,418
Financial income and charges	7.	-24,715	-27,252	-33,308	-32,237
PROFIT BEFORE APPROPRIATIONS AND TAXES		19,180	17,643	14,938	12,181
Taxes	8.	-5,355	-5,035	-4,476	-4,154
Minority interests		-24	-13		
PROFIT FOR THE FINANCIAL YEAR		13,801	12,595	10,462	8,027

BALANCE SHEET

€ 1,000	Note	Group 31 Dec, 2002	Group 31 Dec, 2001	Parent company 31 Dec, 2002	Parent company 31 Dec, 2001
ASSETS					
Fixed assets	9.				
Intangible assets		4,036	5,494	1,609	1,977
Tangible assets		625,508	616,548	13,522	14,679
Financial assets					
Shares in group companies	10.			469,483	455,954
Shares in associated undertakings	11.	75,282	88,619	77,576	90 629
Own shares	18.	4,261	3,951	4,261	3,951
Other financial assets		22,427	24,368	88,040	94,389
Financial assets, total		101,971	116,938	639,360	644,923
Fixed assets, total		731,515	738,980	654,491	661,579
Current assets					
Short-term debtors	12.	3,088	4,177	6,069	8,612
Cash in hand and at bank		11,730	5,770	9,039	3,987
Current assets, total		14,818	9,947	15,108	12,599
Assets, total		746,333	748,928	669,599	674,178
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	13.				
Subscribed capital		142,800	142,324	142,800	142,324
Share premium account		28,253	28,253	28,253	28,253
Own shares fund		4,261	3,951	4,261	3,951
Other reserves		6,551	6,551	6,551	6,551
Retained earnings		8,378	4,411	5,541	6,141
Profit for the financial year		13,801	12,595	10,462	8,027
Capital loan	14.	68,452	68,452	68,452	68,452
Shareholders' equity, total		272,498	266,538	266,321	263,701
Minority interests		90,521	89,918		
Creditors	16.				
Long-term creditors		371,769	354,873	388,352	365,723
Short-term creditors		11,545	37,598	14,925	44,754
Creditors, total		383,315	392,471	403,278	410,477
Shareholders' equity and liabilities, total		746,333	748,928	669,599	674,178

CASH FLOW STATEMENT

€ 1,000	Group 1 Jan.-31 Dec. 2002	Group 1 Jan.-31 Dec. 2001	Parent company 1 Jan.-31 Dec. 2002	Parent company 1 Jan.-31 Dec. 2001
CASH FLOW FROM OPERATING ACTIVITIES				
Profit (loss) before exceptional items	19,180	17,643	14,938	12,181
Reconciliations:				
Depreciation according to plan	7,620	6,792	1,970	1,095
Other income and charges not involving payments	283	494	0	1,425
Financial income and charges	24,715	27,252	33,308	32,237
Other reconciliations	-448	-1,945	-436	-1,738
Cash flow before change in working capital	51,350	50,236	49,781	45,200
Change in working capital				
Increase (-)/decrease (+) in short-term zero-interest debtors	19	-372	78	614
Increase (-)/decrease (+) in short-term zero-interest creditors	-13	419	-103	2,242
Cash flow from operating activities before financial items and taxes	51,356	50,283	49,756	48,056
Interest payable and similar financial charges arising from operating activities	-23,814	-27,673	-23,462	-28,798
Dividends receivable from operating activities	18	2	17	0
Interest receivable from operating activities	228	349	213	316
Direct taxes payable	-3,626	-4,813	-3,632	-4,444
Cash flow before exceptional items	24,162	18,148	22,893	15,130
CASH FLOW FROM OPERATING ACTIVITIES (A)	24,162	18,148	22,893	15,130
CASH FLOW FROM INVESTING ACTIVITIES				
Investments in tangible and intangible assets	-1,943	-7,357	-393	-1,364
Gains from divestments of tangible and intangible assets	0	41	0	37
Investments in other financial assets	-1,330	-1,169	-8,395	-9,790
Gains from divestment of other financial assets	5,192	8,999	6,447	11,454
Loans granted	0	0	-82	-6,835
Repayment of loan receivables	3	7	10	349
Purchase of shares in subsidiary undertakings	-5,850	-8,454	0	0
Divestment of shares in subsidiary undertakings	1,215	2,318	0	0
Interest receivable on investments	59	30	60	3,729
Dividends receivable from investments	0	0	0	13
CASH FLOW FROM INVESTING ACTIVITIES (B)	-2,654	-5,586	-2,354	-2,407
CASH FLOW FROM FINANCING ACTIVITIES				
Fund payments by minority interests	78	0	0	0
Increase in short-term loans	17	2,919	0	2,895
Repayment of short-term loans	-7,105	0	-7,100	0
Increase in long-term loans	3,924	10,832	3,802	10,798
Repayment of long-term loans	-4,311	-16,602	-4,037	-16,483
Dividends payable and other distribution of profits	-8,152	-8,226	-8,152	-8,226
CASH FLOW FROM FINANCING ACTIVITIES (C)	-15,548	-11,077	-15,487	-11,016
Change in liquid assets (A + B + C) increase (+) / decrease (-)	5,960	1,485	5,053	1,707
Liquid assets from merger of Kiinteistö-Kompassi Oy				-21
Liquid assets at 1 January	5,770	4,285	3,987	2,301
Liquid assets at 31 December	11,730	5,770	9,039	3,987

PROPERTY ASSETS

The acquisition cost of buildings is depreciated according to plan on a linear basis at 1 per cent a year. Should the acquisition cost include excess value as a result of the rent in the agreement significantly exceeding the market rent, this is depreciated in line with the prudence concept during the rental agreement if the potential value of the property concerned is considered as remaining below the acquisition cost during the tenancy period. If returns from a property have significantly fallen, planned depreciation has been speeded up.

Repair costs are booked as they occur.

OTHER FIXED ASSETS

Other long-term expenditure includes costs capitalised in association with the acquisition of property assets, which are depreciated within three years, and the capitalised costs of repairs to premises, which are depreciated during the validity of the rental agreement. Machinery and equipment is depreciated over a period of 4 to 30 years. Machinery and equipment includes the technical equipment in buildings. Basic improvements and repairs to such equipment are treated as annual charges.

BASIS OF CONSOLIDATION

The consolidated accounts have been prepared in accordance with the purchase method under which the

acquisition cost of shares in subsidiary undertakings in the parent company's fixed assets has been eliminated against shareholders' equity when the subsidiary was acquired. Acquisition costs are included in land and buildings up to their market value. Acquisition costs on buildings are depreciated on a linear basis at a rate of 1 per cent a year.

Intragroup transactions and the distribution of profit have been eliminated in the consolidated accounts.

Minority interests appear as a separate item in the consolidated shareholders' equity and results.

ASSOCIATED UNDERTAKINGS

Associated undertakings have been accounted for using the equity method. The part of the acquisition cost exceeding the shareholders' equity is included in land and buildings up to their market value. Acquisition costs on buildings are depreciated on a linear basis at a rate of 1 per cent a year. Depreciation is shown as part of the associate's result together with the share of profit for the financial year.

PENSION ARRANGEMENTS

Employee pension cover has been arranged through statutory pension insurance.

OWN SHARES

Own shares are shown in financial assets under fixed assets and in the

own share fund under shareholders' equity. The own share fund is non-distributable. Own shares have been subtracted from share capital and the number of shares when calculating the financial indicators.

CAPITAL LOAN

The capital loan appears as a separate item under shareholders' equity and has been treated as debt when calculating the financial indicators.

TAXES

Taxes are shown on an accrual basis. The company has no deferred tax liabilities or assets arising from matching items.

FINALLY

Individual figures and totals presented in the financial statements have been rounded to the nearest €1000. This may give rise to discrepancies between the sums of the individual figures added together and the total amounts.

NOTES TO THE INCOME STATEMENT

€ 1,000	Group 2002	Group 2001	Parent company 2002	Parent company 2001
1. TURNOVER				
Turnover consists mainly of income derived from property rents and maintenance. Most of the turnover is generated by properties in the Helsinki Metropolitan Area.				
Parent company includes payments made by group companies for building management and administration services.			480	114
Rents and maintenance charges	78,950	75,771	73,687	65,938
Gains from the divestment of fixed assets	448	1,945	436	1,738
Turnover, total	79,398	77,716	74,123	67,676
2. OTHER INCOME				
Other operating income				
Depreciation adjustments and VAT refunds from previous years	287	105	74	39
3. MATERIALS AND SERVICES				
Raw materials and consumables				
Purchases during the financial year	18,343	16,486	1,745	1,377
External services	538	790	538	790
Materials and services, total	18,881	17,276	2,283	2,167
4. EMPLOYEES				
Employee numbers during the financial year	33	26	27	17
Staff costs				
Wages and salaries	1,962	1,579	1,710	1,227
Pension costs	330	257	289	195
Other social security costs	177	144	161	117
Staff costs, total	2,469	1,980	2,160	1,539
Staff costs include management salaries and emoluments:				
Managing director	200	253	132	117
Board of Directors	99	96	99	95
Total	299	349	231	211
5. DEPRECIATION ACCORDING TO PLAN				
On intangible assets	549	450	529	450
On buildings	5,524	5,583	575	599
On machinery and equipment	732	759	51	46
Depreciation according to plan, total	6,805	6,792	1,156	1,095
Value adjustments on non-current assets				
Buildings	815		815	
Depreciation according to plan and value adjustments on non-current, total	7,620	6,792	1,970	1,095
6. RENTS AND MAINTENANCE CHARGES				
The item in the parent company includes rents paid to group companies.			13,515	10,965
7. FINANCIAL INCOME AND CHARGES				
Dividends receivable				
from group companies			60	68
from others	18	2	17	0
Dividends receivable, total	18	2	77	68
Interest receivable from long-term financial assets				
from group companies			3,139	7,935
from participating interests	3	6	3	6
from others	56	24	56	24
Interest receivable from long-term financial assets, total	59	30	3,198	7,965
Other interest receivable and similar income				
from others	220	389	229	381
Other interest receivable and similar income, total	220	389	229	381
Interest receivable from long-term financial assets and interest receivable and other similar income	297	420	3,504	8,415
Interest payable and similar charges				
to group companies			11,856	13,008
to others	25,012	27,673	24,956	27,644
Interest payable and similar charges, total	25,012	27,673	36,813	40,651
Financial income and charges, total	-24,715	-27,252	-33,308	-32,237
8. TAXES				
Taxes for the financial year	5,355	5,035	4,476	4,154
The tax used is the equivalent tax on the result				

NOTES TO THE BALANCE SHEET

€ 1,000		Group 2002	Group 2001	Parent company 2002	Parent company 2001
9. FIXED ASSETS					
Fixed assets have been booked in the balance sheets at original acquisition cost less value adjustments made in 1992 and 2002 and booked depreciation.					
Intangible assets					
<u>Intangible rights</u>					
Acquisition cost	1 Jan.	188	51	184	47
Increase		3	138	3	138
Acquisition cost	31 Dec.	192	188	188	184
Accumulated depreciation	1 Jan.	45	24	45	24
Depreciation for the financial year		36	21	36	21
Accumulated depreciation	31 Dec.	81	45	81	45
Book value	31 Dec.	110	143	107	139
<u>Connection fees</u>					
Acquisition cost	1 Jan.	2,463	2,490	3	3
Increase		195	14		
Decrease		-18	-41		
Book value	31 Dec.	2,640	2,463	3	3
<u>Other long-term expenditure</u>					
Acquisition cost	1 Jan.	4,162	3,305	3,108	2,241
Increase		356	881	159	881
Decrease		-1	-17	-1	-14
Transfer between items		-1,444	-8		
Acquisition cost	31 Dec.	3,073	4,162	3,265	3,108
Accumulated depreciation	1 Jan.	1,274	845	1,273	845
Depreciation for the financial year		494	429	493	428
Accumulated depreciation on decrease		19			
Accumulated depreciation	31 Dec.	1,787	1,274	1,767	1,273
Book value	31 Dec.	1,286	2,887	1,499	1,834
Intangible assets, total	31 Dec.	4,036	5,494	1,609	1,977
Tangible assets					
<u>Land</u>					
Acquisition cost	1 Jan.	121,284	117,260	69	69
Increase		2,950	4,952		
Decrease		-372	-929		
Acquisition cost	31 Dec.	123,862	121,284	69	69
<u>Buildings</u>					
Acquisition cost	1 Jan.	505,336	493,527	19,556	19,364
Increase		12,973	14,875		192
Decrease		-1,618	-3,530		
Transfer between items			464		
Acquisition cost	31 Dec.	516,691	505,336	19,556	19,556
Accumulated depreciation	1 Jan.	25,069	19,526	5,170	4,571
Depreciation for the financial year		5,485	5,583	575	599
Accumulated depreciation on decrease		-165	-41		
Accumulated depreciation	31 Dec.	30,389	25,069	5,746	5,170
Accumulated value adjustments	1 Jan.	-757	-757		
Value adjustment for the financial year		-815		-815	
Accumulated value adjustments	31 Dec.	-1,572	-757	-815	
Book value	31 Dec.	484,730	479,510	12,996	14,386
<u>Machinery and equipment</u>					
Acquisition cost	1 Jan.	17,293	17,149	342	264
Increase		244	223	53	126
Decrease		-24	-78	0	-48
Transfer between items		-1	-1		
Acquisition cost	31 Dec.	17,513	17,293	395	342
Accumulated depreciation	1 Jan.	1,983	1,255	192	177
Depreciation for the financial year		732	765	51	50
Accumulated depreciation on decrease		-1	-37		-35
Accumulated depreciation	31 Dec.	2,714	1,983	243	192
Book value	31 Dec.	14,798	15,310	153	150

Machinery and equipment also includes the technical equipment inside the buildings

NOTES TO THE BALANCE SHEET

€ 1,000		Group 2002	Group 2001	Parent company 2002	Parent company 2001
Other tangible assets					
Acquisition cost	1 Jan.	409	401	9	9
Increase		5		5	
Decrease		-1			
Transfer between items		2,642	8		
Acquisition cost	31 Dec.	3,055	409	13	9
Accumulated depreciation	1 Jan.	32	32		
Accumulated depreciation on transfer and decrease		1,197			
Depreciation for the financial year		0			
Accumulated depreciation	31 Dec.	1,229	32		
Book value	31 Dec.	1,826	378	13	9
Work in progress					
Acquisition cost	1 Jan.	65	468	65	4
Increase		226	65	226	65
Decrease			-4		-4
Transfer between items			-464		
Book value	31 Dec.	291	65	291	65
Tangible assets, total		625,508	616,547	13,522	14,679
Financial assets					
Shares in subsidiaries					
Acquisition cost	1 Jan.			456,450	409,618
Increase				3,050	64,753
Decrease				-1,868	-17,920
Transfer between items				12,347	0
Acquisition cost	31 Dec.			469,979	456,450
Accumulated depreciation	1 Jan. and 31 Dec.			-496	-496
Book value	31 Dec.			469,483	455,954
Shares in associated undertakings					
Acquisition cost	1 Jan.	90,627	95,736	90,629	95,738
Increase		22	867	22	867
Decrease		-3,141	-4,732	-2,930	-4,732
Transfer between items		-10,146	-1,244	-10,146	-1,244
Acquisition cost	31 Dec.	77,363	90,627	77,576	90,629
Accumulated depreciation	1 Jan.	2,008	1,641		
Depreciation for the financial year		276	450		
Accumulated depreciation on decrease		-204	-83		
Accumulated depreciation	31 Dec.	2,080	2,008		
Book value	31 Dec.	75,282	88,619	77,576	90,629
Own shares					
Acquisition cost	1 Jan.	3,951	3,642	3,951	3,642
Increase		310	310	310	310
Book value	31 Dec.	4,261	3,951	4,261	3,951
Other financial assets					
Shares in minority interests					
Acquisition cost	1 Jan.	24,325	25,097	21,943	22,759
Increase		1,488	303	1,308	259
Decrease		-1,224	-2,318	-1,224	-2,318
Transfer between items		-2,201	1,244	-2,201	1,244
Acquisition cost	31 Dec.	22,388	24,325	19,826	21,943
Book value	31 Dec.	22,388	24,325	19,826	21,943
Loans receivable					
from subsidiaries				68,174	72,403
from associated undertakings		40	42	40	42
Other financial assets, total	31 Dec.	22,427	24,367	88,040	94,389
Financial assets, total	31 Dec.	101,971	116,938	639,360	644,923

10. GROUP COMPANIES	Registered office	Parent Company holding, %
Asolantien Liikekiinteistö	Vantaa	100.00
Eskolanmäki	Kouvola	100.00
Forssan Hämeentie 3	Forssa	100.00
Hollolan Keskuspuoti	Hollola	100.00
Härmälän Markkinatalo	Tampere	100.00
Jyväskylän Kauppakatu	Jyväskylä	100.00
Kaarinan Liiketalo	Kaarina	100.00
Kanervatien Hallitalo	Laukaa	100.00
Karjaan Ratakatu 59	Karjaa	100.00
Kauppakeskus IsoKarhu	Pori	100.00
Keijutie 15	Lahti	100.00
Hannunhelmi	Espoo	100.00
Kotkan Keskuskatu 11	Kotka	100.00
Kuopion Kauppakatu 41	Kuopio	100.00
Kuusankosken Kauppakatu 7	Kuusankoski	100.00
Kuvernöörintie 8	Helsinki	100.00
Lahden Kauppakatu 13	Lahti	100.00
Latokasken Ostoskeskus	Espoo	100.00
Lippulaiva	Espoo	100.00
Loviisan Ulrika	Loviisa	100.00
Martinlaakson Kivivuorentie 4	Vantaa	100.00
Martinlaaksonatie 36	Vantaa	100.00
Minkkikuja 4	Vantaa	100.00
Naantalin Tullikatu	Naantali	100.00
Nokian Välikatu 17	Nokia	100.00
Oulun Galleria	Oulu	100.00
Pietarsaaren Liiketalo	Pietarsaari	100.00
Porin Asema-aukio	Pori	100.00
Porin Isolinankatu 18	Pori	100.00
Rovaniemen Sampotalo	Rovaniemi	100.00
Runeberginkatu 33	Porvoo	100.00
Savonlinnan Tulliportinkatu 6-10	Savonlinna	100.00
Seinäjoen Varastotie	Seinäjoki	100.00
Seinäjoen Teollisuustie	Seinäjoki	100.00
Sinikalliontie	Espoo	100.00
Säkylän Liiketalo	Säkylä	100.00
Talvikkitie	Vantaa	100.00
Ulappatori	Espoo	100.00
Ultima	Helsinki	100.00
Valkeakosken Apiankatu	Valkeakoski	100.00
Vantaan Laajavuoreнкуja 2	Vantaa	100.00
Varkauden K-Kauppakeskus	Varkaus	100.00
Wavulinentie	Helsinki	100.00
Veniamo-Invest	Helsinki	100.00
Vaakalintu	Riihimäki	95.80
Metsäpellon Liikekeskus	Lahti	91.30
Linjurin Kauppakeskus	Salo	88.50
Mäntyvuoksi	Imatra	86.80
Taivalalaisen Liiketalo	Suomussalmi	84.50
Lappeenrannan Brahenkatu	Lappeenranta	84.40
Tikkurilan Kauppakeskus	Vantaa	83.90
Kuivasjärven Liikekeskus	Oulu	81.60
Orimattilan Markkinatalo	Orimattila	77.30
Lappeen Liikekeskus	Lappeenranta	75.27
Myyrmani	Vantaa	74.01
Kuusamon Linja-autoasema	Kuusamo	69.70
Tornion Kauppakatu	Tornio	68.10
Myyrmäen Kauppakeskus	Vantaa	67.80
Haukiputaan Markkinatalo	Haukipudas	67.70
Kirkkonummen Liikekeskus	Kirkkonummi	66.70
Espoontori	Espoo	66.64
Välivainion Ostoskeskus	Oulu	66.00
Eerolan Liikekeskus	Valkeakoski	62.90
Vantaan Säästötalo	Vantaa	61.24
Kauppapiha	Iisalmi	61.15
Kivensilmänkuja	Helsinki	60.00
Ulappapaikoitus	Espoo	59.85
Saariportti	Kuopio	57.30
Orimattilan Säästöpankkitalo	Orimattila	56.90
Lahden Trio	Lahti	55.56
Väinöläntammi	Pori	55.00
Heikintori	Espoo	52.10
Hollolan Keskuskatu	Hollola	50.30

Group companies in total, 73

11. ASSOCIATED UNDERTAKINGS	Registered office	Group holding, %	Parent company holding, %
Espoon Louhenkulma	Espoo	49.93	49.93
Espoon Pysäköintitalo	Espoo	27.28	0.00
Hakunilan Keskus	Vantaa	29.50	29.50
Hervannan Liikekeskus	Tampere	41.20	41.20
Hyrylän Ostoskeskus	Tuusula	20.70	20.70
Kaarinan Kauppakeskus	Kaarina	26.20	26.20
Kalajoen Linja-autoasema	Kalajoki	47.30	47.30
Kauppalantie	Helsinki	28.91	28.91
Keravan Liikekeskus	Kerava	34.40	34.40
Kirkkonummen Liiketalo	Kirkkonummi	24.30	24.30
Kommila	Varkaus	43.40	43.40
Kontulan Asemakeskus	Helsinki	33.50	33.50
Kärpäsen Ostoskeskus	Lahti	33.90	33.90
Laajasalon Liikekeskus	Helsinki	38.80	38.80
Lauttasaaren Liikekeskus	Helsinki	23.60	23.60
Länsi-Keskus	Espoo	41.36	41.36
Martinmiilu	Vantaa	20.80	20.80
Mastonkulma	Ylöjärvi	29.40	29.40
Multian Palvelukeskus	Multia	46.40	46.40
Myyrmäen Autopaikoitus	Vantaa	46.38	0.00
Opiskelijankadun Liikekeskus	Tampere	43.20	43.20
Otaniemen Liikekeskus	Espoo	39.22	39.22
Parikkalan Liiketalo	Parikkala	50.00	50.00
Petäjaveden Palv.keskus	Petäjävesi	49.02	49.02
Pihlajamäen Liiketalo	Helsinki	42.80	42.80
Puijonlaakson Palvelukeskus	Kuopio	31.30	31.30
Pukinmäen Liikekeskus	Helsinki	43.92	43.92
Ristinummen Palvelukeskus	Vaasa	43.95	43.95
Salpausseläntie	Helsinki	31.30	31.30
Saturnus	Helsinki	20.02	20.02
Sibeliuksenkatu 14	Järvenpää	25.95	25.95
Siltavoudintie	Helsinki	20.80	20.80
Solletteägatan	Uusikaarlepyy	34.77	34.77
Soukan Itäinen torni	Espoo	27.30	27.30
Tampereen Koskenranta	Tampere	46.27	46.27
Tapiolan Ostoskeskus	Espoo	29.20	29.20
Tulliherra	Kuopio	23.20	23.20
Valtakatu 5-7	Valkeakoski	31.00	31.00
Vihdin Linjatalo	Vihti	30.00	30.00

Associated undertaking in total, 39

NOTES TO THE BALANCE SHEET

€ 1,000		Group 2002	Group 2001	Parent company 2002	Parent company 2001
12. SHORT-TERM DEBTORS					
Trade debtors		480	446	373	310
Amounts owed by group companies					
Other debtors				3,777	4,971
Prepayments and accrued income				3	101
Total				3,781	5,071
Amounts owed by participating interests					
Other debtors		1	110	0	106
Prepayments and accrued income		0	2	0	0
Total		1	112	0	106
Other debtors		1,886	2,344	1,557	2,095
Prepayments and accrued income		722	1,276	358	1,030
Short-term debtors		3,088	4,177	6,069	8,612
Significant prepayments and accrued income					
Interest cap premium		323	884	323	884
13. SHAREHOLDERS' EQUITY					
Subscribed capital	1 Jan.	142,324	142,324	142,324	142,324
Bonus issue	15 April, 2002	476		476	
Subscribed capital	31 Dec.	142,800	142,324	142,800	142,324
Share premium account	1 Jan. and 31 Dec.	28,253	28,253	28,253	28,253
Own shares fund	1 Jan.	3,951	3,642	3,951	3,642
Increase		310	310	310	310
Own shares fund	31 Dec.	4,261	3,951	4,261	3,951
Other reserves	1 Jan. and 31 Dec.	6,551	6,551	6,551	6,551
Retained profits/losses	1 Jan.	17,006	12,652	14,169	14,368
Transfer to own share fund		-476		-476	
Dividends paid		-8,152	-8,227	-8,152	-8,227
Change in group structure		0	-14		
Retained earnings	31 Dec.	8,378	4,412	5,541	6,141
Profit for the financial year	31 Dec.	13,801	12,595	10,462	8,027
Capital loan	31 Dec.	68,452	68,452	68,452	68,452
Shareholders' equity, total	31 Dec.	272,498	266,538	266,321	263,701

14. CAPITAL LOAN I/1999

The parent company has a capital loan of €68,452,486.

Principal terms

- 1) In the event of the company being dissolved or becoming bankrupt, repayment of the loan ranks junior to the company's other debts.
- 2) The loan principal, with accrued interest to the repayment date, will be repaid in full in one instalment on 30 June 2009, provided repayment of the loan leaves full cover for the restricted equity and other restricted reserves in the adopted parent company and consolidated balance sheet for the most recent financial year ended.
- 3) Fixed interest at 7.38% p.a. will be paid on the loan principal until 30 June 2009. Interest will be paid annually in arrears on 30 June. Should the loan not be repaid in full on the maturity date at 30 June 2009, interest on the outstanding principal after this date shall be five (5) percentage units above the 12-month Euribor rate. Interest may be paid only if, according to the adopted parent company and consolidated balance sheet for the most recent financial year just ended, the amount payable is available for the distribution of profits.

The loan matures on 30 June 2009.

The accrued interest at 31 December 2002 has been booked as a charge.

15. WARRANTS

Warrants, total	Number of warrants	Nominal value, total	Share subscription commences
A Warrants	1,800,000	2,430,000	1 Sept 2000
B Warrants	1,800,000	2,430,000	1 Sept 2002
C Warrants	1,207,510	1,630,139	1 Sept 2004
Warrants free	692,490	934,862	1 Sept 2004
	5,500,000	7,425,000	

The share subscription price is €2, which is discounted by any dividends paid between 4 November 1999 and subscription. However, the minimum subscription price shall be at least the nominal value of the share. The subscription period closes on 30 September 2007 in respect of all warrants.

€ 1,000	Group 2002	Group 2001	Parent company 2002	Parent company 2001
16. CREDITORS				
Long-term creditors				
Fixed interest loans		10,202		10,202
Agreed at fixed interest rate through swaps	199,000	198,412	199,000	198,412
Hedged by interest capping	132,000	132,512	132,000	132,512
Market-based loans linked to Euribor rates	40,749	13,729	39,798	13,424
	371,749	354,856	370,798	354,550
Long-term creditors				
Loans from financial institutions	371,749	354,856	370,798	354,550
Loans from group companies			17,555	11,173
Loans from others	20	17	0	0
Long-term creditors, total	371,769	354,873	388,352	365,723
Creditors maturing in more than five years				
Loans from financial institutions	245,961	339,903	245,600	339,861
Capital loan	68,452	68,452	68,452	68,452
	314,414	408,355	314,052	408,313
Short-term creditors				
Loans from financial institutions	244	23,718	0	23,582
Advances received	295	461	183	380
Trade creditors	627	833	131	413
	1,165	25,013	314	24,375
Amounts owed to group companies				
Other creditors			8,832	11,180
Accruals and deferred income			1	3
			8,834	11,184
Amounts owed to participating interests				
Other creditors	4	13	0	0
Accruals and deferred income	1	10	1	10
	5	23	1	10
Other creditors	3,070	2,900	763	752
Accruals and deferred income	7,305	9,662	5,014	8,433
	10,375	12,563	5,776	9,185
Short-term creditors, total	11,545	37,598	14,925	44,754
Creditors, total	383,315	392,471	403,278	410,477
Significant accruals and deferred income				
Loan interest	4,191	3,527	4,183	3,511
Unpaid buying price	0	4,405	0	4,405
Tax liability	1,825	696	246	0
	6,017	8,628	4,430	7,916
Contingent liabilities for group debts				
Mortgages on land and buildings	323,440	15,541	0	0
Shares pledged (book value)	96,506	111,614	552,832	552,613
Other pledges given	633	1,663	633	1,663
In connection with the 2002 loan facilities, surety has been extended to also apply to Group company mortgages.				
Debts, for which mortgages have been given as surety and pledged shares				
Loans from financial institutions	371,990	378,527	370,798	378,133
Leasing commitments	555	695	538	680
Leasing commitments maturing during the next 12 months	234	241	231	238
VAT refund liabilities	2,023	2,459	668	643
Other liabilities	631	631	631	631

NOTES TO THE BALANCE SHEET

€ 1,000	Group 2002	Group 2001	Parent company 2002	Parent company 2001
Liabilities arising from derivatives				
<u>Interest-rate derivatives</u>				
Interest-rate swaps 1999 (5-year fixed interest)				
nominal value of underlying instrument		50,000		50,000
market value of underlying instrument		447		447
Interest-rate swaps 1999 (10-year fixed interest)				
nominal value of underlying instrument		66,000		66,000
market value of underlying instrument		430		430
Interest-rate swaps 1999 (11-year fixed interest)				
nominal value of underlying instrument		82,412		82,412
market value of underlying instrument		-231		-231
Interest-rate swaps 2002 (2-year fixed interest)				
nominal value of underlying instrument	50,000		50,000	
market value of underlying instrument	1,491		1,491	
Interest-rate swaps 2002 (7-year fixed interest)				
nominal value of underlying instrument	66,000		66,000	
market value of underlying instrument	5,111		5,111	
Interest-rate swaps 2002 (8-year fixed interest)				
nominal value of underlying instrument	83,000		83,000	
market value of underlying instrument	5,418		5,418	
Nominal value of underlying instruments, total	199,000	198,412	199,000	198,412
Market value of underlying instruments, total	12,020	647	12,020	647
<u>Interest rate options</u>				
Interest rate option 1998 and 1999 (5-year interest cap)				
nominal value of underlying instrument		132,512		132,512
market value of underlying instrument		-195		-195
Interest rate option 1998 (5-year interest cap)				
nominal value of underlying instrument	78,712		78,712	
market value of underlying instrument	0		0	
Interest rate option 2002 (2-year interest cap)				
nominal value of underlying instrument	53,800		53,800	
market value of underlying instrument	1		1	
Nominal value of underlying instruments, total	132,512	132,512	132,512	132,512
Market value of underlying instruments, total	1	-195	1	-195

As a result of the loan facility signed in November 2002, Citycon rearranged hedging accordingly. Derivatives have been valued using market prices at the balance sheet date. Calculations comply with the Finnish Financial Supervision Authority's regulations governing credit institutions on the evaluation of derivative trades in financial statements. Derivatives have been used to hedge the loan stock against rises in interest rates. Citycon uses derivatives solely to reduce or eliminate risks in the balance sheet.

17. OTHER COMMITMENTS

Capital base

Under a commitment given to its backers, Citycon undertakes to maintain the group's equity ratio at above 35 per cent, the interest-rate fixing period should be at least 3.5 years and the interest coverage ratio should be at least 1.8. The interest coverage ratio is calculated by dividing the operating margin, less gains from the divestment of fixed assets and plus share of associates' losses, by net financial charges. The capital loan and minority interests are included in core capital when calculating the capital base, subject to minority interests accounting for a maximum of 15 per cent of shareholders' equity, likewise subtracting the remaining minority interest from the balance sheet total.

Calculated in this way, the group equity ratio was 44.2% at 31 December 2002, the interest rate fixing period was 4.1 years and the interest coverage ratio 2.1.

Negative Pledge

The parent company and some group companies have given backers a negative pledge.

18. OWN SHARES

	2002	2001
Number of shares, 1,000	3,874	3,874
Nominal value, total € 1,000	5,230	5,212
% of share capital	3.7	3.7
% of votes	3.7	3.7
Consideration paid, € 1,000	4,676	4,676

The change in nominal value is owing to the conversion from Finnish marks to the euro. Own shares have been valued at acquisition cost or the closing price at 31 December 2002, whichever is the lower.

KEY FIGURES

€ 1,000	Formulae / Note	2002	2001	2000	1999	1998
INCOME STATEMENT						
Turnover (incl. gains on divestment of fixed assets)		79,398	77,716	76,012	55,562	25,680
Other income		287	105	141		
Depreciation according to plan		6,805	6,792	8,522	6,649	3,619
Depreciation on value adjustment		815				
Operating profit		43,895	44,895	42,279	31,068	14,183
Result before exceptional items and taxes		19,180	17,643	15,819	15,972	8,722
Result before taxes		19,180	17,643	15,819	15,972	8,722
Result for the financial year		13,801	12,595	11,288	10,689	7,091
BALANCE SHEET						
Fixed assets		731,515	738,980	735,095	741,989	348,646
- of which are own shares		4,261	3,951	3,642	1,037	
Current assets		14,818	9,948	8,289	18,213	7,839
Shareholders' equity and own shares		204,045	198,086	193,422	190,084	144,640
Capital loan		68,452	68,452	68,452	68,452	
Minority interests		90,521	89,918	91,026	92,640	10,673
Creditors		383,315	392,471	390,484	409,025	201,172
Balance sheet total		746,333	748,928	743,384	760,202	356,485
SELECTED FINANCIAL INFORMATION						
Return on equity (ROE), %	1 1)	4.8	4.5	4.0	4.9	5.6
Return on equity (excl. minority interest), %	1)	7.1	6.7	6.0	6.4	6.0
Return on investment (ROI), %	2	6.0	6.1	5.8	6.2	6.2
Equity ratio, %	3	39.1	38.2	38.0	37.2	43.6
Equity ratio, % (capital loan included in core capital)	4	48.4	47.3	47.2	46.2	43.6
Equity ratio for bank, %		44.2	43.0	42.7		
Current ratio	5	1.3	0.3	0.2	0.7	0.1
Gross fixed asset investments, € 1,000		5,854	20,368	9,739	327,588	304,348
as % of turnover		7.4	26.2	12.8	589.6	1,185.1
Employees, average		33	26	22	12	5

1) Own shares have been subtracted from share capital and the number of shares when calculating the financial indicators.

Formulae for Financial Ratios on page 24.

INCREASES IN SHARE CAPITAL

Citycon Oyj's minimum and maximum authorised share capital is €100,000,000 and €300,000,000 respectively within the limits of which the share capital may be increased or decreased without amending the Articles of Association.

The company's registered share capital at 31 December 2002 was €142,800,108.30 distributed among 105,777,858 shares each having a nominal value of €1.35.

Increases in Citycon's share capital since 1988 are shown on the company's website at www.citycon.fi.

SHARES AND SHARE QUOTATION

Citycon Oyj has a single series of shares. Each share conveys one vote at general meetings of shareholders. Citycon's shares have been quoted on the Main List of the Helsinki Exchanges since 1988. The trading code is CTY1S

and a stock exchange lot is 1,000 shares. Trading takes place in euros. The ISIN code used in international securities clearing is FI0009002471.

SHAREHOLDERS

At year-end 2002, 99.9 per cent, a total of 105,769,809 shares, were in the book-entry securities system kept by the Finnish Central Securities Depository. There were 8,049 shares that had not been converted into book entries.

At year-end 2002, Citycon had 1,123 shareholders, of whom 99.7 per cent were direct shareholders and 0.3 per cent were shareholders through nominee registration.

At 31 December 2002, Citycon held 3,874,000 of its own shares acquired for a total of €4,675,812.76, the lowest price paid being €1.10 and the highest €1.35. The number of shares acquired corresponded to 3.7 per cent of Citycon's share capital and votes.

The company's ten largest shareholders owned around 82.4 per cent

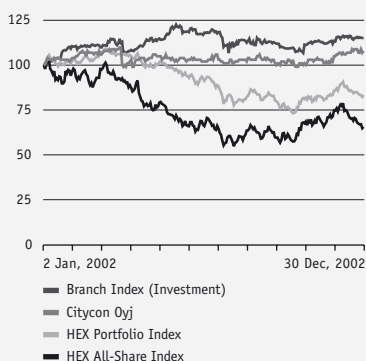
of the shares and votes. The largest shareholders were Nordea Bank Finland Plc, Sampo Life Insurance Company Ltd, Kesko Corporation including its subsidiaries and associated companies and Etra-Invest Oy Ab. These shareholders owned a total of 78.0 per cent of Citycon's shares and votes.

A list of Citycon's largest shareholders can be viewed on the company's website at www.citycon.fi.

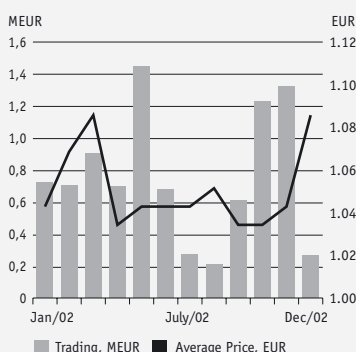
BOARD OF DIRECTORS AND MANAGEMENT INTERESTS

Members of Citycon's Board of Directors owned 108,257 shares, corresponding to 0.1 per cent of the total shares and votes. Citycon's CEO and members of the Corporate Management Committee have no interests in the company's shares. An analysis of directors' interests is given in association with the profile of Board members on page 26 of the Annual Report.

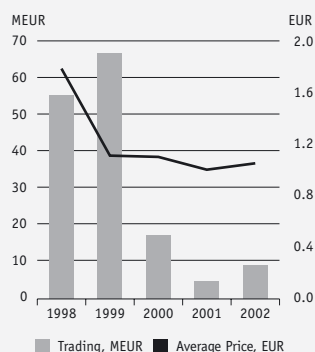
■ HEX Index and Citycon's Share in 2002



■ Share Trading and Average Prices in 2002



■ Share Trading and Average Prices by Year



20 largest shareholders at 31 December 2002

Name	Number of shares	% of total shares and votes
Nordea Bank Finland Plc	45,030,594	42.57
Sampo Life Insurance Company Ltd	13,677,071	12.93
Center-Yhtiöt Oy (Kesko)	12,761,000	12.06
Kesko Corporation	4,535,760	4.29
Etra-Invest Oy Ab	3,989,500	3.77
Hämeenkyllän Kauppa Oy (Kesko)	2,550,000	2.41
Sijoitusrahasto Conventum Finland Value	1,773,000	1.68
Polar Real Estate Corporation	1,009,091	0.95
Fortum Power and Heat Oy	947,700	0.90
Suomi Insurance Company Ltd	884,100	0.84
Odin Finland	847,500	0.80
LEL Employment Pension Fund	750,000	0.71
Liikesivistysrahaston Kannatusyhdistys	750,000	0.71
Veritas Pension Insurance Company Ltd	530,000	0.50
Finnish Red Cross	500,000	0.47
Julin Heikki Ilmari	331,000	0.31
Veritas Life Insurance Company Ltd	275,000	0.26
Tukinvest Oy	200,000	0.19
Placeringsfonden Aktia Secura	200,000	0.19
Tallberg Carl Johan	180,000	0.17
20 largest, total	91,721,316	86.71
Others, total	14,056,542	13.29
Total	105,777,858	100.00

Shareholdings by owner group at 31 December 2002

	Owners	Number of shares	% of total
1. Financial and insurance institutions	8	64,813,446	61.27
2. Private corporations	122	34,348,769	29.63
3. Private persons	968	5,344,443	5.05
4. Non profit-making organisations	11	1,607,951	1.52
5. Public sector corporations	4	960,700	0.91
6. Foreign owners (nominee registered)	8	908,500	0.87
6. Public sector entities	2	786,000	0.74
7. Unregistered shares		8,049	0.01
Total	1,123	105,777,858	100.00

SHARE TRADING AND PERFORMANCE

During 2002, a total of 8,581,070 Citycon shares, 8.4 per cent of the total, were traded for €9,060,607.20 on the Helsinki Exchanges. The highest and lowest trading prices during 2002 were €1.12 (€1.07) and €0.98 (€0.93) respectively. The middle trading price weighted by the number of shares traded was €1.06 (€1.01). At 31 December 2002, the HEX All-Share Index was down 34.4 per cent on the year and the Portfolio Index by 16.7 per cent. Citycon's share closed at €1.10 on the year (€1.02). At year-end, Citycon's market capitalisation value was €112.1 million calculated for all shares outside the company's ownership.

The trading volume and performance of Citycon's shares are shown overleaf in graph form. Investors can follow the price and trading volume of Citycon's shares on the company's website at www.citycon.fi.

DIVIDEND FOR 2002

Citycon's Board of Directors is to recommend to the Annual General

Meeting that a dividend of €0.09 per share be paid for 2002 on shares outside the company's ownership. This corresponds to 66.5 per cent of the company's earnings. The effective dividend yield for 2002 is 8.18 per cent (7.84%).

WARRANTS

Citycon warrants are part of the company's incentive scheme to commit employees.

The extraordinary general meeting of 4 November 1999 authorised the issue of a maximum aggregate of 5,500,000 warrants to the company's CEO, Citycon Group employees and to the company's subsidiary Veniamo-Invest Oy. Each warrant entitles the holder to subscribe one (1) Citycon Oyj share having a nominal value of one euro and thirty-five eurocents (€1.35). Of the warrants, 1,800,000 are endorsed with the letter A, 1,800,000 with the letter B and 1,900,000 with the letter C. Warrants endorsed with the letter A may be exercised from 1 September 2000, those with the letter B from 1 September 2002 and those with the letter C from 1 September 2004. The exercise period for all warrants expires on 30 September 2007.

If all warrants are exercised, Citycon Oyj's share capital will increase by €7,425,000 and result in the issue of 5,500,000 new shares.

AUTHORISATIONS

Meeting on 26 March 2002, Citycon's Annual General Meeting authorised the Board of Directors to decide whether to increase the share capital by €28,464,893.10 through one or more rights issues offering a maximum aggregate of 21,085,106 shares. Furthermore, the Annual General Meeting authorised the Board of Directors to decide on the purchase or conveyance of a maximum of 5,271,276 of the Company's own shares having a nominal value of €1.35 during the validity of this authorisation. At the end of 2002 none of these authorisations had been exercised. The authorisations are valid until 20 March 2003.

Analysis of shareholdings at 31 December 2002

by size of shareholding

Number of shares	Number of shareholders	% of total	Number of shares	% of total shares and votes
1-1,000	473	42.12	226,356	0.21
1,001-5,000	368	32.77	1,099,579	1.04
5,001-10,000	111	9.88	901,233	0.85
10,001-50,000	126	11.22	2,944,778	2.78
50,001-100,000	19	1.69	1,353,000	1.28
100,001-	26	2.32	99,244,863	93.83
Total	1,123	100	105,769,809	99.99
Unregistered shares			8,049	0.01
Number of shares issued			105,777,868	100.00

Per share data

	Formulae/Note	2002	2001	2000	1999	1998
EPS, €	6 1)	0.14	0.12	0.11	0.11	0.10
Equity per share, €	7 1)	1.96	1.91	1.86	1.80	1.76
P/E ratio	8 1)	8	8	9	10	13
Share performance, €						
Lowest price		0.98	0.93	0.92	0.90	1.09
Highest price		1.12	1.07	1.35	1.38	2.32
Middle price	9	1.06	1.01	1.11	1.12	1.80
Market capitalisation value at 31 December 2002, € 1,000	10 1)	112,094	103,942	95,790	122,710	103,603
Share trading						
Shares traded, 1,000		8,581	4,653	15,603	59,902	30,879
as % of total shares		8.4	4.6	15.3	57.1	37.6
Adjusted average number of shares, 1,000		101,904	101,904	102,073	94,016	72,293
Adjusted number of shares at balance sheet date, 1,000		101,904	101,904	101,904	104,880	82,133
Own shares fund, €1,000		4,261	3,951	3,642	1,037	0
Amount of own shares, 1,000		3,874	3,874	3,874	898	0
Dividend per share, €	2)	0.09	0.08	0.08	0.07	0.06
Dividend per earnings, %	11 2)	66.5	64.7	73.0	59.2	60.2
Effective dividend yield, %	12 2)	8.18	7.84	8.59	5.75	4.67

1) Own shares have been subtracted from share capital and the number of shares when calculating the financial indicators.

2) Board of Directors' recommendation.

Formulae for Financial Ratios on page 24.

FORMULAE FOR FINANCIAL RATIOS

1. Return on equity (ROE), %	$\frac{\text{Profit/loss before exceptional items - taxes}}{\text{Shareholders' equity + minority interests (average for the year)}} \times 100$
2. Return on investment (ROI), %	$\frac{\text{Profit/loss before exceptional items and taxes} + \text{interest and other financial charges}}{\text{Balance sheet total - zero-interest debts (average for the year)}} \times 100$
3. Equity ratio, %	$\frac{\text{Shareholders' equity + minority interest}}{\text{Balance sheet total - advances received}} \times 100$
4. Equity ratio, % (capital loan included in core capital)	$\frac{\text{Shareholders' equity + capital loan + minority interest}}{\text{Balance sheet total - advances received}} \times 100$
5. Current ratio	$\frac{\text{Current assets + stock}}{\text{Short-term creditors}}$
6. EPS	$\frac{\text{Result before exceptional items - taxes +/- minority interest}}{\text{Adjusted number of shares for the financial year}}$
7. Shareholders' equity per share	$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at balance sheet date}}$
8. P/E ratio	$\frac{\text{Adjusted average closing price at balance sheet date}}{\text{EPS}}$
9. Middle price	$\frac{\text{Value of shares traded in euro}}{\text{Average number of shares traded}}$
10. Market capitalisation	Number of shares at 31 Dec. x closing price for the financial year
11. Dividend per earnings, %	$\frac{\text{Dividend per share}}{\text{EPS}} \times 100$
12. Effective dividend yield, %	$\frac{\text{Dividend per share}}{\text{Adjusted middle closing price at balance sheet date}} \times 100$

D I S T R I B U T I O N O F P R O F I T S A N D A U D I T O R S ' R E P O R T

Distribution of profits	2002	2002
€	Group	Parent company
DISTRIBUTABLE CAPITAL		
Other reserves	6,551,237.36	6,551,237.36
Retained earnings	8,378,300.60	5,540,649.57
Profit for the financial year	<u>13,800,923.28</u>	<u>10,462,261.73</u>
Distributable capital	28,730,461.24	22,554,148.66

The Board of Directors is to recommend to the Annual General Meeting that a dividend of €0.09 per share be paid on shares outside the company and that the remainder be retained.

Signatories to the financial statement dated 31 December 2002
Helsinki, 27 February, 2003

Stig-Erik Bergström

Heikki Hyppönen

Juhani Järvi

Jorma Lehtonen

Carl G. Nordman

Juha Olkinuora

Petri Olkinuora
CEO

To the shareholders of Citycon Oyj

We have audited the accounting records, financial statements and the administration by the Board of Directors and CEO of Citycon Oyj for the year ended 31 December 2002. The financial statements prepared by the Board of Directors and the CEO include the report of the Board of Directors, consolidated and parent company income statements, balance sheets, cash flow statements and notes to the financial statements. Based on our audit, we express an opinion on these financial statements and on the company's administration.

In our opinion, the financial statements have been prepared in accordance with the Finnish Accounting Act and with other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Finnish Accounting Act, of both the consolidated and parent company result of operations, as well as of the financial position.

The financial statements can be adopted and the members of the Board of Directors and the CEO of the parent company can be discharged from liability for the financial year audited by us. The proposal made by the Board of Directors on how to dispose of the profit is in compliance with the Finnish Companies Act.

Helsinki, 27 February 2003

Ari Ahti

Jaakko Nyman

Authorised Public Accountant

Authorised Public Accountant

PROPERTY ASSETS

Property known as	Street address	Post-code	Location	Year of completion/ refurbishment	Holding in company	Surface area owned	Number of tenants	Classification
HELSINKI REGION								
Espoon Louhenkulma Koy	Louhentie 2	02130	ESPOO	1963	49%	880	2	SM and shops
Alppilan-Aho As. Oy	Aleksis Kiven katu 48	00510	HELSINKI	1962/95	3%	576	2	SM and shops
Asolantien Liikekiinteistö Oy	Asolanväylä 50	01360	VANTAA	1986	100%	1,881	1	SM and shops
Espoon Toimistotalo Oy	Kirkkojärventie 6	02770	ESPOO	1979	12%	887	1	SM and shops
Espoontori	Kamreerintie 3	02770	ESPOO	1988	67%	8,604	42	SC
Hakarinne 4	Hakarinne 4	02120	ESPOO	1985	56%	379	1	SM and shops
Hakopolun Liikekiinteistö Oy	Hakopolku 2	01360	VANTAA	1981	7%	317	1	SM and shops
Hakucenter Koy	Laukkarinne 6	01200	VANTAA	1986	19%	772	4	SM and shops
Hakunilan Keskus Oy	Laukkarinne 4	01200	VANTAA	1982	30%	2,154	4	SM and shops
Hannunhelmi	Purokummuntie 2	02400	KIRKKONUMMI	1988	100%	868	1	SM and shops
Heikintori	Heikintori	02100	ESPOO	1968	52%	4,384	24	SC
Helsingin Autotalo Oy	Salomonkatu 17	00100	HELSINKI	1958	9%	1,380	4	SM and shops
Helsingin Uudenmaankatu 16-20 Koy	Uudenmaankatu 16-20	00120	HELSINKI	1967/97	5%	469	1	SM and shops
Helsingin Viljatie 6 As. Oy	Malminkaari 11	00700	HELSINKI	1962	10%	315	1	SM and shops
Hyyrylä Ostoskeskus	Koskenmäentie 4	04300	TUUSULA	1983	21%	597	5	SM and shops
Irjanpirtti As. Oy	Aleksis Kiventie 14	04200	KERAVA	1988	13%	208	1	SM and shops
Isomyyri	Liesitori 1	01600	VANTAA	1987	68%	10,000	9	SC
Järvenpään Torinkulma As. Oy	Helsingintie 13	04400	JÄRVENPÄÄ	1983	10%	250	2	SM and shops
Kaivoskaupat Koy	Kaivosvoudintie	01610	VANTAA	1965	19%	202	1	SM and shops
Kannelmäen Ostoskeskus Oy	Vanhaistentie 1	00420	HELSINKI	1959	8%	287	1	SM and shops
Kauppalantie 20 As. Oy	Kauppalantie 20	00320	HELSINKI	1960	29%	229	1	SM and shops
Keravan Liikekeskus Oy	Kauppakaari 8	04200	KERAVA	1968	34%	1,113	3	SM and shops
Kirkkonummen Kirkkotalli Koy	Kirkkotallintie 2	02400	KIRKKONUMMI	1981	15%	168	1	SM and shops
Kirkkonummen Liiketalo Koy	Kirkkotallintie 4	02400	KIRKKONUMMI	1981	24%	376	4	SM and shops
Kirkkonummen SM	Asematie 3	02400	KIRKKONUMMI	1991	67%	5,000	1	SM and shops
Kivensilmänkuja 1 Koy	Kivensilmänkuja 1	00920	HELSINKI	1988	60%	885	1	SM and shops
Kolsarintie 2 Koy	Kolsarintie 2	00390	HELSINKI	1984	20%	242	1	SM and shops
Kontulan Ostoskeskus Oy	Ostostie 4	00940	HELSINKI	1967/87	9%	741	1	SM and shops
Kontumarket	Keinulaudankuja 4	00940	HELSINKI	1988	34%	4,332	1	SM and shops
Korson SM	Minkkikuja 4	01450	VANTAA	1989	100%	2,724	1	SM and shops
Kuvernöörintie 8	Kuvernöörintie 8	00840	HELSINKI	1982	100%	359	3	SM and shops
Laajasalon Liikekeskus Oy	Yliskyläntie 3	00840	HELSINKI	1972/95	39%	1,699	1	SM and shops
Latokasken Ostoskeskus	Kaskipiha 1	02340	ESPOO	1983	100%	809	6	SM and shops
Lauttasaaren Liikekeskus Oy	Lauttasaarentie 28-30	00200	HELSINKI	1970/95	24%	1,464	1	SM and shops
Lippulaiva	Espoonlahdenkatu 4	02320	ESPOO	1993	100%	17,732	31	SC
Länsi-Keskus	Pihatörmä 1	02210	ESPOO	1989	41%	8,535	1	SM and shops
Malmintorin Koy	Malmin Kauppatie 18	00700	HELSINKI	1987	8%	1,014	1	SM and shops
Martinlaakson Kivivuorentie 4 Koy	Kivivuorentie 4	01620	VANTAA	1976	100%	3,783	23	SM and shops
Martinlaakson SM	Laajavuorenkuja 2	01620	VANTAA	1976	100%	1,926	1	SM and shops
Martinmiilu Koy	Laajaniityntie 3	01620	VANTAA	1988	21%	1,309	2	SM and shops
Munkkiniemen puistotie 17 As. Oy	Munkkiniemen puistotie 17	00330	HELSINKI	1959	5%	148	1	SM and shops
Myllypuron Ostoskeskus Oy	Kiviparintie 2	00920	HELSINKI	1966	20%	1,137	1	SM and shops
Myyrinpuro As.Oy	Virtatie 9	01600	VANTAA	1972	4%	275	2	SM and shops
Myyrmanni	Iskoskuja 3	01600	VANTAA	1994	74%	30,586	108	SC
Otaniemen Liikekeskus Oy	Otakaari 11	02150	ESPOO	1969	39%	336	1	SM and shops
Pihlajamäen Liiketalo Oy	Meripihkantie 1	00710	HELSINKI	1970	43%	1,610	2	SM and shops
Pihlajamäen Ostoskeskus Oy	Meripihkantie 3	00710	HELSINKI	1963	13%	249	2	SM and shops
Porthaninhovi As. Oy	Porthaninkatu 11	00530	HELSINKI	1961	10%	317	1	SM and shops

Property known as	Street address	Post-code	Location	Year of completion/ refurbishment	Holding in company	Surface area owned	Number of tenants	Classification
Pukinmäen Liikekeskus Oy	Eskolantie 2	00720	HELSINKI	1968	44%	629	1	SM and shops
Raitinlinna As Oy	Länsituulentie 8	02100	ESPOO	1978	4%	169	1	SM and shops
Runeberginkatu 30 As. Oy	Runeberginkatu 30	00100	HELSINKI	1926	3%	137	1	SM and shops
Salpausseläntie 11 Koy	Salpausseläntie 11	00710	HELSINKI	1973	31%	592	1	SM and shops
Saturnus Koy	Kalevankatu 12	00100	HELSINKI	1967	20%	1,221	4	SM and shops
Sibeliuksenkatu 14 Koy	Sibeliuksenkatu 14	04400	JÄRVENPÄÄ	1983	26%	892	2	SM and shops
Siltavoudintie 3 As. Oy	Siltavoudintie 3	00640	HELSINKI	1963	21%	204	1	SM and shops
Sinikalliontie 1 Koy	Sinikalliontie 1	02630	ESPOO	1964/92	100%	15,956	14	SM and shops
Soukan Itäinenornari As.Oy	Soukantie 16	02360	ESPOO	1972	27%	1,547	1	SM and shops
Tapiolan Ostoskeskus Oy	Tapiontori	02100	ESPOO	1961	29%	1,192	2	SM and shops
Tikkuri	Asematie 4-10	01300	VANTAA	1984/91	84%	10,802	44	SC
Tikkurilan Anttila	Talvikkitie 7-9	01300	VANTAA	1989	100%	11,200	1	SM and shops
Töölönhovi As. Oy	Runeberginkatu 57	00260	HELSINKI	1935/94	8%	139	1	SM and shops
Töölönkulma As. Oy	Töölönkatu 29	00260	HELSINKI	1935/90	13%	341	3	SM and shops
Ulappatori	Ulappakatu 1	02320	ESPOO	1991	100%	5,258	31	SC
Ultima	Äyritie 1	01510	VANTAA	land	100%	0	0	SM and shops
Uudenmaankatu 2 Koy	Uudenmaankatu 2	05800	HYVINKÄÄ	1960	10%	400	2	SM and shops
Vantaan Säästötalo Koy	Kielotie 20	01300	VANTAA	1983	61%	3,866	20	SM and shops
Wavulinintie 1 Koy	Wavulinintie 1	00210	HELSINKI	1950/92	100%	2,794	9	SM and shops
Viiskulma As. Oy	Laivurinkatu 43	00150	HELSINKI	1927	3%	196	1	SM and shops
Vuosaaren Liikekeskus Oy	Mustalahdentie 4	00960	HELSINKI	1965	11%	369	3	SM and shops
Ylä-Malmintori 3 Koy	Ylä-Malmintori 3	00700	HELSINKI	1989	10%	300	1	SM and shops

LARGEST CITIES: TURKU, TAMPERE, LAHTI, JYVÄSKYLÄ, OULU, KUOPIO, LAPPEENRANTA, VAASA, KOTKA, PORI

Hervannan Liikekeskus Oy	Insinöörinkatu 23	33720	TAMPERE	1979	41%	2,749	2	SM and shops
Härmälän Markkinatalo Oy	Nuolialantie 40	33900	TAMPERE	1977	100%	1,820	3	SM and shops
Iso-Karhu	Yrjönkatu 16	28100	PORI	1972/01	100%	11,537	32	SC
Iso-Kristiina	Brahenkatu 7	53100	LAPPEENRANTA	1987/93	84%	10,693	18	SC
Jankan Liikekeskus Koy	Ristinarkuntie 20	33700	TAMPERE	1989	18%	201	1	SM and shops
Jyväskeskus	Kauppakatu 31	40100	JYVÄSKYLÄ	1955/93	100%	8,129	46	SC
Kaivokolmio As. Oy	Hämeenkatu 5	20500	TURKU	1973	14%	579	1	SM and shops
Kauppapuistikko 32 As. Oy	Kauppapuistikko 32	65100	VAASA	1969	9%	196	1	SM and shops
Keijutie 15 Koy	Keijutie 15	15700	LAHTI	1975	100%	7,116	1	SM and shops
Koskikeskus	Hatanpään valtatie 1	33100	TAMPERE	1988/95	46%	8,114	11	SC
Kotkan SM	Keskuskatu 11	48100	KOTKA	1976	100%	4,242	1	SM and shops
Kuivasjärven Liikekeskus Oy	Kuovintie 7	90540	OULU	1983	82%	565	1	SM and shops
Kuopion Anttila	Kauppakatu 41	70100	KUOPIO		100%	11,125	15	SM and shops
Kuopion Kauppakatu 13 As. Oy	Kauppakatu 13	70100	KUOPIO	1927	7%	126	1	SM and shops
Kuopion Neulasyppi As. Oy	Juontotie 6	70150	KUOPIO	1986	8%	201	3	SM and shops
Kärpäsen Ostoskeskus Oy	Satulakatu 13	15830	LAHTI	1975	34%	636	1	SM and shops
Käsityömasteri As.Oy	Yliopistonkatu 30A	20100	TURKU	1982	9%	385	1	SM and shops
Lahden Paavolan CM	Kauppakatu 13	15140	LAHTI	1971	100%	8,577	1	SM and shops
Lahden Seudun Maakuntatalo oy	Hämeenkatu 9	15110	LAHTI	1964	13%	367	1	SM and shops
Lahden Trio Koy	Aleksanterinkatu 20	15140	LAHTI	1977/87	56%	32,143	73	SC
Metsäpellon Liikekeskus Oy	Heinlammintie 29	15210	LAHTI	1970	91%	674	1	SM and shops
Nekalan Rakentajatalo	Viinikankatu 36	33800	TAMPERE	1987	20%	490	2	SM and shops
Opiskelijankadun Liikekeskus Koy	Opiskelijankatu 1	33720	TAMPERE	1981	43%	331	4	SM and shops
Oulun Galleria Koy	Isokatu 23	90100	OULU	1987	100%	4,227	25	SC
Porin Anttila	Isolinnankatu 18	28100	PORI	1986	100%	6,806	1	SM and shops
Porin Asema-Aukio ja CM	Satakunnankatu 23	28130	PORI	1957/93	100%	18,986	17	SM and shops

PROPERTY ASSETS

Property known as	Street address	Post-code	Location	Year of completion/ refurbishment	Holding in company	Surface area owned	Number of tenants	Classification
Puijonlaakson Palvelukeskus Koy								
	Sammakkolammentie 6	70200	KUOPIO	1971	31%	1,412	1	SM and shops
Puutorinkulma As. Oy	Maariankatu 1	20100	TURKU	1956	3%	417	1	SM and shops
Ristinummen Palvelukeskus Oy	Kappelinmäentie 8	65370	VAASA	1978	44%	981	1	SM and shops
Saariportti Koy	Kullervonkatu 14	70500	KUOPIO	1972	57%	384	1	SM and shops
Tawastinkulma Koy	Kauppakatu 33	40100	JYVÄSKYLÄ	1970	5%	510	1	SM and shops
Tulliherra As. Oy	Tulliportinkatu 23-25	70100	KUOPIO	1982	23%	733	1	SM and shops
Väinöläntammi Koy	Joukahaisentie 8	28330	PORI	1979	55%	600	1	SM and shops
Väliväinön Ostoskeskus Koy	Siirtolantie 10	90530	OULU	1966/84	66%	520	1	SM and shops
OTHER REGIONS								
Eerolan Liikekeskus Oy	Eerolantie 9	37630	VALKEAKOSKI	1980	63%	820	1	SM and shops
Hämeentie 3	Hämeentie 3	31100	FORSSA	1978	100%	4,406	3	SM and shops
Imatran Keskusasema Koy	Koskikatu 1	55120	IMATRA	1977	9%	315	2	SM and shops
Kalajoen Linja-autoasema Koy	Kalajoentie 1	85100	KALAJOKI	1976	47%	1,126	1	SM and shops
Karakeskus Koy	Valtakatu 30	45100	KOUVOLA	1988	3%	359	1	SM and shops
Karjaan SM	Ratakatu 59	10320	KARJAA	1993	100%	3,046	1	SM and shops
Karkkilan Linja-autoasema	Huhdintie 10-12	03600	KARKKILA	1989	8%	289	1	SM and shops
Kauppapiha Koy	Kauppakatu 15	74100	IISALMI	1792	60%	1,600	4	SM and shops
Kemin City-kulma Oy	Kauppakatu 9-11	94100	KEMI	1973	17%	773	1	SM and shops
Kommila Koy	Savontie 42	78900	VARKAUS	1974	43%	702	1	SM and shops
Kouvolan Eskolanmäki	Tasankotie 13	45150	KOUVOLA	1975	100%	1,476	1	SM and shops
Kuusamon Linja-autoasema Oy	Keskuskatu 3	93600	KUUSAMO	1983	70%	1,620	1	SM and shops
Kuusankosken SM	Kauppakatu 7	45700	KUUSANKOSKI	1980	100%	2,028	1	SM and shops
Loviisan Ulrika Koy	Kuningattarenkatu 9	07900	LOVIISA	1988	100%	1,881	11	SM and shops
Multian Palvelukeskus Oy	Keskustie 33	42600	MULTIA	1982	46%	496	1	SM and shops
Mäntyvuoksi Koy	Vuoksenniskantie	55800	IMATRA	1974	87%	1,268	1	SM and shops
Parikkalan Liiketalo Oy	Parikkalantie 29	59100	PARIKKALA	1970	50%	478	1	SM and shops
Petäjäveden Palvelukeskus Oy	Asematie	41900	PETÄJÄVESI	1980	49%	628	1	SM and shops
Pietarsaaren Liiketalo	Raatihuoneenkatu 11	68600	PIETARSAARI	1967	100%	4,487	4	SM and shops
Runeberginkatu 3 Koy	Runeberginkatu 33	06100	PORVOO	1988	100%	6,255	1	SM and shops
Riihimäen Foorumi	Keskuskatu 15	11100	RIIHIMÄKI	1980	96%	6,608	1	SM and shops
Rovaniemen Sampokeskus	Rovakatu 28	96100	ROVANIEMI	1990	100%	11,769	49	SC
Salon Anttila	Vilhonkatu 14	24100	SALO	1993	89%	9,920	1	SM and shops
Savonlinnan Tulliportinkatu 6-10 Koy								
	Tulliportinkatu 8-10	57100	SAVONLINNA	1967/96	100%	11,071	1	SM and shops
Seinäjoen Varasto-ja teollisuustie								
	Teollisuustie 10	60100	SEINÄJOKI	1964/85	100%	13,165	8	SM and shops
Sollefteågatan 9 Fastighets Ab	Sollefteåkatu 9	66900	UUSIKAARLEPPY	1979	35%	712	1	SM and shops
Säkylän Liiketalo Oy	Pyhäjärventie	27800	SÄKYLÄ	1969/99	100%	976	1	SM and shops
Taivalalasan Liiketalo Oy	Jäniksenpolku 10	89800	SUOMUSSALMI	1979	85%	568	0	SM and shops
Tornion Kauppakatu Koy	Kauppakatu 11	95400	TORNIO	1983	68%	1,169	7	SM and shops
Valkeakosken SM	Apiankatu 6	37600	VALKEAKOSKI	1982	100%	4,006	1	SM and shops
Valtakatu 5-7 Koy	Valtakatu 5-7	37600	VALKEAKOSKI	1938/92	31%	502	2	SM and shops
Varkauden K-Kauppakeskus Oy	Relanderinkatu 28-34	78200	VARKAUS	1990	100%	8,145	1	SM and shops
Vihdin Linjatalo Oy	Linjakuja 3	03400	VIHTI	1978	30%	817	2	SM and shops
Haukiputaan Markkinatalo Oy	Kirkkotie 1	90830	HAUKIPUDAS	1978	68%	854	1	SM and shops
Hollolan keskuskatu Koy	Keskuskatu 4	15870	HOLLOLA	1989	50%	1,349	13	SM and shops
Hollolan Keskuspuoti Koy	Kauppakuja 4	15870	HOLLOLA	1987	100%	1,838	14	SM and shops
Kaarinan Kauppakeskus Koy	Puntarinkatu 3	20780	KAARINA	1988	26%	325	2	SM and shops
Kaarinan Liiketalo	Oskarinaukio 5	20780	KAARINA	1979/82	100%	9,185	11	SM and shops
Kanervatien Hallitalo Oy	Laukaantie 25	41340	LAUKAA	1986	100%	2,802	1	SM and shops

Property known as	Street address	Post-code	Location	Year of completion/ refurbishment	Holding in company	Surface area owned	Number of tenants	Classification
Mastonkulma Koy	Soppeentie 2	33470	YLÖJÄRVI	1978/89	29%	688	3	SM and shops
Naantalin Tullikatu 16 Koy	Tullikatu 16	21100	NAANTALI	1985	100%	3,010	6	SM and shops
Orimattilan Markkinatalo	Erkontie 3	16300	ORIMATTILA	1983	77%	3,410	1	SM and shops
Orimattilan Säästöpankkitalo Koy	Erkontie 15	16300	ORIMATTILA	1981	57%	2,603	6	SM and shops
Syppis As. Oy	Rakentajantie 8	15870	HOLLOLA	1981	6%	121	1	SM and shops
Välikatu 17-Nokia	Välikatu 17	37100	NOKIA	1965/90	100%	868	7	SM and shops

We have assessed the value of Citycon Oyj's property assets reported in the balance sheet dated 31 December 2002.

Citycon Oyj's property assets comprise 152 properties, which are mostly shops and retail premises. A valuation has been carried out of each property using the main principle of investment value, where market-based income returns are capitalised by property. Yield requirement has taken into account the prevailing interest rate, yield growth expectations, yield and property risks relating to the properties and the liquidity for each area and property. Yield requirement per property varies between 6.75 per cent and 14 per cent and averages 8.2 per cent. Our interest rate and inflation figures in the yield requirements for each property are based on economic forecasts prepared by the Finnish Ministry of Finance. Market rents were determined on the basis of comparative data. We also took into account the impact of existing rental agreements on the value of each property on a cash flow basis. We carried out property surveys during 2000, 2001 and partly during 2002.

MARKET CONDITIONS WHEN THE PROPERTIES WERE VALUED

When the properties were valued there was still healthy demand for premises in the Helsinki Metropolitan Area and in growth centres. There was no new demand of any significance in small, declining localities.

A significant fall in interest rates was witnessed towards the end of 2002 and interest rates are expected to remain relatively stable. Inflationary expectations have remained moderate. However, property-specific risks have increased somewhat as a result of general uncertainty factors in the economy, changes in local markets, etc.

Most of the retail premises we assessed can be considered as having a very low vacancy risk.

In our opinion the €649.2 million book value of the properties corresponds to their market value.

Helsinki, 31 January 2003

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