

CITYCON



Annual Report 2003





CONTENTS

- *Citycon in Brief... 1*
- *Mission, Vision and Strategy... 2*
- *CEO's Review... 4*
- *Business Environment Review... 6*
- *Business... 8*
- *Shopping Centres... 10*
- *Supermarkets and Shops... 14*
- *Property Development... 18*
- *Personnel... 20*
- *Finances... 22*
- *Corporate Governance... 26*
- *Information for Shareholders... 32*

CITYCON OYJ

An expert in retail premises

- Citycon is a property investment company specialising in retail premises.
- The company plays an active role in the owning, letting, management and development of its property portfolio. The book value of Citycon's property portfolio is almost MEUR 722.
- The company's geographical areas of emphasis are the Helsinki Metropolitan Area and other major regional centres in Finland.
- Citycon is the market leader for shopping centre business in Finland.
- For its customers, Citycon is an expert on the retail trade and a partner.
- In 2003 the company streamlined its business structure, expanded its property portfolio and devoted efforts to closely monitoring customer needs and the state of the market.
- In 2003, Finnish and foreign investors' interest in Citycon awoke, there was a considerable change in the company's ownership structure, and trading in the company's shares on the Helsinki Exchanges was brisker than in previous years.

KEY FIGURES

	2003	2002
Turnover, EUR million	78.1	79.0
Operating profit, EUR million	43.3	43.9
% of turnover	55.5	55.6
Profit before extraordinary items and taxes, EUR million	19.1	19.2
Net profit for the year, EUR million	14.3	13.8
Earnings per share, EUR	0.14	0.14
Equity per share, EUR	2.01	1.96
P/E ratio	11	8
Dividend per share, EUR	0.14 ¹⁾	0.09
Return on equity, %	7.1	7.1
Return on equity, including minority interest, %	4.9	4.8
Return on investment, %	5.8	6.0
Equity ratio, %	44.9	48.4
Equity ratio, with capital loan not counted as part of shareholders' equity, %	36.7	39.1
Net rental income of property portfolio, %	8.5	8.6
Occupancy rate, %	97.3	97.8
Personnel at the year-end	34	33

1) Board of Directors' proposal

A LEADING SPECIALIST *in retail premises*

■ **MISSION** Citycon owns, leases, manages and develops properties serving as retail premises. The company flexibly and efficiently bears responsibility for its customers' requirements for premises. For its owners, Citycon's strong dividend-paying capability makes Citycon an outstanding investment.

■ **VISION AND GOALS** Citycon is Finland's leading owner of shopping centres. It is noted for its high-yield property portfolio and its profit-making capacity, its high standard of services, and its skills in upgrading and developing retail business premises.

In everything it does, Citycon seeks to boost the company's value and expand its expertise as well as to form customer relationships based on strong partnerships. The company's objective is to serve the various sectors of retailing by providing the best expertise in the sector. Also, Citycon harnesses its strong expertise and experience of retail premises in developing new properties and service solutions.

Citycon aims to profile itself as an evolving and profitably growing company. At the same time, the company seeks to maintain its strong and competitive dividend-paying capability. Citycon looks for profitable growth by developing its property portfolio and by streamlining its operations. The company's ability to develop and upgrade retail business premises and service solutions opens up new opportunities for growth and makes the company more attractive as an investment.

■ **STRATEGY** Citycon's strategy is to keep the business focus clearly on retail premises and to concentrate the company's property portfolio in Finland's biggest regional centres.

Citycon actively develops the properties it owns and invests in developing entirely new retail locations, the most important of which are retail parks.

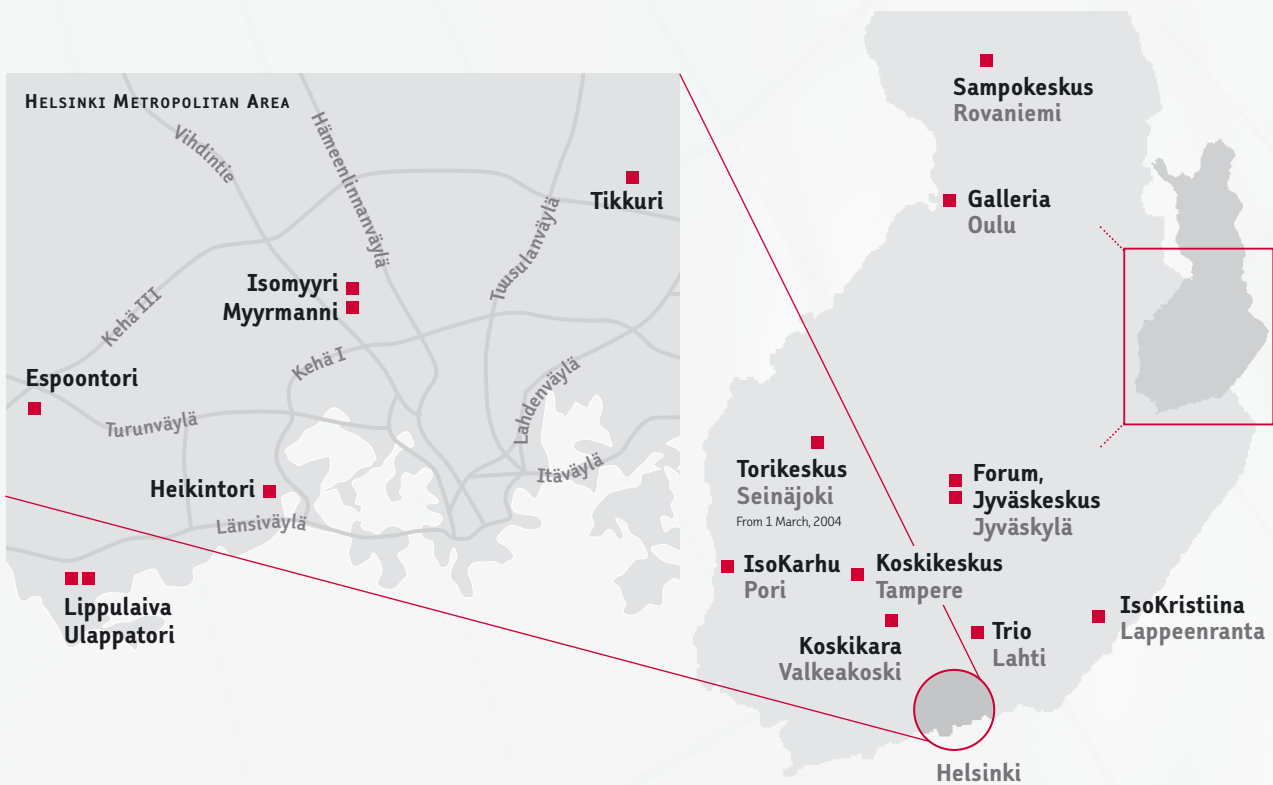
Citycon leverages the company's accumulated expertise in developing its business and it remoulds its operations to make them ever more customer- and service-centred.



CITYCON'S PATH TO MARKET LEADERSHIP



CITYCON'S SHOPPING CENTRES



A YEAR OF GROWTH AND DEVELOPMENT



■ **IN 2003** *Citycon initiated growth in its core business by investing almost 85 million euros in acquiring and developing shopping centres. In this way we strengthened our position as the Finnish leader for shopping centre business. Shopping centres wholly or partly owned by Citycon account for almost 30 per cent of the overall sales of shopping centres in Finland.*

MAIN THRUST IN OPERATIONS ON IMPROVING AND DEVELOPING RETAIL PROPERTIES

The year started at Citycon with a reorganisation and a streamlining of the core business. We devoted a greater proportion of our resources to improving and developing our business and our retail properties. The new business model, which is arranged according to types of property, facilitates

efficient specialisation in the management and commercial development of the properties. Having three divisions based on different customer needs deepens customer-centredness in our work.

We will continue in the future to focus our operations and resources on large cities and viable units in them and to devote particular efforts to partnership with our customers.

INCREASE IN COMPETITION MANIFESTS ITSELF IN A PROPERTY MARKET UPTURN

The market situation for retail premises continued to be good for the company, particularly in the Helsinki Metropolitan Area, in spite of vigorous new construction. Consumers' confidence in their own economy, combined with forecasts of tax cuts, is expected to boost retail sales further this year.

The vacancy rate for retail premises in Finland's major cities is still exceptionally low. The imbalance between the demand and supply of quality retail premises has kept the properties' occupancy rates and rents at a favourable level, and we believe that this situation will continue in 2004. However, it is clear that construction of new retail facilities will mean an increase in both supply and competition in the marketplace. We are responding to competition by expanding our best shopping centres and by constantly improving their business operations. The development of Retail Park projects is still making slow progress due to the longwinded city planning process. We estimate that no decisions on the implementation of projects and on land purchases will be made until 2005 at the earliest.

We are also actively examining the possibilities of acquiring new properties and implementing development projects. We will continue to sell off small properties which are not part of our core business.

THE FINNISH PROPERTY MARKET IS ATTRACTIVE INTERNATIONALLY

According to forecasts, foreign investors will continue to step up their activity in the Finnish property market. The Finnish market is considered attractive by international standards because of Finland's stable economy, the common European currency, and good net rental incomes. Vigorous international competition for good retail properties is at last making itself felt in the form of a substantial boost to the domestic market.

Investment in retail properties has long been profitable due to the premises' excellent occupancy rates and rents.

As a company strongly concentrating on retail premises, Citycon has been an attractive prospect for investment, which also shows in a great increase in trading in the company's shares. As a large and specialised property investor, we have an excellent basis for recruiting the best professional talent and winning its commitment. This will further underpin Citycon's position in the marketplace as the top expert in

its core business, a situation which also benefits the company's customers and consumers.

OUR AIM IS TO RESPOND TO THE EXPECTATIONS OF AN INCREASINGLY INTERNATIONAL MARKET

The shopping centres acquired at the end of the year - Forum in Jyväskylä, Koskikeskus in Tampere and Koskikara in Valkeakoski - together with the acquisition completed in February of Torikeskus in Seinäjoki, combined with an investment in an extension of the shopping centre IsoKarhu in Pori, underpin our position as the market leader for retail premises in Finland. The investments effected or decided on during the year, amounting almost to MEUR 100, will boost the company's turnover and net profit even in 2004.

A major change in Citycon's ownership took place in November when our previous main owners sold almost 74 per cent of their shares to international and Finnish investors. The low share turnover which had previously been a limiting factor now seems to be a thing of the past. According to a market assessment, as much as 100 per cent of the company's issued shares are now freely tradable.

The internationalisation of the property market and the broadening of our stakeholder base also mean higher expectations of Citycon. Our goal is to fulfil these expectations and to further strengthen Citycon's position and profiling as the market leader for shopping centre business in Finland. In the course of 2004 we will make a particularly strong deployment in enhancing our relationships with investors and customers.

I would like to thank Citycon's personnel and our customers, owners and partners for a successful year. We have an excellent basis for continuing to grow in 2004.

Helsinki, 16 February 2004



Petri Olkinuora
Citycon Oyj

DEMAND FOR RETAIL PREMISES *continued to be brisk in 2003*

Citycon's business focuses on retail premises in the Helsinki Metropolitan Area and Finland's other major regional centres. Citycon owns and manages 15 shopping centres and 133 supermarkets and shops. Of the properties owned by Citycon, 98 per cent are retailing properties. The lessees in the properties are mostly retailers.

CONSUMER CONFIDENCE AND RETAIL GROWTH FUELLING DEMAND

Retailing sales continued to grow in 2003, although the growth rate was slightly slower than in the previous year. According to Statistics Finland, retail trade was up by 4.2 per cent in 2003. Department store business grew by 5.6 per cent and grocery retail by 3.7 per cent on the previous year's figures¹.

Growth in retailing is based on the overall economic trend and especially on the increase in households' purchasing power and consumption. The background factors to the increase in private

consumption are pay rises, low interest rates, inflation and tax cuts. According to the consumer survey published by Statistics Finland, Finnish consumers' confidence in their own economic trend continued to be high in 2003. This will maintain growth in consumer demand and retailing now and in the near future.

Fuelled by the economic trend and the retail trade's increased needs for premises, demand for retail premises continued to be brisk both in the Helsinki Metropolitan Area and in Finland's other regional centres. The consolidation of purchasing power in the Helsinki Metropolitan Area and Finland's other regional centres continued and demand was strong, particularly for premises in good locations.

PRICE COMPETITION INTENSIFYING DUE TO STRUCTURAL CHANGES IN RETAIL TRADE

A striking feature in the development of retailing in recent years has been the establishment of international retail chains in



Finland. This has led to growth in Finnish chains through either take-overs or intensified partnerships. Intensifying price competition is compelling companies to adapt to changing conditions and to develop their operations². On the other hand, internationalisation has also acted in the opposite direction across Finnish borders: for example, Kesko has expanded its business in the Baltic countries. Among the signs of price competition and the challenges it entails are experiments being made in new retailing concepts in Finland, including low-price groceries and shops in transport hubs as well as permanent price cuts on retail chains' branded products.

From the consumer's viewpoint, the internationalisation of the retail trade and intensifying competition are positive phenomena: prices are falling, ranges are getting wider and more varied, and there are more purchasing options.

AN INTERESTING YEAR FOR PROPERTY INVESTMENT COMPANIES

Among the biggest property owners in Finland are the public sector, institutional investors, owner-occupiers and property investment companies. In addition to Citycon there are five other property investment companies listed on the Helsinki Exchanges. The combined market capitalisation of the listed companies on 31 December 2003 was MEUR 938.2. Citycon is the only listed Finnish property investment company which has focused its holdings exclusively on retail premises; the others' investment assets are spread over several types of property.

For the listed property investment companies, 2003 was an interesting year that differed from the trend of previous years. There was a marked increase in international interest in listed Finnish property investment companies. This boosted trade in the companies' shares and lifted their value. The HEX investment index rose by 26.5 per cent during the year, which is well above the overall HEX index figure.

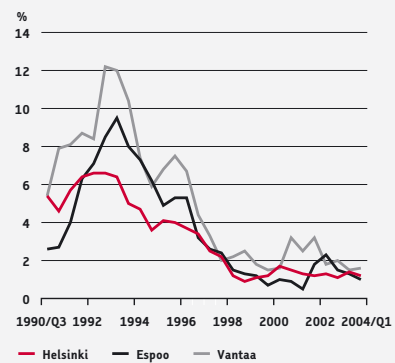
In 2003, the property sector began to investigate other property investment instruments. The Finnish Institute for Real Estate Economics (KTI) completed a study on the applicability of REIT (Real Estate Investment Trust) to the Finnish investment market. Examples were drawn from other European countries which already have similar trusts in the market, most recently France.

INTERNATIONALISATION MEANS GREATER TRANSPARENCY

Interest on the part of foreign investors in the Finnish property market is continuing to grow³. Internationalisation is resulting in increased demands for transparency in the business of property investment companies. Foreign investors require companies to have more active and transparent reporting and communications.

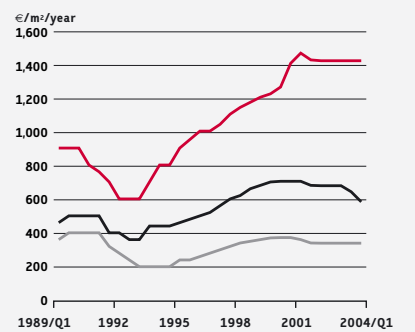
The Finnish property market is internationally competitive due to steady economic growth and the increase in the market's transparency and its positive growth.

VACANCY RATES FOR RETAIL PREMISES IN THE HELSINKI METROPOLITAN AREA



SOURCE: CATELLA PROPERTY CONSULTANTS LTD

RENTS FOR RETAIL PREMISES IN THE HELSINKI METROPOLITAN AREA



SOURCE: CATELLA PROPERTY CONSULTANTS LTD

CONSUMER CONFIDENCE INDICATOR



SOURCE: STATISTICS FINLAND AND THE EUROPEAN COMMISSION

1) SOURCE: Statistics Finland 2) SOURCE: LTT Research Ltd. 3) SOURCE: Catella Property Consultants Ltd.

AN EVOLVING RANGE OF PROPERTIES

– a factor of success

Citycon is the market leader for retail premises in Finland. The shopping centres wholly or partly owned by the company account for roughly 27 per cent of the total sales of all shopping centres in Finland¹. In regional terms, the company's property portfolio is focused in the Helsinki Metropolitan Area and Finland's other regional centres.

Among Citycon's biggest customer groups are Finnish and international grocery and utility goods chains, banks and financial sector companies. At the end of 2003, the company had a total of 1,371 leases with 770 lessees. The properties acquired in 2003 – Forum in Jyväskylä, Koskikeskus in Tampere and Koskikara in Valkeakoski – boosted the number of leases held by Citycon by 263 and the number of lessees by 226. The average length of the leases was 3.6 years.

Citycon's turnover in 2003 was MEUR 78.1. Most of the turnover consisted of rental income from retail premises, of which the 15 shopping centres and 15 biggest supermarkets accounted for almost 80 per cent. Roughly 67 per cent of Citycon's rental income is accounted for by leases made with the 10 biggest customers.

In 2003, the net rental income of leasing business amounted to MEUR 54.7, of which shopping centres accounted for 50.2 per cent and supermarkets and shops for 49.8 per cent. The rental occupancy rate of Citycon's entire property portfolio was 97.3 per cent.

AN EXPERT IN PROPERTY BUSINESS

To its customers, Citycon is an experienced expert in property business and a partner. The company's strengths are its understanding of retailers' business and their premises requirements as well as its expertise in retail facilities' life cycles. The main thrust in the development and refinement of retail premises is on maintaining quality and customer satisfaction as well as cost-effectiveness and respect for the environment.

To improve the energy consumption of its properties, Citycon is included in the KRESS agreement sponsored by the Ministry of Trade and Industry and the Finnish Association of Building Owners and Construction Clients. The implementation of the agreement

KEY INDICATORS BY PROPERTY PORTFOLIO 2003

	Shopping Centres	Supermarkets & Shops	Total
Citycon's gross leasable area (GLA), m ²	216,600	279,700	496,300
Gross rental return, MEUR	36.5	36.5	72.9
Net rental income, MEUR	27.5	27.2	54.7
Average book value of property assets, MEUR	368.9	306.1	675.0
Net yield, %	8.1 %	8.9 %	8.5 %

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

LENGTH OF RENTAL AGREEMENTS, 31 DECEMBER 2003

	Less than 1 year	1–3 years	3–5 years	5–10 years	Average length of rental agreements*
Shopping Centres	31 %	28 %	22 %	18 %	3.0 years
Supermarkets & Shops	27 %	12 %	25 %	37 %	4.4 years
Total	29 %	21 %	23 %	27 %	3.6 years

*Weighted by gross rental return

PROPERTY PORTFOLIO BY REGION, 31 DECEMBER, 2003, MEUR

	Shopping Centres	Supermarkets & Shops	Total
Helsinki Metropolitan Area	210.5	131.9	342.3
Other large cities with over 50,000 inhabitants	191.2	65.9	257.1
Rest of Finland	16.2	106.1	122.4
Total	417.9	303.9	721.8

Based on book value of the property assets at 31 December 2003.

REGIONAL DISTRIBUTION OF GROSS RENTAL RETURN 2003, MEUR

	Shopping Centres	Supermarkets & Shops	Total
Helsinki Metropolitan Area	22.6	14.9	37.5
Other large cities with over 50,000 inhabitants	12.2	8.8	21.0
Rest of Finland	1.6	12.8	14.4
Total	36.5	36.5	72.9

and the energy saving achieved by it are monitored by Citycon each year and reported to the Motiva Information Centre for Energy Efficiency.

Citycon's success is based on its ability to create a favourable framework for retailing companies' business and thus to help its lessees to make the shopping process pleasing to consumers. Its extensive property holdings give Citycon an excellent basis for developing the properties' business and strengthening their position on the market.

SPECIALISATION IN PROPERTY TYPES BOOSTS BUSINESS

From the beginning of 2003, Citycon's business has been organised around three divisions: Shopping Centres, Supermarkets and Shops, and Retail Parks (now Property Development). The divisions, which specialise in different customer needs and types of property, are able to operate in a customer-driven and efficient manner. The divisions are responsible for carrying out larger extensions and development projects together with customers and with the Property Development Division.

The Shopping Centres Division serves existing and potential customers of shopping centres, takes charge for their consumer marketing, and manages the maintenance of the properties. In practice, this includes things like the development of marketing methods and channels, altering premises to meet the lessee companies' needs, and negotiating leases with customers.

The Supermarkets and Shops Division serves grocery chains. The division concentrates on leasing supermarket and shop premises, administering properties, and managing technical maintenance.

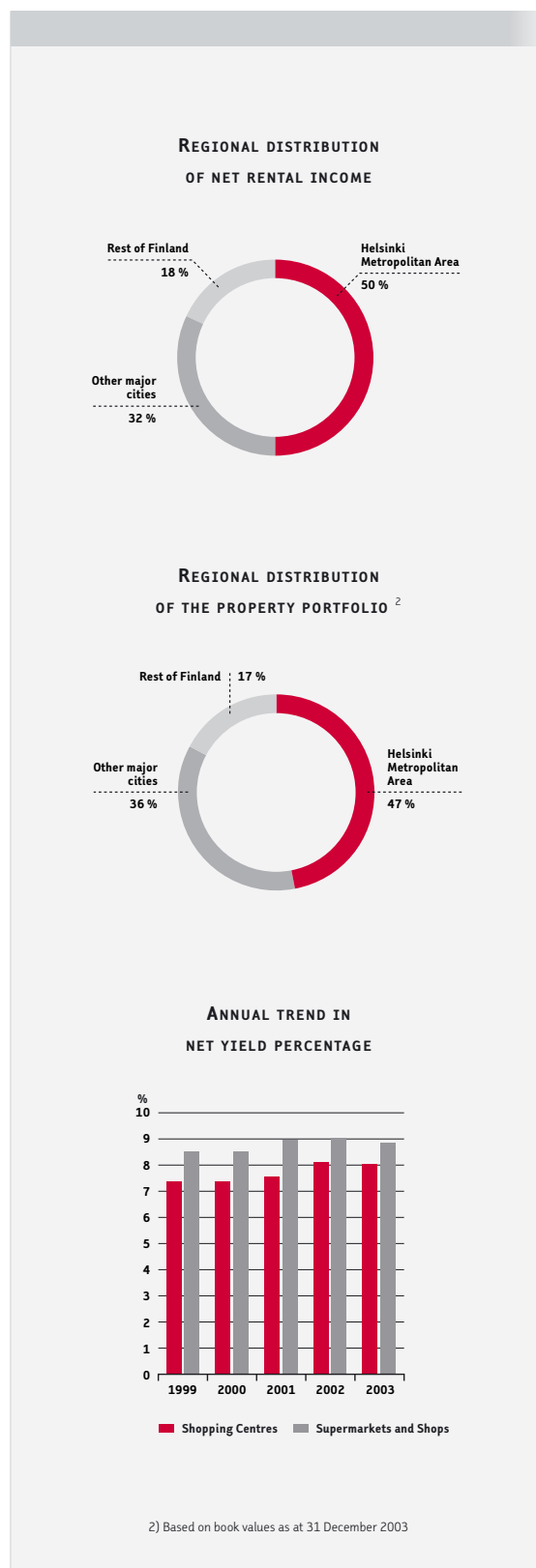
The Property Development Division is responsible for development projects for retail sites together with the other divisions. Projects include developing and extending shopping centres and supermarkets as well as commissioning the construction of new retail sites, the most important of which are retail parks. The division is responsible for acquiring land, design coordination and other development work for the retail parks, as well as marketing the premises.

ACQUISITIONS UNDERPIN THE CORE BUSINESS

At the end of 2003, Citycon owned 148 properties with a combined market value of MEUR 726.5. Almost all of the company's property portfolio – 98 per cent – consists of commercial properties in which the lessees are mostly retailers.

In 2003, Citycon strengthened its position as Finland's leading provider of retail premises. The acquisition of the Forum shopping centre in Jyväskylä from If P&C Insurance Ltd, combined with the acquisition from Polar Real Estate Corporation of its holdings in Koskikeskus in Tampere and Koskikara in Valkeakoski reinforce the company's core business. Citycon also invested in major renovations of properties and development projects, and it deeded its holdings in properties not forming part of its core business.

1) The figures are based on 2002 data. SOURCE: Entrecor Oy



SHOPPING CENTRES

- *the heart of Citycon's business*

Citycon is the market leader for shopping centre business in Finland. Its shopping centres are unique, growing units in central locations which constitute a distinguished entity in the Finnish property market. By owning a number of shopping centres, the company is able to develop the properties' operations efficiently and reinforce their position on the market.

Citycon's shopping centres are business trading places serving consumers, the management of which is the responsibility of the company's Shopping Centres Division. The division serves the shopping centres' present and potential customers, is responsible for their consumer marketing, and manages the maintenance of the properties. This means, for example, the development of marketing methods and channels, the alteration of premises to meet the needs of the lessee companies, and negotiating leases with customers.

The strengths of the Shopping Centres Division are its many years of experience in managing shopping centres and its skilled, professional personnel. The division's objective is to manage its properties in such a way that the consumers who shop at

the shopping centres receive the service they want and have a wide choice with good value for money. Successful consumer perceptions build a customer flow that is important for the lessees, which in turn is a prerequisite for Citycon's business.

The shopping centres are developed actively and major changes are carried out together with the Property Development Division. Among the major projects in 2003 were an extension of the IsoKarhu shopping centre in Pori (to be completed in autumn 2004) and a renovation of the retail premises in the Jyväskeskus shopping centre in Jyväskylä. Preparations were also made for several development projects, including extensions for the Myyrmanni, Lippulaiva and Koskikeskus shopping centres in Vantaa, Espoo and Tampere, respectively.

A DIVERSE LESSEE STRUCTURE AND OFFERING OF SERVICES

The customers of the Shopping Centres Division are well-known Finnish and international chains, supermarkets and department



stores dealing in specialist goods and groceries. Another important group of customers is comprised of independent traders not belonging to chains. The high-profile chains are often anchor tenants in shopping centres, attracting customers to the property time after time. The independent traders diversify the services provided by the shopping centres and can act as individual attractions that make the facility stand out from the crowd.

For Citycon, its customers and consumers alike, it is of primary importance for the shopping centres to provide products and services that are varied and mutually complementary and which figure in local factors.

The net rental income of the shopping centres was MEUR 27.5, which is roughly 50 per cent of the company's leasing income. The average length of the leases for the shopping centres was 3.0 years. Except for anchor tenants, longer than average leases are not aimed for in shopping centres, so that the array of lessees in them can be renewed. The rent for the shopping centres is mostly divided into capital rent and maintenance rent. The capital rent is raised in accordance with the cost-of-living index and

KappAhl to be the anchor of the IsoKarhu shopping centre

KappAhl supplies inexpensive fashion for all the family and it is one of the leading retail chains in the Nordic region. KappAhl has a number of rented facilities in Citycon-owned shopping centres around Finland.

"The extension project scheduled for completion in August 2004 will further reinforce the IsoKarhu shopping centre's position as the undisputed top place in Pori and the surrounding area. The KappAhl outlet is one of the anchor tenants of the fashion and clothing grouping in the new extension. I believe that a varied and all-embracing supply, healthy competition and new, modern premises will tempt even more customers to IsoKarhu, which will have a beneficial impact on our business as well as others."

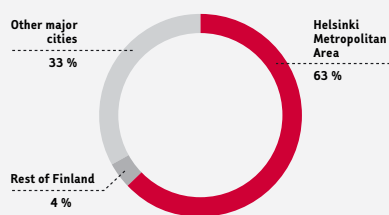
Citycon is responsible for the project implementation and it has been really active. Collaboration has gone well: we have been closely involved in planning the extension project and our expectations, hopes and needs have been figured in at a very early stage. The move to the new premises is also a great opportunity for us to update our retail outlet concepts and to upgrade the look of our shop.

I believe that active cooperation with Citycon and the lessee companies in shopping centres will be seen in the future in things like improvements in marketing, maintenance and servicing. The mission of shopping centres is to provide the customers with safe, neat, pleasing and modern surroundings for shopping. Successful collaboration between the lessor, the lessees, the city and the authorities is the best way to meet the customers' expectations, and this benefits everyone involved.

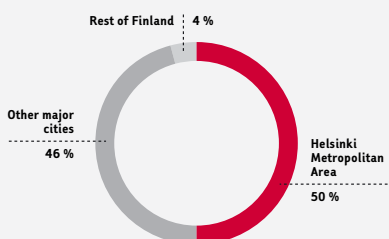
In the future, IsoKarhu's business could be advanced, for example, by making the pedestrian zone in Pori city centre even more attractive and by harmonising the opening hours of the businesses in the shopping centre so that both the companies and consumers will benefit more from evening and Sunday opening."

Jari Lahtinen
Managing Director
KappAhl Oy

REGIONAL DISTRIBUTION OF NET RENTAL INCOME



REGIONAL DISTRIBUTION OF PROPERTY PORTFOLIO¹



1) Based on book values as at 31 December 2003

Café Konditoria Elonen moves into new premises

Elonen Konditoria Oy is a family company in Central Finland, with baking and café business in Jämsä and Jyväskylä.

Café Konditoria Elonen has operated in an excellent location by the main entrance of the Jyväskeskus shopping centre since 1996.

"In 2003, a development project was launched at Jyväskeskus with the aim of getting the shopping centre in the downtown area into more effective use. As part of the reorganisation of Jyväskeskus, Citycon offered to get Café Elonen premises of the same size and at least the same quality. New premises were found in an excellent location next to our old premises and they are also on two floors. The move into the new premises will take place in April 2004.

Cooperation with Citycon has gone well.

The main thing for us has been an open discussion channel and the fact that our needs and wishes are figured in properly. We got new premises quickly and they met our expectations, promises were kept and everything has moved ahead on time and as planned. We believe that the reorganisation will bring the shopping centre more customers and that this will show up to our advantage in our business."

Jari Elonen
Bakery Director
Elonen Konditoria Oy

the maintenance rent is raised in proportion to the cost of maintaining the property.

At year-end, the Shopping Centres Division had 950 leases with 569 lessees.

COORDINATION AND COOPERATION MEAN EFFICIENCY

In 2003, the Shopping Centres Division devoted effort to systematising the marketing of shopping centres as well as streamlining operations and improving customer services.

The cornerstone of customer service is close collaboration with the customers. For collaboration to work, it requires all the partners to be active and to take initiative. Collaboration with customers begins even before the lease negotiations and it continues throughout the lease relationship.

The shopping centres' consumer marketing plays an important part in the properties' trend in customer flow and sales. Marketing is carried out in accordance with each shopping centre's needs, harnessing the advantages of Citycon's broad-based holdings. The advantages conferred on individual properties by a strong market position and cooperation between the shopping centres include, for example, cost savings and a rich array of ideas and peer comparisons. In 2003, the first marketing measures aimed at several properties were launched.

COST-EFFECTIVENESS, QUALITY AND ENVIRONMENTAL FRIENDLINESS ARE MAJOR CONCERNS IN MAINTENANCE

An essential point in the shopping centres' business is that the technology, cleanliness and standard of guarding of the properties meet the shopping centres' needs. The aim in maintenance is for the proper ratio of cost-effectiveness to high quality. In 2003, the division made joint procurement agreements for items including insurance cover for the properties, electricity supply and lift maintenance.

CITYCON'S SHOPPING CENTRES

Shopping centre	Location	Population of catchment area ¹	Local purchasing power, MEUR	Gross leasable area, sq.m ²	Citycon's share of GLA, per cent ²	Sales, MEUR ³	Visitors, million ³
Espoontori	Espoo	28,900	133	15,000	58	30.1	3.5
Heikintori	Espoo	42,000	193	9,500	52	30.0 ⁴	3.2 ⁴
Lippulaiva	Espoo	46,700	215	18,000	100	55.7	3.4
Isomyyri	Vantaa	50,700	233	14,800	68	40.0 ⁴	2.0
Myyrmani	Vantaa	50,700	233	42,000	74	160.5	7.3
Tikkuri	Vantaa	36,900	170	15,300	84	29.2	2.9
Trio	Lahti	168,600	669	58,000	56	78.5	8.9
IsoKristiina	Lappeenranta	69,600	276	19,800	60	43.6	2.3 ⁴
Koskikeskus	Tampere	306,200	1,215	28,800	88	111.0	6.0
Koskikara	Valkeakoski	34,000	138	9,800	55	30.0 ⁴	2.5
IsoKarhu	Pori	115,600	459	10,300	100	28.0	3.2
Forum	Jyväskylä	142,900	487	23,000	73	43.0 ⁴	8.0 ⁴
Jyväskeskus	Jyväskylä	142,900	487	11,500	48	15.5	4.1
Galleria	Oulu	196,100	678	4,200	100	8.6 ⁴	0.7 ⁴
Sampokeskus	Rovaniemi	126,000	435	14,300	84	20.0 ⁴	1.9 ⁴
Total		1,557,800	6,021	294,300		723.7	59.9

1) SOURCE: Entrecon Oy 2) Incl. offices 3) Figures from 2003 4) Estimate

Citycon pays particularly close attention to its shopping centres' safety and environmental friendliness. Energy reviews related to the KRESS agreement were carried out at six shopping centres in 2003, and action to improve energy conservation at the properties is being continued in 2004.

ACQUISITIONS UNDERPINNED CITYCON'S POSITION

In 2003, Citycon strengthened its position in the Finnish retail property market. At the end of October, the company acquired the Forum shopping centre in Jyväskylä from If P&C Insurance Ltd. In December, Citycon acquired Polar Real Estate Corporation's holdings in the shopping centres Koskikeskus in Tampere and Koskikara in Valkeakoski. The purchase price for Forum in Jyväskylä was MEUR 28.3 and the combined price for Koskikeskus and Koskikara was MEUR 49.3. A preliminary agreement was also made for the acquisition of Torikeskus in Seinäjoki in February 2004.

The Shopping Centres Division manages a total of 15 properties with roughly 216,600 square metres of gross leasable area. The combined book value of the properties is approximately MEUR 417.9, which is roughly 57.9 per cent of the value of Citycon's property portfolio.

Of the shopping centres, 50.4 per cent are in the Helsinki Metropolitan Area, 45.8 per cent in other Finnish regional

centres, and 3.9 per cent in other parts of Finland¹. The properties' net yield rate at year-end totalled 8.1 per cent (8.2 %) and the rental occupancy rate was 97.6 per cent (98 %).

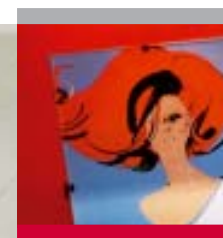
The shopping centres wholly or partly owned by Citycon accounted for about 27 per cent of all shopping centres' total sales in Finland. The shopping centres' retail business accounts for roughly 11 per cent of all retailing in Finland². The acquisitions underpin the Shopping Centres Division's ability to provide a comprehensive range of alternative retail locations all over Finland. The prospective extension at the Koskikeskus shopping centre also gives the division added development potential.

SHOPPING CENTRES SPECIALISING

The consolidation of purchasing power in the Helsinki Metropolitan Area and Finland's other regional centres is continuing strongly, the number of shopping centres is rising, and networks of shops in thinly populated areas are declining.

A challenge for the Shopping Centres Division is, by utilising the shopping centres' strengths, to enhance their functioning and their provision of services to meet the needs of the targeted customer base. In the future, shopping centres will be target group -specific retail centres where demand and supply meet.

1) Based on book value 2) The figures are based on 2002 data and are partly estimates
SOURCE: Entrecor Oy



SUPERMARKETS AND SHOPS

– a partner for the retail grocery trade

The Supermarkets and Shops Division mainly serves grocery chains. The division concentrates on leasing out supermarket and shop premises, managing properties, and supervising technical maintenance. The Supermarkets and Shops Division develops its properties together with the customers and Citycon's Property Development Division.

The Supermarkets and Shops Division's specialisation in a precisely targeted customer segment makes it possible to become well-versed in the customers' business and needs. Understanding these factors and the ability to present solutions to a variety of solutions for premises are factors that make the division stand out in conditions of intensifying competition.

The division's core competency is in combining retail premises needs with profitable property business. The division creates a framework for long-lasting, enduring partnership that is profitable to all parties.

A COMPREHENSIVE RANGE OF RETAIL PREMISES IN FINLAND'S LARGEST CITIES

Among the Supermarkets and Shops Division's biggest lessees are the various Kesko chains such as the Citymarkets and Anttila department stores. Other major customers are the S-Group, Nordea Bank, Sampo Bank and Huoneistokeskus.

The big grocery chains are satisfied in Citycon-owned properties as the company provides them with retail premises that permit a good customer flow, a varied and developing standard of services, and a comprehensive range of retail premises in Finland's major cities.

The net rental income of supermarkets and shops was MEUR 27.2, which is roughly 49.8 per cent (50.7 %) of Citycon's leasing income. The fifteen largest supermarkets' net rental income accounts for roughly 62.3 per cent of the Supermarkets and Shops Division's income.



The average length of leases on supermarket and shop premises was 4.4 years. Almost without exception, the leases are pegged to the cost-of-living index.

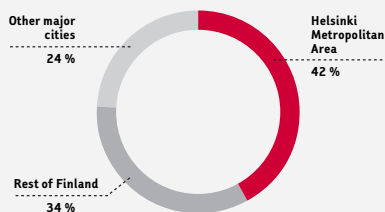
At year-end, the Supermarkets and Shops Division had 421 leases with 230 customers.

In 2003, the Supermarkets and Shops Division launched long-term and systematic planning of the property replacements. Energy surveys in accordance with the KRESS agreement and appraisals were carried out on five properties. A considerable annual potential for savings was found in the combined energy expenses of the surveyed properties.

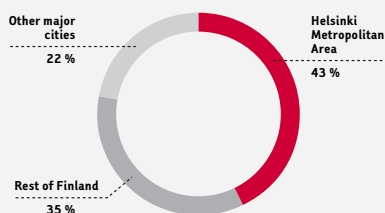
DEVELOPMENT PROJECTS STRENGTHENED THE PROPERTIES' MARKET POSITION

In 2003, the Supermarkets and Shops Division had a number of significant development projects under way. In the course of the year, extension and renovation projects on the Citymarket in Pori and the K-Supermarket in the Mankkaa district of Espoo were

REGIONAL DISTRIBUTION OF NET RENTAL INCOME



REGIONAL DISTRIBUTION OF THE PROPERTY PORTFOLIO ¹



¹ Based on book values as at 31 December 2003

Smooth cooperation since 1998

Kesko Food is the leading food retail service company in its market, working together with its partners to provide valued shop services for its customers. Citycon has been one of Kesko Food's partners since 1998.

"As the partnership progressed, we've set out the main elements and requirements for developing food retailing, and Citycon has factored these in. This way, both sides got the best advantage from the partnership. Our goal is to find the simplest possible working method that will facilitate figuring Kesko Food's business concept into the design and management of the building's life cycle. In the retail business, the pace of development and changing needs is very rapid, which sets particular demands for retail premises.

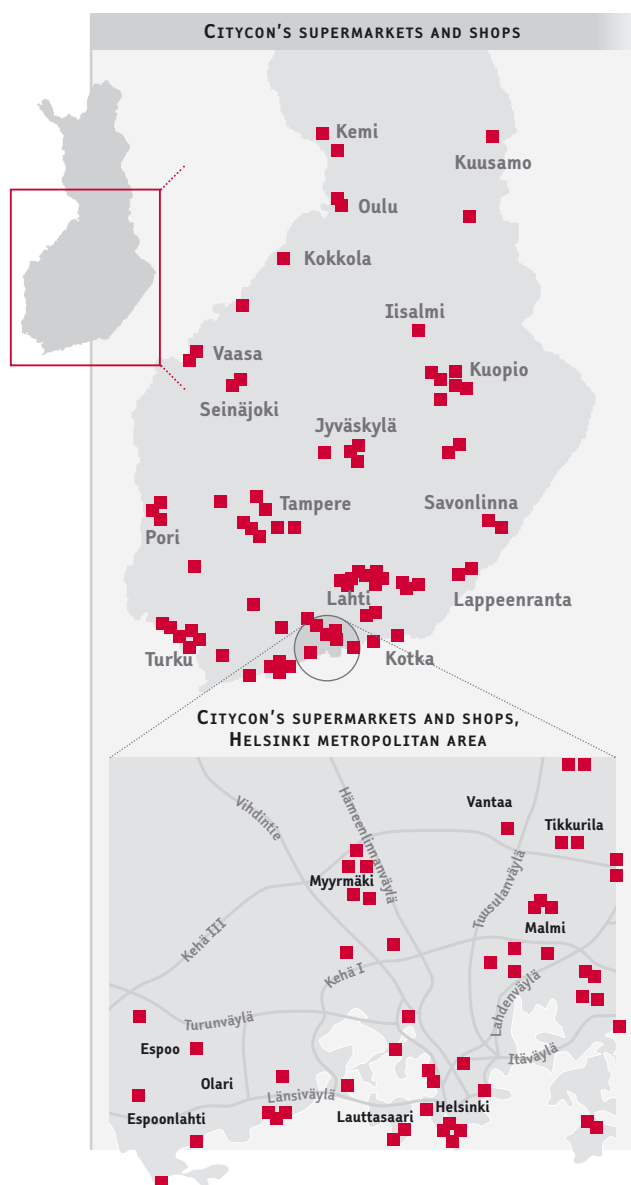
Customer satisfaction is always our goal. Our shops are designed and built to make the act of buying as pleasant as possible, and in this the external framework – such as the building and access – naturally play a vital part.

A good example of collaboration between Kesko Food and Citycon is the renovation and extension of the K-Supermarket in Mankkaa, which was completed in 2003. The market situation had changed rapidly in the district, the building was well into its life cycle and improvements in the provision of services called for substantial changes. The design was driven by business developments from the very start. We agreed with Citycon on the project's aims, timetable and distribution of work. Kesko Food specified the needs of the K-Supermarket's functions and coordinated the logistical solutions with the Alko outlet. Citycon took part in carrying out the project and the costs.

The project got under way in August 2002 and the new service complex was opened at Easter 2003. We have attained the targets we set for the investment, and the results benefit everyone involved.

In a changing network and competitive situation, developing and designing a retail outlet is always driven by the target of overachieving the customers' expectations."

Toivo Hulkkonen
Store Site Manager, Southern Finland District
Kesko Food



completed in partnership with the customers; the aim of these projects is to underpin the properties' market position. The positive impact of the investments on the properties' rental income was visible even during the second half of the year. A similar development project was carried out on the retail premises of the K-Supermarket in Valkeakoski. Also, the division examined the possibilities for carrying out a number of extension and development projects in 2003.

Among the major projects under planning are improvements to retail premises in the Länsikeskus district of Espoo and the Hervanta district of Tampere. The division also examined the potential for developing the Paavola Citymarket in Lahti.

ATTRACTIVE SUPERMARKETS AND SHOPS

The Supermarkets and Shops Division leases out and manages a total of 133 properties with a combined gross leasable area of roughly 279,700 square metres. The combined book value of the property portfolio is approximately MEUR 303.9, which is roughly 42.1 per cent of the value of Citycon's property portfolio.

Of the supermarket and shop properties, 43.4 per cent are in the Helsinki Metropolitan Area, 21.7 per cent are in other regional centres in Finland and 34.9 per cent are in other parts of the country¹. The properties' net yield rate at year-end amounted to 8.9 per cent (9.1%) and the rental occupancy rate was 96.8 per cent (97.7%).

The Supermarkets and Shops Division's property portfolio is divided into three parts: supermarkets, shops and other properties.

CITYCON'S 15 LARGEST MARKETS

Property	Location	Retail area, sq.m.	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 %

The supermarkets are comprised of the 15 biggest department stores plus hyper- and supermarkets. The combined book value of these is MEUR 173.7, and the properties generate 57.8 per cent of the division's income. The supermarkets are mostly wholly owned by Citycon and they are leased out on a single lease. The customers for supermarkets are Kesko's Citymarkets and Anttila chains and other large grocery retailers. Most of the supermarkets are located in the Helsinki Metropolitan Area and other regional centres in Finland.

The shop premises comprise 84 properties – markets, commercial units and retail buildings in Citycon's geographical priority areas. These premises are mostly used for grocery retailing, other specialist retail trade, and restaurant and banking business.

In addition to the supermarket and shop premises, Citycon owns another 34 properties which do not form part of the company's core business, due either to the type of premises or to their location.

In accordance with its strategy, in 2003 Citycon deeded or divested its holdings in eight properties.

STRUCTURAL CHANGES IN THE GROCERIES BUSINESS CREATE OPPORTUNITIES

The groceries business continued to grow in 2003. Due to strong sales, demand for leased retail premises continued and the vacancy rate held steady at about two per cent both in the Helsinki Metropolitan Area and in Finland's other leading cities.

Growth entailed intensifying competition in the groceries business, which made itself felt particularly in competition between various retail groupings over new retail locations in the Helsinki Metropolitan Area. The struggle for market share is being fought in the form of competition for an all-embracing network of shops with good business locations.

The changes of legislation on opening hours and construction has given the retail sector a need to update its business models and concepts. Due to the structural changes in the groceries business and the development potential of its premises, Citycon has good prospects for developing the operation of its Supermarkets and Shops Division and its properties.

1) Based on book value



NEW OUTLETS

to meet the growing needs of retailing

At the beginning of 2004, Citycon's Retail Park Division changed its name to the Property Development Division. The Property Development Division is responsible for Citycon's development projects for retail sites together with the other divisions. The projects include the development and extensions of shopping centres and supermarkets as well as commissioning the construction of new retail facilities, an example of which is Retail Parks. The division is responsible for purchasing land for retail parks, supervising the design and other development work, as well as marketing the premises.

The division's strengths are its management of retail sites' development and its knowledge of new business concepts for retail chains and retailers of bulky items. Understanding of consumer's purchasing motivation and their needs makes it possible to design and build attractive and functional retail outlets.

DEMAND FOR RETAILING SPACE RISING

Demand for retail space is expected to continue growing in the next few years. Demands for efficiency and location in the retail trade are rising, and an increasing number of foreign retail chains are establishing themselves in Finland. The rapid rate of innovation in business concepts demands new concepts and solutions for retail premises in which consumers will enjoy their stay.

The Property Development Division is responsible for new demand for the supply of retail facilities. Citycon's objective is to provide its customers with both innovating shopping centre facilities and space-demanding retail environments that comply with a common concept.

The division's aim is to develop Citycon's property portfolio and to increase rental income and thus to further strengthen the company's market position as Finland's leading provider of retail premises.



GOOD PROSPECTS FOR PROFITABLE RETAIL PARK DEVELOPMENTS

Citycon continued to study the market size, competitive setup and prospects for retail sites' success in the Helsinki Metropolitan Area as well as in the Tampere and Turku market regions.

Negotiations on city planning and land ownership continued according to plan in Vantaa and in the regions of Tampere and Turku. Citycon actively played a part in influencing the content and scale of forthcoming city plans as well as in transport arrangements. Because of the situation with city planning, it is estimated that decisions on building will be made no earlier than 2005.

SEVERAL MAJOR DEVELOPMENT PROJECTS UNDER WAY IN SHOPPING CENTRES

A number of major development projects were under way at Citycon's shopping centres in 2003. A project for an extension to the IsoKarhu shopping centre in Pori was started in May, and at the end of the year the occupancy rate of its new premises was already 90 per cent. The project will be completed in August 2004. In Espoo a new city plan is in hand aimed at expanding the Lippulaiva shopping centre and converting the Ulappatori facility for greater emphasis on housing. Draft plans were completed for an extension to the Myyrmanni shopping centre to the north of the existing premises, and city planning may be started before the end of 2004.

Citycon studied the possibilities for developing Espoontori together with other landowners and the city of Espoo. An extension to Heikintori was examined as part of the development of the centre of the Tapiola district. Draft plans were drawn up for the development of Trio in Lahti and Koskikeskus in Tampere.

Citycon also devoted effort to the commercial development of the Jyväskeskus shopping centre in Jyväskylä. It will be made more attractive, for example, by adding a new anchor tenant and by improving the facility's restaurant services.

SUPERMARKETS AND SHOPS INNOVATING

The biggest development projects for supermarkets and shops in 2003 were in Espoo, Tampere and Lahti. In Länsikeskus, Espoo, the prospects were examined for extending the property and for connecting it to a new building planned for a neighbouring site. In the Hervanta district of Tampere, draft plans were made for the construction of an extension with a total net floor area of roughly 10,000 square metres, to be connected to the existing shopping centre. In Lahti, the potential for developing the Paavola City-market was studied.

In 2003, development plans made jointly with the customers were completed for the Citymarket in Pori, the K-Supermarket in Mankkaa district of Espoo, and the K-Supermarket in Valkeakoski.

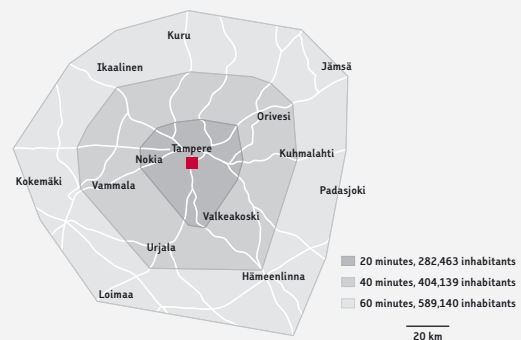
Varied shopping and commercial centres

Retail parks are designed for space-demanding retail units such as retailers of home electronics, furniture, decorating products, hardware and sporting goods. Other desirable lessees in retail parks include service companies, factory outlets, grocery retailers, and restaurant, café and filling station services.

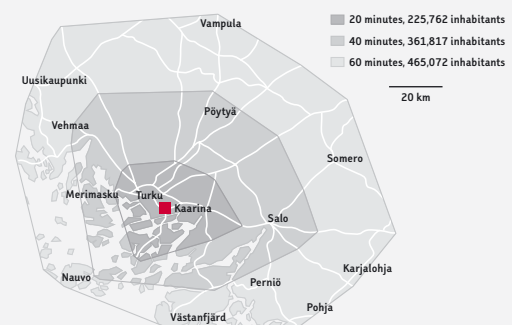
The mission of the retail parks is to form the biggest focus of specialist retailing for home and leisure products in their areas. Consumers are attracted to the retail parks by affordable prices and wide ranges of products with plenty of events.

The competitive advantages of the chain of retail parks are location, size, concept and cost-effectiveness. Other advantages for the lessees are steady ownership, efficient joint marketing, and an advanced life-cycle approach to the construction and maintenance of buildings.

TAMPERE CATCHMENT AREA



TURKU CATCHMENT AREA



SOURCE: TP GROUP FINLAND OY

A SERVICE-INTENSIVE AND EXPERIENCED *expert organisation*

Citycon's organisation consists of three divisions based on various property types and customer needs, as well as units for financial and general administration.

At the end of 2003, the Citycon Group had 34 employees, of whom 27 were employed by the parent company. The average age of the personnel is 42 years, and 11 of the employees are men and 23 women. All are in permanent employment.

At the beginning of 2003, Citycon embarked on a restructuring plan which streamlined the distribution of responsibilities among the divisions in the company. The new business structure has been well received by the employees, and the streamlined sharing of responsibilities increased operational efficiency and enhanced focusing.

In the beginning of 2004, the Retail Park Division, which was responsible for the design, development and marketing of new shopping centres, became the Property Development

Division. The division is responsible for the design and building of large-scale development projects for properties in partnership with the Shopping Centres and the Supermarket and Shops Divisions.

COMPETENCE AND SERVICE CAPABILITY

Citycon is an expert organisation employing property business specialists with years of experience. The broad educational background, professional expertise and experience of the employees give Citycon knowledge capital that is one of the company's principal strengths.

The expertise of Citycon's personnel is maintained and enhanced with regular and ongoing training, by recruiting new talent when necessary, and through induction training on the company's business for new employees.



Individual training programmes include, for example, training in shopping centre and construction management as well as other training in property management. Training in property business development is also arranged according to needs. Enhancing professional expertise is one of the top priorities for development discussions, and encouragement is also given to independent training and study.

As in the previous year, a workplace atmosphere survey was carried out on Citycon's entire personnel in 2003. The survey results were analysed at the company and unit levels, and further action and follow-up were agreed at the same time. The atmosphere survey will continue to be carried out once a year.

WELL-BEING AND INCENTIVES

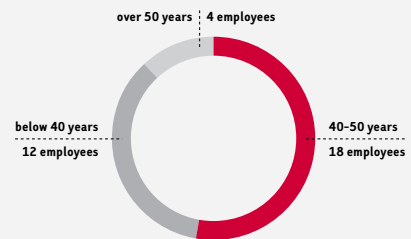
Citycon maintains and promotes its employees' work ability and well-being with comprehensive occupational health care and occupational safety activities, which include, for example, ergonomic check-ups and instructions. The company also supports the employees' fitness and recreational activities.

The employees' well-being is monitored with the help of regular development discussions and workplace atmosphere surveys. The workplace safety is attended to with surveys carried out by the Occupational Health and Safety Committee and by regular training for the occupational safety organisation.

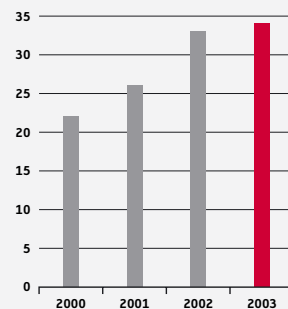
The reorganisation effected at the beginning of 2003 included a renewal of Citycon's incentive scheme. The incentive criteria affecting the entire personnel are based on company and unit level results as well as on the personal targets agreed on during the progress interviews. The highest possible incentive bonus is three months' salary.

In addition to the short-term incentive scheme, Citycon also has a share option scheme aimed at rewarding and committing the personnel to boost the company's market capitalisation in the long term.

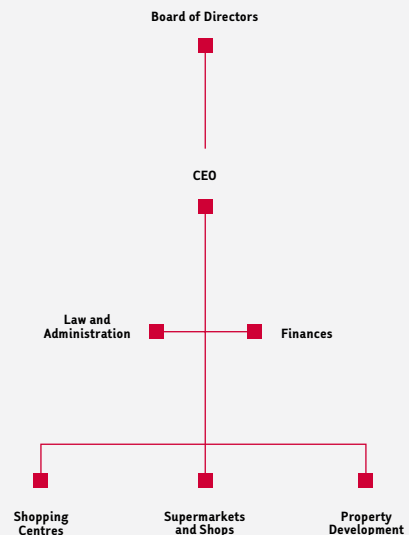
PERSONNEL AGE STRUCTURE



CHANGES IN PERSONNEL NUMBERS



CITYCON'S ORGANISATION



A STRONG ECONOMY *forms the basis for growth*

Citycon's turnover is generated mainly by the rental income from retail premises. The company's turnover in 2003 was MEUR 78.1 (MEUR 79.0), of which net rental income accounted for MEUR 54.7 (MEUR 56.2).

Citycon's shopping centres contributed 50.2 per cent of rental income (49.3%) and supermarkets and shops contributed 49.8 per cent (50.7%). Shopping centres and the 15 biggest supermarkets generated 78.9 per cent of the income from Citycon's operations.

Depreciation for the financial year was MEUR 6.5 (MEUR 7.6). Operating profit for the financial year was MEUR 43.3 (MEUR 43.9). Operating profit was down due to the effect of sold properties relative to the previous year. The net profit for the year was MEUR 14.3 (MEUR 13.8). This figure includes losses on sales of fixed assets totalling MEUR 0.5 (capital gains MEUR 0.7).

Return on investment (ROI) was 5.8 per cent (6.0%) and return on equity (ROE) was 7.1 per cent (7.1%). Earnings per share were EUR 0.14/share (EUR 0.14/share). Equity per share was EUR 2.01 (EUR 1.96).

BALANCE SHEET AND DEBT STRUCTURE

At the end of 2003, Citycon owned 148 properties with a combined book value of MEUR 721.8 (MEUR 649.2). The balance sheet total was MEUR 835.3 (MEUR 746.3), of which liquid cash assets were MEUR 15.1 (MEUR 11.7).

Liabilities on the consolidated balance sheet date totalled MEUR 457.5 (MEUR 383.3). Interest-bearing debt amounted to MEUR 512.3 (MEUR 440.5), of which the capital loan accounted for MEUR 68.5 (MEUR 68.5).



Citycon's net financing expenses declined and were MEUR 24.2 (MEUR 24.7). The average interest rate on interest-bearing liabilities was 5.5 per cent (5.5%). The average borrowing period, weighted according to the principal of the loans, was 4.6 years (5.5 years) and the average interest-rate fixing period was 4.0 years (4.1 years). The Group's equity ratio was 44.9 per cent (48.4%), and 36.7 per cent (39.1%) when the capital loan is excluded from shareholders' equity.

At the end of 2003, Citycon's interest-bearing debt included 87 per cent (84%) floating-rate loans, of which 69 per cent (50%) was converted to fixed-rate by swaps and 12 per cent (33%) was hedged through interest rate caps. The par value of the interest rate swaps at year-end was MEUR 302.2 (MEUR 199.0) and that of the interest rate caps was MEUR 53.8 (MEUR 132.5).

MATURITY PROFILE OF LOANS

Year	2004	2005	2006	2007	2008	2009
Repayment, MEUR	13	13	24	83	83	292
Percentage	2.6	2.6	4.7	16.3	16.3	57.5

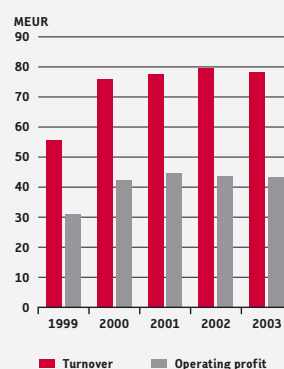
MATURITY PROFILE OF INTEREST RATE SWAPS

Year	2007	2008	2009	2010
Maturing, MEUR	78	50	91	83
Percentage	25.8	16.6	30.1	27.5

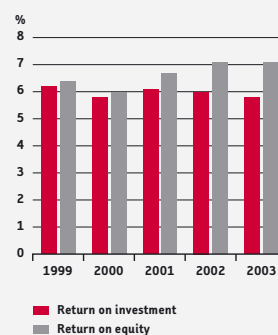
MATURITY PROFILE OF INTEREST RATE OPTIONS

Year	2004
Maturing, MEUR	54
Percentage	100

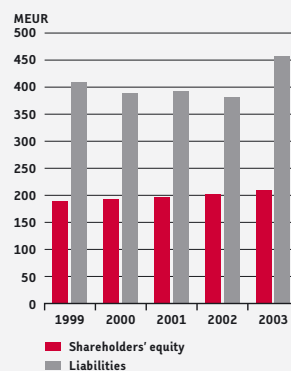
TURNOVER AND OPERATING PROFIT



RETURN ON INVESTMENT AND RETURN ON EQUITY



SHAREHOLDERS' EQUITY TO LIABILITIES



The market value of the derivative instruments as at 31 December 2003 was MEUR -11.4 (MEUR -12.0). The interest coverage ratio – the previous 12 months' profit before interest expenses, taxes and depreciation to net financing expenses – which describes debt servicing ability was 2.1 (2.1).

INVESTMENTS

Citycon's gross investments in 2003 totalled MEUR 84.2 (MEUR 5.9), of which new acquisitions accounted for MEUR 79.5.

The major properties acquired during the year were the Forum Shopping Centre in Jyväskylä, purchased from If P&C Insurance Ltd in October, and a transaction effected in December with Polar Real Estate Corporation in which Citycon acquired Polar Real Estate Corporation's holdings in Koskikeskus in Tampere and Koskikara in Valkeakoski. The price for Jyväskylän Forum was MEUR 28.3 and the combined price for Koskikeskus and Koskikara was MEUR 49.3. In addition, a preliminary agreement was made with Polar Real Estate Corporation for the acquisition of Torikeskus in Seinäjoki in February 2004.

Other major investments were an extension to the Iso-Karhu shopping centre in Pori and the commercial development of the Jyväskeskus shopping centre in Jyväskylä.

FINANCING

The Group's financing position remained good. To finance the Forum shopping centre in Jyväskylä, Citycon raised a MEUR 25 syndicated loan, and Koskikeskus in Tampere and Koskikara in Valkeakoski were financed with a MEUR 45 syndicated loan. The loan periods and terms correspond to the financing agreement made in November 2002. The increase in liabilities reduced the Group's equity ratio during the financial year by 3.5 percentage points to 44.9 per cent.

RISKS AND RISK MANAGEMENT

Citycon's business is mainly exposed to financing and customer risks.

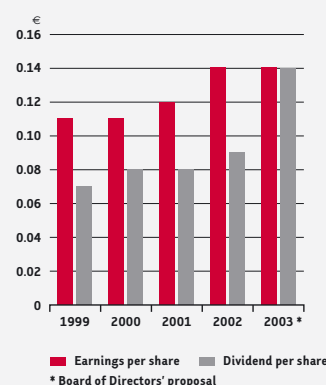
Citycon's main financial risk is the interest risk associated with the loan portfolio. The aim of interest risk management is to reduce or eliminate the negative impact of market rate fluctuations on the company's profit, balance sheet and cash flow. Under the company's financial policy, the interest position must be hedged at least 50 and at most 100 per cent. The company uses forward rate agreements, interest rate swaps and interest rate caps to manage interest risks.

Citycon uses derivatives exclusively to reduce or eliminate financial risks on the balance sheet.

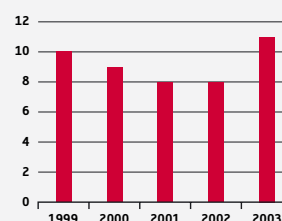
The interest sensitivity of Citycon's debt portfolio is reflected by the fact that a rise of 1 percentage point in money market interest rates in 2003 would have raised the annual interest expenses from 5.5 per cent to 5.7 per cent or by MEUR 1.1. Similarly, a fall of 1 percentage point in money market interest rates would reduce interest expenses to 5.2 per cent or by MEUR 1.1. Citycon has no currency risk.

The goal of customer risk management is to minimise the potential negative impact of changes in customers' financial status on business and the company's profit. The principal tools used in customer risk management are knowledge of the customers' business and active monitoring and surveillance of customer data.

EARNINGS PER SHARE AND DIVIDEND PER SHARE



P/E-RATIO



CITYCON AND IFRS

Citycon Oyj is to go over to reporting in accordance with IAS/IFRS standards (International Financial Reporting Standards) in its interim reports and financial statements in 2005.

Preparations for adopting the standards were started at Citycon in 2002 with the establishment of an IAS project team. In 2002 and 2003 the project team charted the differences between IFRS and Finnish accounting standards in Citycon's accounting principles. In addition to Citycon's financial administration, also the rest of the personnel have examined the company's main standards and their effect on the profit and loss account, balance sheet and key figures.

Citycon has made decisions on the main optional accounting principles in IFRS at the beginning of 2004. According to a preliminary analysis, the adoption of IFRS will affect the following subdivisions of Citycon's accounting principles:

- Citycon has decided to adopt the fair value model in the valuation of properties, which will result in changes in value being posted to the profit and loss account (IAS 40).
- The derivatives used to hedge interest rates on loans will be treated in compliance with hedge accounting principles, so that the derivatives will be valued at a fair value and the change in value will be posted to the shareholders' equity (IAS 32 and 39).
- The capital loan will be treated under IFRS as a debt (IAS 32 and 39).
- Complying with IFRS accounting principles for the financial statements will affect the amount of deferred tax liabilities and credits (IAS 12).
- The presentation of joint holdings in the financial statements will change (IAS 31).



CORPORATE GOVERNANCE

Citycon's principles of administration

Citycon complies with good administration practice. The company's corporate administration principles are in compliance with the Finnish Companies Act and will comply in all respects 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 December 2003 no later than 1 July 2004. The recommendations are augmented by Citycon's own guidelines for the division of work between the company's decision-making bodies as well as for the principles of internal supervision and risk management.

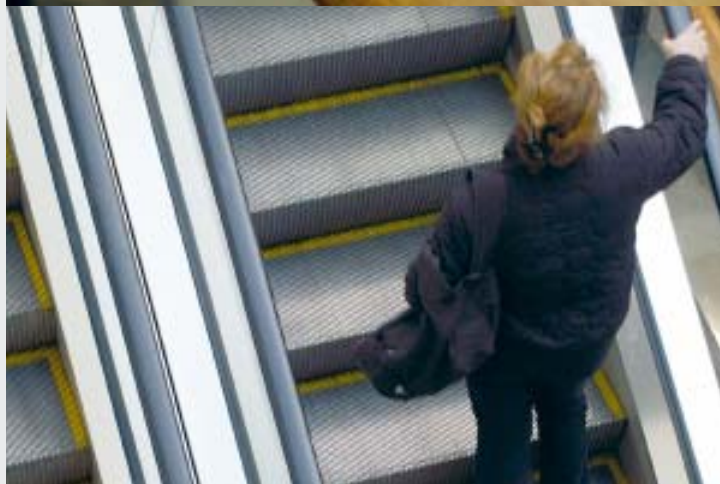
GENERAL MEETING OF SHAREHOLDERS

Ultimate responsibility for the management and arrangement of Citycon Group's business is vested in Citycon's annual general meeting, the Board of Directors, and the 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 required for decision-making.

Citycon makes sufficient information on the agenda of general meetings available to its shareholders. The general meetings are arranged in such a way that the shareholders are able to exercise their ownership rights effectively. Citycon's CEO and the chairman and members of the Board of Directors attend the meetings. A person who is nominated as a member of the Board attends the general meeting at which the election is held.

The annual general meeting adopts the financial statements, decides on the disposal 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 auditors and releases the Board of Directors and the CEO from personal liability.



BOARD OF DIRECTORS

Citycon's Board of Directors was comprised of six members in the financial year 2003. The annual general meeting decides the number of Board members and elects them. A person proposed for membership must have the necessary qualifications for the post and sufficient time to handle the duties. A majority of the members of Citycon's Board of Directors must be independent of the company. In addition, at least two of the members included in this majority must be independent of major shareholders in the company.

The Board of Directors elects a chairman and deputy chairman from among its members, neither of whom may be the company's CEO. The term of office of the members of the Board of Directors is about one year or the period between annual general meetings. In 2003 Citycon's Board of Directors convened on 13 occasions. An average of 96 per cent of the members of the Board of Directors attended the meetings convened as calculated by the number of meetings and the members in attendance.

BOARD OF DIRECTOR'S 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 and budget and oversees their implementation
- affirms the company's internal control and risk management principles
- decides on individual, major, strategically important investments, property acquisitions and divestments as well as other decisions entailing business risk worth over MEUR 2
- confirms the obligations and areas of responsibility of executive management and the reporting system
- decides on the principles of employee bonus and incentive schemes
- determines the dividend policy.

Citycon's Board of Directors assesses its operations and its working methods in the form of a self-assessment for the time being.

THE COMMITTEES OF THE BOARD OF DIRECTORS

The work of Citycon's Board of Directors is streamlined by three committees. The members of the Board of Directors who work on the committees are able to go into matters handled by the committee in greater detail than the entire Board of Directors. The committees assist the Board of Directors by preparing matters for the Board.

AUDIT COMMITTEE

Citycon's Audit Committee is comprised of at least three members chosen by the Board of Directors. The members of the Audit Committee must be independent of the company and they must have the competence required by the Committee's duties. The auditors may, on the invitation of the Committee, attend meetings of the Committee as experts when necessary. The function of the Audit Committee is to examine questions related to the financial statements and financial reports, to assess the adequacy of internal auditing and risk management, to deal with the plans and reports of internal auditing, to prepare the decision on the election of the auditor, and when necessary to deal with particular other questions concerning the company's economy or finances. The Audit Committee convenes when summoned by the Committee chairman. The decisions made by the Audit Committee are presented to the Board of Directors for approval, with the exception of a proposal for the election of auditors to be made by a general meeting.

NOMINATION COMMITTEE

Citycon's Nomination Committee is comprised of 2–4 members chosen by the Board of Directors. The Nomination Committee's task is to prepare a proposal to be presented to a general meeting for the election of members of the Board of Directors, to prepare matters concerning incentives for the Board of Directors, and to seek candidates for successors to members of the Board. The Nomination Committee convenes as necessary, when summoned by the Committee chairman. Decisions made by the Nomination Committee are reported to the Board of Directors.

COMPENSATION COMMITTEE

Citycon's Compensation Committee is comprised of 2–4 members chosen by the Board of Directors. The Committee's function is, in accordance with the guidelines confirmed and instructions given by the Board of Directors, to prepare in greater detail matters related in particular to Citycon's organisation, management

appointments and the personnel's salaries and incentive schemes for decision by the Board of Directors. The Compensation Committee convenes as necessary, when summoned by the Committee chairman. Decisions made by the Committee are reported to the Board of Directors for approval.

CEO

Citycon's Board of Directors appoints the CEO and decides the terms and conditions of his employment. 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.

The CEO is 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 managing the company's operations, 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 subordinate to a member of the Corporate Management Committee in accordance with the principles complied with by the company
- decides, in accordance with the principles and instructions complied with by the company, on the granting of employee fringe benefits and the approval of expenses
- informs Citycon's Board of Directors of any major events, decisions and future projects related to the company's business.

CORPORATE MANAGEMENT COMMITTEE

Citycon has a Corporate Management Committee which has at least three members. The CEO chairs the Committee. 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 to prepare decisions for consideration by the Board of Directors. The Corporate Management Committee convenes as necessary and is summoned by the chairman. The Corporate Management Committee is particularly responsible for the following:

- drawing up changes and revisions related 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 business plan and budget for presentation to the Board of Directors and for monitoring the implementation of these

- 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
- attending to the implementation of actions related to annual planning in accordance with instructions.

SALARIES AND EMOLUMENTS

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 next annual general meeting.

In 2003 the members of Citycon's Board of Directors were paid EUR 107,210 in emoluments, of which EUR 80,400 or 75 per cent was used for the acquisition of shares. The members of Citycon's Board of Directors are not remunerated with warrants. The members of the committees were not remunerated separately for this membership in 2003.

INSIDERS

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 the 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.

The members and secretary of the Corporate Management Committee, the Finance Manager, the Directors of Shopping Centres and the investment analyst and their secretaries are defined as insiders within Citycon by virtue of their work. At 31 December 2003, there were ten 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 monitors insider trading on a transaction basis.

Persons considered as permanent insiders within the company may not trade in Citycon shares or securities conferring entitlement 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 in charge of the company's insider affairs for an opinion of the legality and permissibility of the securities trading they propose to engage in.

SUPERVISION SYSTEMS

Control and supervision of Citycon's business activities takes place using the governance and management system described above. The company has appropriate and reliable accounting and other data systems in place to monitor business activities and supervise treasury operations.

The accounting system can be used to monitor actual performance and forecasts on a sliding scale in 3- and 12-month periods. The scheme also permits long-term planning and serves as a tool for budgeting.

INTERNAL SUPERVISION

Citycon's internal supervision includes financial and other supervision. Internal supervision is carried out in-house by the senior and executive management as well as by all other personnel. Internal supervision is intended to ensure the following:

- the attainment of goals and objectives set
- the economical and efficient use of resources
- the management of risks associated with business
- the reliability and accuracy of financial and other management information
- compliance with external regulations and internal procedures as well as compliance with appropriate procedures in customer relationships
- ensuring operations, information and the company's assets
- appropriate data systems and work processes in support of operations.

The company's Board of Directors is responsible for arranging and maintaining adequate and functional internal auditing. It is the CEO's duty to attend to the implementation of the practical action for internal auditing.

The CEO is responsible for ensuring that the goals, procedures and strategic plans provided by the Board of Directors are complied with. It is the CEO's duty to maintain an organisational structure in which responsibilities, authorisations and reporting relationships are clearly and comprehensively defined in writing.

The CEO and the members of the company's Corporate Management Committee are responsible for ensuring that current law and regulations issued on the basis of them, as well as the company's business principles and the decisions of the Board of Directors, are complied with in the Group's everyday activities.

The auditors' reports drawn up during the year for the Board of Directors and the CEO include an audit of the administration and the auditors must also, where applicable, carry out an internal audit of the company by which internal supervision can be assessed. For this purpose, the Audit Committee draws

up an audit plan annually for the internal audit to act as the basis for the performance of the audit. The parties who carry out the internal audit should be other auditors of the auditing firm than those who perform the actual audit. The auditors report on the internal audit to the chairman of the Board of Directors and to the Audit Committee.

Shortcomings and points for improvement in business operations found by internal supervision or otherwise are documented and a report on them is made to the CEO, who must initiate the action necessitated by the observations without delay.

AUDITORS

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. An auditing firm approved by the Central Chamber of Commerce may be appointed as the auditor.

Citycon's auditors provide shareholders with a statutory auditor's report together with the company's annual financial statements. The main function of the statutory auditors' report is to verify that the financial statements give a true and fair view of the company's net profit 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 and the Audit Committee as necessary.

The auditors may, on the invitation of the Audit Committee, attend meetings of the Committee as experts when necessary.

In 2003 Citycon paid a total of EUR 126,308 to the auditors as fees for the audit. In addition, Citycon purchased specialist services in relation to IAS/IFRS standards, property deals and taxation for a total of EUR 24,447.

RISK MANAGEMENT

Citycon's Board of Directors and management are responsible for managing business risks. Risk management is intended to reduce the probability or threat of unforeseen losses and should cover both internal and external risks, measurable and immeasurable risks, as well as risks both within and beyond the influence of the company.

The risk management process is examined annually at Citycon, in such a way that the company's risk chart and its annual action plan are updated and presented to the Board of Directors at a separately agreed meeting in the autumn. A member of the Corporate Management Committee is appointed in charge of each subdivision of the risk chart, and he must keep a particularly close watch on the situation for that risk area within the company in his own duties.

INFORMATION

The main mission of Citycon's corporate communications is to inform the capital market of matters concerning the company. The objective is to supply correct, sufficient and timely information regularly and fairly to all parties in the market.



Back row from left: Juhani Järvi, Carl G. Nordman and Juha Olkinuora
Front row from left: Jorma Lehtonen, Stig-Erik Bergström and Heikki Hyppönen

BOARD OF DIRECTORS

■ **Stig-Erik Bergström**, born 1941
Chairman of the Board of Directors
Doctor of Science (Econ.)
Member of Citycon's Board of Directors since 2000 and chairman since 2002

Significant work experience:
- Deputy Managing Director, Stockmann Plc 1988–2002
- Midland Montagu Osakepankki, Managing Director 1986–1988
- Rauma-Repola Oy, Executive Vice President, 1984–1986

Deputy chairman of the Board of Directors at Svenska Handelsbanken (Finnish regional branch)
Member of the Board of Directors at Norvestia Oyj and Neomarkka Oyj
The Finnish Association of Professional Board Members, Member of the Board
Citycon shares: 23,581

■ **Jorma Lehtonen**, born 1958
Deputy chairman of the Board of Directors
M.Sc. (Eng.)
Member of Citycon's Board of Directors since 1998 and deputy chairman since 2002

Significant work experience:
- Sampo Group, Real Estate Director since 1997
- Sampo Group, Real Estate Investment Manager 1991–1996
- Richard Ellis, Brussels, Belgium, Investment Surveyor 1990–1991
- Huoneistokeskus Oy, property consultant 1985–1990

Member of the Board of Directors at Ovenia Oy and SIPA Scandinavian Property Investors Association and deputy member of the Board of Directors at Dividum Oy
Member of the Supervisory Board at VVO
Citycon shares: 10,363

■ **Heikki Hyppönen**, born 1945
Member of the Board of Directors
M.Sc. (Econ.)
Member of Citycon's Board of Directors since 2001

Significant work experience:
- Union Bank of Finland, Merita and Nordea, Director of Real Estate 1988–2002

- Polar Corporation, Director of Financing and Real Estate 1979–1988
Member of the Board at Dividum Oy and Realinvest Oy Ab
Member of the Board at Sato-Yhtymä Oyj
Citycon shares: 26,803

■ **Juhani Järvi**, born 1952
Member of the Board of Directors
M.Sc. (Econ.)
Member of the Board of Directors at Citycon since 2002

Significant work experience:
- Kesko Corporation, Corporate Executive Vice President, CFO since 2001
- Kesko Corporation, member of the Board of Directors, Executive Vice President, CFO 1998–2000
- Patria Industries Oyj, Senior Vice President, CFO 1997–1998
Citycon shares: 9,699

■ **Carl G. Nordman**, born 1939
Member of the Board of Directors
Counsellor of Industry
Member of Citycon's Board of Directors since 1999

Significant work experience:
- Oy Aga Ab, President 1978–2000
Chairman of the Board at SKF Oy
Member of the Board at Patria Industries Oyj, ADR-Haanpää Oy, Machinery Oy and Pi-Consulting Oy
The Finnish Association of Professional Board Members, Member of the Board
Citycon shares: 17,872

■ **Juha Olkinuora**, born 1952
Member of the Board of Directors
M.Sc. (Eng.)
Member of the Board of Directors at Citycon since 1999

Significant work experience:
- Nordea Bank Finland Plc, Head of Unit since 2001
- Merita Real Estate Ltd, Managing Director 1999–2001
- Merita Real Estate Ltd, Regional Director 1995–1998

Member of the Board at Dividum Oy, Realinvest Oy Ab, Turun Arvokiinteistöt Oy and JSP Facilities Oy
Citycon shares: 10,223

CORPORATE MANAGEMENT COMMITTEE

■ Petri Olkinuora, born 1957

CEO
M.Sc. (Eng.), MBA

Significant work experience:

- Uponor Oyj, Real Estate Division, CEO 1996–2002
 - Tampereen Kiinteistö Invest Oy, CEO 1990–2002
 - Jouko Salonen Oy, Construction and Project Manager 1984–1989
 - Oy Kaista & Sebbas Ab, Structural Designer 1980–1984
- Citycon shares: 100,000
Warrants: 1,500,000

■ Kaisa Vuorio, born 1967

Head of Shopping Centres Division
M.Sc. (Eng.)

Significant work experience:

- Citycon Oyj,
- Director of Shopping Centres 2003
- Citycon Oyj, Region Director for the Rest of Finland 2001–2002
 - Citycon Oyj, Head of Division, Supermarkets and Shops 2000–2001
 - Catella Property Consultants Ltd, Key Account Manager and Property Analyst 1998–2000, Appraisal Specialist 1994–1998, Specialist Services 1993–1994
- Citycon shares: 1,000
Warrants: 150,000

■ Jyrki Karjalainen, born 1965

Head of Division, Supermarkets and Shops
M.Sc. (Eng.)

Significant work experience:

- Citycon Oyj, Technical Director 2001–2003
 - Kiinteistö Oy Myyrmanni, Property Manager 1994–2001
 - Oy Huber Ab, Product Development Engineer 1989–1994
- Citycon shares: none
Warrants: 96,670

■ Carl Slätis, born 1959

Head of Division, Property Development
M.Sc. (Eng.), MBA

Significant work experience:

- McDonald's Oy, Real Estate Manager, Development Department 1996–2002
 - Posinet Oy, Facilities Manager 1994–1996
 - Suomen Osakaskiinteistöt Oy, Managing Director 1990–1994
 - Suomen Osakaskiinteistöt Oy, Investment Manager 1989–1990
- Citycon shares: 2,000
Warrants: 100,000

■ Pirkko Salminen, born 1957

CFO
BSc (Econ)

Significant work experience:

- Stockmann Plc, Financial Manager 1995–2003
 - A. Ahlstrom Corporation, Financial Manager 1992–1995
 - Polar Corporation, Cash Manager 1992
 - Tampella Oy, Cash Manager 1987–1992
- Citycon shares: none
Warrants: 150,000

■ Outi Raekivi, born 1968

Head of Legal Affairs
LL.M.

Significant work experience:

- Rasi-Kiinteistöt Oy (Nordea Group), Director of Administration 2000–2002
 - Aleksia Oyj, Director of Administration 1999–2000
 - Merita Real Estate Ltd, Assistant Vice President 1997–1998, Attorney-at-Law 1995–1997
 - Sabinvest Oy (Union Bank of Finland Group), Attorney-at-Law 1991–1995
- Citycon shares: none
Warrants: 100,000



■ **Petri Olkinuora**
CEO



■ **Kaisa Vuorio**
Head of Division,
Shopping Centres



■ **Jyrki Karjalainen**
Head of Division,
Supermarkets and Shops



■ **Carl Slätis**
Head of Division,
Property Development



■ **Pirkko Salminen**
CFO



■ **Outi Raekivi**
Head of Legal Affairs

ANNUAL GENERAL MEETING

The annual general meeting of Citycon Oyj will be held on Monday 15 March 2004 at 10 a.m. at Kansallissali, Aleksanterinkatu 44, 2nd floor, Helsinki.

Shareholders wishing to attend the annual general meeting must be listed by 5 March 2004 as shareholders in the company's share register kept by Finnish Central Securities Depository Ltd and they must give notice of their intention to attend the meeting before 4 p.m. Finnish time on 11 March 2004, by telephone to Raija Rinne-Ingberg, Tel. +358 9 680 3670, fax +358 9 6803 6788, by e-mail to raija.rinneingberg@citycon.fi or in writing to Citycon Oyj, Raija Rinne-Ingberg, Pohjoisesplanadi 35 AB, FI-00100 Helsinki, Finland.

Please send any proxy documentation to arrive at the above address by the deadline given.

DIVIDEND

The Board of Directors is to recommend the payment of a dividend of EUR 0.14 per share for 2003. The dividend will be paid on 25 March 2004 to shareholders listed no later than 18 March 2004 in the share register kept by Finnish Central Securities Depository Ltd.

SHARE REGISTER

Shareholders are asked to notify any changes of name, address or ownership to the book-entry securities register in which their book-entry account is kept.

FINANCIAL INFORMATION

Citycon Oyj will publish financial information in Finnish and English during 2004 as follows:

- 27 April 2004, interim report for January–March
- 11 August 2004, interim report for January–June
- 21 October 2004, interim report for January–September

The company's annual report will be published during week 10. Printed copies of the annual report can be ordered from the company's website, by e-mail from raija.rinneingberg@citycon.fi or by telephone on +358 9 680 3670.

The annual report and interim reports, together with other disclosures, will also be made public on Citycon's website, www.citycon.fi.

INVESTOR RELATIONS

CEO
Petri Olkinuora
Tel. +358 9 6803 6738
Fax +358 9 6803 6788
petri.olkinuora@citycon.fi

CFO
Pirkko Salminen
Tel. +358 9 6803 6730
Fax +358 9 6803 6788
pirkko.salminen@citycon.fi

Citycon's representatives will not comment on the company's financial performance after the end of the accounting period and before the release of the notification on the financial performance of said period.



Paper: covers Impressions Textures Linear 250 g/m², pages Multifine 130 g/m²
Planning and production: Viestintä Oy Preemio
Graphic design and layout: Nymandesign
Photos: Studio Pekka Kiirala Ky
Translation: Oy Oxford Translators Ltd/John Arnold
Printing: Frenckellin Kirjapaino Oy 2004

CITYCON

Citycon Oyj
Pohjoisesplanadi 35 AB
FI-00100 Helsinki
telephone +358 9 680 3670, telefax +358 9 6803 6788
www.citycon.fi

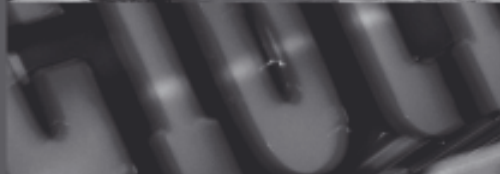


CITYCON



financial statements 2003





financial statements 2003

CONTENTS

- *Report by the Board of Directors...* 4
- *Profit and Loss Account...* 8
- *Balance Sheet...* 9
- *Cash Flow Statement...* 10
- *Accounting Principles...* 11
- *Notes to the Profit and Loss Account...* 12
- *Notes to the Balance Sheet...* 13
- *Key Figures...* 19
- *Shares and Shareholders...* 20
- *Formulas for Key Figures...* 24
- *Distribution of Profits and Auditors' Report...* 25
- *List of Properties...* 26
- *Valuation of Properties...* 30

THE TREND IN THE BUSINESS ENVIRONMENT

Growth in retail sales was slower than in the previous year although it was still strong. According to Statistics Finland, department store trade was up by 5.6 per cent and convenience goods trade by 3.7 per cent on the previous year's figures. Consumer demand grew in Finland faster than in the rest of the euro zone.

Strong retail sales meant that the demand for leased commercial premises continued to be good and vacancy rates remained low, particularly in the Helsinki Metropolitan Area and other major Finnish cities. In the Helsinki Metropolitan Area the vacancy rate for commercial property was 1.0 per cent and it was 1.3-2.5 per cent in Tampere, Lahti and Jyväskylä.

Citycon's strong position in the present state of the market is based on its focus on retail commercial premises, which account for more than 98 per cent of the company's property portfolio. The greater part, 47.4 per cent, of the property portfolio is in the Helsinki Metropolitan Area and 35.6 per cent is in other major Finnish cities.

THE CUSTOMERS AND THE TREND IN THE PORTFOLIO OF LEASES

Citycon's customer structure did not change markedly in 2003. The company's largest customer group is comprised of Finnish and international convenience and utility goods chains as well as companies in the banking and finance sector.

The properties acquired during the financial year, i.e., the shopping centres Forum in Jyväskylä and holdings in shopping centres Koskikeskus in Tampere and Koskikara in Valkeakoski, increased the number of leases held by Citycon by 263 and the number of lessees by 226.

At year-end Citycon had 1,371 (1,150) leases with 770 (700) lessees. The average duration of the leases is 3.6 years.

RENTAL INCOME

Approximately 67 per cent of Citycon's rental income came from leases signed with the 10 biggest customers. Net rental income from leasing business in 2003 totalled EUR 54.7 million (EUR 56.2 million). Shopping centres accounted for 50.2 per cent (49.3%) of net rental income and supermarkets and

shops accounted for 49.8 per cent (50.7%). The rental occupancy rate of Citycon's entire property portfolio was 97.3 per cent (97.8%). The shopping centres' net yield rate amounted to 8.1 per cent (8.2%) and the net yield rate of the supermarkets and shops amounted to 8.9 per cent (9.1%).

The rental income of the shopping centres acquired by Citycon at the end of December 2003 (Koskikeskus in Tampere and Koskikara in Valkeakoski) is not included in the company's income stated for 2003.

TURNOVER AND OPERATING PROFIT

Citycon's turnover in 2003 was EUR 78.1 million (EUR 79.0 million). The company's turnover is mainly comprised of rental income from retail business premises, which accounted for 93.3 per cent (93.3%) of turnover. Citycon's 15 shopping centres and 15 biggest supermarkets generated roughly 78.9 per cent of its rental income.

Operating profit for the financial year was EUR 43.3 million (EUR 43.9 million). Operating profit was down on the previous year's figure due to the effect of sold properties. The net profit for the financial year was EUR 14.3 million (EUR 13.8 million). The figure for net profit includes losses on the sale of fixed assets totalling EUR 0.5 million (capital gains EUR 0.7 million).

BALANCE SHEET AND FINANCING

At the end of 2003, Citycon owned 148 real properties with a combined book value of EUR 721.8 million (EUR 649.2 million). The properties' market value as assessed by an authorised property appraiser was EUR 726.5 million (EUR 650.1 million). The balance sheet total as at 31 December 2003 was EUR 835.3 million (EUR 746.3 million), of which liquid cash assets accounted for EUR 15.1 million (EUR 11.7 million).

The Group's financing situation remained favourable. To finance the shopping centre Forum in Jyväskylä, a EUR 25 million syndicated loan was drawn down and Koskikeskus in Tampere and Koskikara in Valkeakoski were financed with a EUR 45 million syndicated loan. The periods and terms of the loans are similar to the financing agreement made in November 2002. The increase in liabilities reduced the Group's equity ratio during the financial year by 3.5 percentage points to 44.9 per cent.

The liabilities on the consolidated balance sheet as at year-end totalled EUR 457.5 million (EUR 383.3 million). Interest-bearing debt amounted to EUR 512.3 million (EUR 440.5 million), of which the capital loan accounted for EUR 68.5 million (EUR 68.5 million).

Citycon's net financing expenses declined to EUR 24.2 million (EUR 24.7 million). The average interest rate on interest-bearing liabilities was 5.5 per cent (5.5%). The average loan period, weighted according to the principal of the loans, was 4.6 years (5.5 years) and the average interest-rate fixing period was 4.0 years (4.1 years). The Group's equity ratio was 44.9 per cent (48.4) and 36.7 per cent (39.1) when the capital loan is excluded from shareholders' equity.

At the end of 2003, Citycon's interest-bearing debt included 87 per cent (84%) floating rate loans, of which 69 per cent (50%) had been changed to fixed rate using interest rate swaps and 12 per cent (33%) was hedged through interest rate caps. The par value of the interest rate swaps at year-end was EUR 302.2 million (EUR 199.0 million) and that of the interest rate caps was EUR 53.8 million (EUR 132.5 million). The market value of the derivatives as at 31 December 2003 was -EUR 11.4 million (-EUR 12.0 million). The interest coverage ratio (the previous twelve months' profit before interest expenses, taxes and depreciation to net financing expenses), which describes the debt servicing ability, was 2.1 (2.1).

CITYCON AND IFRS

Citycon will make the changeover to reporting in accordance with IAS/IFRS (International Financial Reporting Standards) in its interim reports and financial statements in 2005.

Citycon made decisions on the main optional accounting principles for financial statements under IFRS in the beginning of 2004. According to a preliminary analysis, the adoption of IFRS will affect the following subdivisions of Citycon's accounting principles:

- Citycon has decided to use the fair value model in the valuation of properties, whereupon changes in value will be entered in the profit and loss account.
- Derivatives used to hedge interest rates of loans will be treated in accordance hedge accounting principles, whereupon the derivatives will be valued at the fair value and the change in value will be booked in shareholders' equity.
- The capital loan will be treated under IFRS as a debt.

- Compliance with IFRS principles for financial statements will affect the amount of deferred tax liabilities and credits.
- The presentation of joint holdings in the financial statements will change.

INVESTMENTS

Citycon's gross investments in 2003 totalled EUR 84.2 million (EUR 5.9 million), of which new purchases accounted for EUR 79.5 million.

ACQUISITIONS OF REAL PROPERTY

The main property acquisitions of the year were the shopping centre Forum in Jyväskylä, which the company acquired from If P&C Insurance Ltd in October, and a transaction effected in December with Polar Real Estate Corporation, in which Citycon acquired Polar's holdings in Koskikeskus in Tampere and Koskikara in Valkeakoski. After the transaction, Citycon's share of the gross leasable area of Koskikeskus rose from 27 to 88 per cent. Following the deal, Citycon owns 55 per cent of the area of Koskikara. The purchase price for Forum in Jyväskylä was EUR 28.3 million and the combined price for Koskikeskus and Koskikara was EUR 49.3 million. In addition, a letter of intent was made with Polar Real Estate Corporation for the acquisition of Torikeskus in Seinäjoki in February 2004.

DIVESTMENTS

Citycon sold six properties and reduced its holdings in two more in accordance with its strategy in 2003. Sales of fixed assets resulted in a loss of EUR 0.5 million.

OTHER INVESTMENTS

Citycon invested a total of EUR 4.8 million in major renovations of buildings and building development projects during the financial year.

The Shopping Centres Division's most important project was an extension of IsoKarhu in Pori in which Citycon invested EUR 3.2 million during the financial year. The project advanced to the construction stage according to plan and the company estimated that the extension would be completed on schedule in August 2004. Demand for new leasable premises

was good, and at year-end the rental occupancy rate for the facilities was 90 per cent. By Citycon's estimate, the extension project will increase IsoKarhu's rental income by 40 per cent.

In 2003, the Shopping Centres Division continued the planning for extensions to the shopping centres Myyrmanni in Vantaa and Lippulaiva in Espoo. In addition, the division devoted efforts to the commercial development of the shopping centre Jyväskeskus. The aim is to enhance the commercial attractiveness of Jyväskeskus through a new anchor lessee and by developing the property's restaurant services etc. The company invested roughly EUR 2 million in the development of Jyväskeskus. The investments will have positive impact on company figures mostly in 2005.

The Supermarkets and Shops Division completed development projects for the Citymarket department store in Pori and a supermarket in the Mankkaa district of Espoo in partnership with the lessee. The aim of the projects is to enhance the properties' market positioning. Citycon invested roughly a million euros in the projects. The investments stimulated the properties' rental income in the final quarter of the year under review.

The Supermarkets and Shops Division also carried out another, similar development project at a supermarket in Valkeakoski. Citycon invested some EUR 0.8 million in the project. The investment will boost the property's rental income by 12 per cent from the beginning of 2004.

The Property Development Division formerly called the Retail Park Division, continued to investigate the commercial framework for new shopping centres in the Helsinki Metropolitan Area and in the Tampere and Turku market zones. Citycon deployed effort in the processes of land acquisition and city planning according to plan during the period under review.

ORGANISATION, PERSONNEL AND SALARIES

In the beginning of 2003, Citycon defined its divisional structure and organisation. The company separated its operations into three divisions on the basis of property types: Shopping Centres, Supermarkets and Shops, and the Retail Park Division (currently the Property Development Division).

The Citycon Group had a total of 34 (33) employees at year-end, of whom 27 (27) were employed by the parent company.

The Citycon Group paid EUR 2.1 million in salaries and emoluments, of which CEO's salaries and emoluments amounted to EUR 0.2 million and those of the Board of Directors to EUR 0.1 million. The parent company paid EUR 1.8 million in salaries and emoluments, of which the CEO's and Managing Directors' salary and emoluments were EUR 0.2 million and those of the Board of Directors were EUR 0.1 million.

CITYCON SHARES

Citycon's share capital on 31 December 2003 was EUR 142,800,108.30 and the number of shares was 105,777,858. The par value of a share is EUR 1.35.

A significant change in the company's ownership base took place in November when its main owners, Nordea Bank Finland Plc, Kesko Corporation with its subsidiaries, and Sampo Life Insurance Company Limited sold off their entire holding, representing 73.8 per cent of the company's shares and voting rights, through the Helsinki Exchanges.

During the financial year, the turnover of shares picked up in the Helsinki Exchanges. The turnover was 104.5 million shares and EUR 153.8 million (8.6 million shares and EUR 9.1 million).

At year-end, the company had a total of 1,450 registered shareholders. The registered shareholders had a total of 46.1 million shares or 43.6 per cent and nominee-registered shareholders had 59.7 million or 56.4 per cent of the total number of shares and voting rights.

The high price quoted during the financial year was EUR 1.59 (EUR 1.12) and the low was EUR 1.00 (EUR 0.98). The weighted average price for the period was EUR 1.47 (EUR 1.06) and the closing price of the year was EUR 1.52 (EUR 1.10). The company's market capitalisation on 31 December 2003 was EUR 154.9 million (EUR 112.1 million), when company-held shares are deducted from the total. During the year, the HEX index rose by 4.4 per cent and the HEX portfolio index by 16.2 per cent. The HEX investment index rose by 26.5 per cent. Citycon's share price rose correspondingly by 38.2 per cent.

Citycon Oyj held 3,874,000 of its own shares at the end of the period under review. The total purchase price of the shares was EUR 4.7 million. The company-held shares represent 3.7 per cent of all shares and voting rights. The book value of

company-held Citycon shares on 31 December 2003 corresponded to the purchase price, which was lower than the market value on the date of closing the books. The effect of the shares in the company's possession has been deducted for the calculation of the key indicators.

The members of Citycon Oyj's Board of Directors held a total of 98,541 shares on 31 December 2003, which is 0.09 per cent of the company's shares and voting rights. Citycon's CEO owned 100,000 and the other members of the Corporate Management Committee owned a total of 3,000 shares on 31 December 2003.

AUTHORISATIONS

Citycon's annual general meeting of 20 March 2003 granted the Board of Directors an authorisation to decide on increasing the share capital by means of one or more new issues of shares, in such a way that the total number of shares subscribed in the new issue is no more than 21,085,106 new shares in the company with a par value of EUR 1.35 per share and the company's share capital may be increased by a maximum of EUR 28,464,893.10. The authorisation includes an entitlement to waive existing shareholders' preemption rights.

The annual general meeting also granted the Board of Directors an authorisation to decide, within one year of the AGM, on buying back and surrendering company shares. The maximum number of shares that may be bought back will have a combined par value, combined with the par value of the shares already held by the company, equivalent to five per cent of the company's share capital and of the voting rights conferred by all the shares. The authorisation therefore gives entitlement to buy back a maximum of 1,414,892 shares.

The authorisation to surrender company shares covers all the company shares acquired on the basis of the entitlement granted to the Board of Directors as well as all other company shares already held by the company. Company shares may be bought back and surrendered, for example, as consideration in prospective property or share transactions or for the acquisition of other assets of importance to the company's business.

At the end of 2003, no part of the authorisations had been utilised. The authorisations will be valid from the decision made by AGM for a maximum of one year.

BOARD OF DIRECTORS AND AUDITORS

The annual general meeting of 20 March 2003 re-elected the following to the Board of Directors: 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). The Board of Directors re-elected Stig-Erik Bergström as its chairman and Jorma Lehtonen as deputy chairman.

The company's auditors re-elected were Ari Ahti, Authorised Public Accountant, and Jaakko Nyman, APA, with the APA firm KPMG Wideri Oy Ab as deputy auditor.

PROPOSAL BY THE BOARD OF DIRECTORS FOR THE PAYMENT OF DIVIDEND

Citycon's Board of Directors will propose to the annual general meeting convening on 15 March 2004 that dividend is paid on shares in non-company ownership for the financial year ending on 31 December 2003 in the amount of EUR 0.14 per share. The Board of Directors will propose 18 March 2004 for the dividend payment's date of record and 25 March 2004 for the payment date.

OUTLOOK FOR THE FUTURE

Because growth in retailing and in consumer demand is forecast to continue in 2004, Citycon estimates that demand, occupancy rates and rent levels for retail premises will remain good in the Helsinki Metropolitan Area and Finland's major cities.

Citycon estimates that the turnover and net profit for 2004 will make positive progress relative to the previous year based on favourable market prospects and because of the shopping centres acquired at the end of 2003.

Helsinki, 12 February 2004

Citycon Oyj
Board of Directors

PROFIT AND LOSS ACCOUNT

ANNUAL REPORT 2003

EUR 1,000	Note	Group	Group	Parent company	Parent company
		1 Jan.–31 Dec. 2003	1 Jan.–31 Dec. 2002	1 Jan.–31 Dec. 2003	1 Jan.–31 Dec. 2002
TURNOVER	1.	78,064	78,950	72,912	73,687
Other income	2.	-482	734	691	510
EXPENSES					
Materials and services	3.	18,688	18,881	897	2,283
Salaries and social expenses	4.	2,625	2,469	2,287	2,160
Depreciations and impairments	5.	6,534	7,620	1,249	1,970
Rents and maintenance charges	6.	4,071	4,268	19,066	17,479
Associated companies' share of profit		422	493		
Other expenses of business operations		1,930	2,058	1,913	2,058
Expenses, total		34,270	35,789	25,413	25,951
OPERATING PROFIT		43,312	43,895	48,190	48,246
Financial income and expenses	7.	-24,174	-24,715	-32,165	-33,308
PROFIT BEFORE APPROPRIATIONS AND TAXES		19,137	19,180	16,025	14,938
Taxes	8.	-4,870	-5,355	-4,130	-4,476
Minority interest		-8	-24		
NET PROFIT		14,260	13,801	11,895	10,462

BALANCE SHEET

ANNUAL REPORT 2003

EUR 1,000	Note	Group	Group	Parent company	Parent company
		1 Jan.–31 Dec. 2003	1 Jan.–31 Dec. 2002	1 Jan.–31 Dec. 2003	1 Jan.–31 Dec. 2002
ASSETS					
Non-current assets	9.				
Intangible assets		4,493	4,036	3,380	1,609
Tangible assets		729,089	625,508	25,392	13,522
Investments					
Holdings in Group companies	10.			531,087	469,483
Holdings in associated companies	11.	55,510	75,282	57,890	77,576
Company-held shares	18.	4,676	4,261	4,676	4,261
Other investments		23,093	22,427	105,504	88,040
Investments, total		83,278	101,971	699,156	639,360
Non-current assets, total		816,860	731,515	727,928	654,491
Current assets					
Short-term receivables	12.	3,390	3,088	5,478	6,069
Cash and bank receivables		15,074	11,730	11,921	9,039
Current assets, total		18,464	14,818	17,399	15,108
Assets, total		835,324	746,333	745,327	669,599
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity	13.				
Share capital		142,800	142,800	142,800	142,800
Share premium fund		28,253	28,253	28,253	28,253
Company-held share fund		4,676	4,261	4,676	4,261
Other funds		6,551	6,551	6,551	6,551
Retained profits		13,010	8,378	6,832	5,541
Net profit		14,260	13,801	11,895	10,462
Capital loan	14.	68,452	68,452	68,452	68,452
Shareholders' equity, total		278,002	272,498	269,460	266,321
Minority interest		99,803	90,521		
Liabilities	16.				
Long-term		428,344	371,769	447,085	388,352
Short-term		29,175	11,545	28,783	14,925
Liabilities, total		457,519	383,315	475,868	403,278
Liabilities and shareholders' equity, total		835,324	746,333	745,327	669,599

CASH FLOW STATEMENT

ANNUAL REPORT 2003

EUR 1,000	Group 1 Jan.–31 Dec. 2003	Group 1 Jan.–31 Dec. 2002	Parent company 1 Jan.–31 Dec. 2003	Parent company 1 Jan.–31 Dec. 2002
CASH FLOW FROM OPERATIONS				
Profit (loss) before extraordinary items	19,137	19,180	16,025	14,938
Adjustments				
Depreciation	6,534	7,620	1,249	1,970
Financial income and expenses	24,174	24,715	32,165	33,308
Other adjustments	919	-165	496	-436
Cash flow before change in working capital	50,764	51,350	49,935	49,781
Change in working capital	-16	5	723	-25
Cash flow from operations before financial items and taxes	50,748	51,356	50,658	49,756
Interest paid and other financial expenses	-24,129	-23,814	-26,057	-23,462
Dividends and interest received from operations	492	246	481	230
Taxes paid	-4,686	-3,626	-4,674	-3,632
CASH FLOW FROM OPERATIONS (A)	22,425	24,162	20,407	22,893
CASH FLOW FROM INVESTING ACTIVITIES				
Investments in tangible and intangible assets	-4,869	-1,943	-1,578	-393
Shares in associated companies purchased	-765	-1,330	-77,817	-8,395
Shares in associated companies sold	1,574	5,192	2,954	6,447
Loans granted			-3,179	-82
Subsidiary shares purchased	-77,140	-5,850		
Subsidiary shares sold	1,379	1,215		
Other items	119	62	621	69
CASH FLOW FROM INVESTING ACTIVITIES (B)	-79,702	-2,654	-78,999	-2,354
CASH FLOW FROM FINANCING ACTIVITIES				
Fund payments from minority interest	35	78		
Increase in short-term loans	2,100	17	2,100	
Repayments on short-term loans		-7,105		-7,100
Increase in long-term loans	67,900	3,924	67,900	3,802
Repayments on long-term loans	-244	-4,311		-4,037
Dividends paid and other distribution of profits	-9,171	-8,152	-9,171	-8,152
CASH FLOW FROM FINANCING ACTIVITIES (C)	60,621	-15,548	60,829	-15,487
Change in liquid assets (A + B + C) increase(+)/decrease(-)	3,344	5,960	2,237	5,053
Liquid assets from Sampotalo in Rovaniemi, merger			645	
Liquid assets 1 January	11,730	5,770	9,039	3,987
Liquid assets 31 December	15,074	11,730	11,921	9,039

PROPERTY PORTFOLIO

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 stated in the lease significantly exceeding the market rent, this is depreciated in line with the prudence concept during the lease period if the potential value of the property concerned is considered as remaining below the acquisition cost during the lease period. If returns from a property have significantly fallen, planned depreciation has been accelerated.

Repair costs are booked as they occur.

OTHER FIXED ASSETS

Other long-term expenditure includes costs capitalised in association with the acquisition of property portfolio, which are depreciated within three years, and the capitalised costs of repairs to premises, which are depreciated during the validity of the lease. Machinery and equipment is depreciated over a period of from 4 to 30 years. Machinery and equipment includes the technical equipment in buildings. Basic improvements and repairs to such equipment are included in annual expenses.

PRINCIPLES OF CONSOLIDATION

The consolidated accounts have been prepared in accordance with the acquisition cost accounting method under which the acquisition cost of shares in subsidiary undertakings in the parent company's fixed assets has been eliminated against the subsidiary's shareholders' equity on the date the subsidiary was acquired. Acquisition costs are applied to land and buildings up to their market value. Acquisition costs of buildings are depreciated on a linear basis at a rate of 1 per cent a year.

Intra-Group transactions and distribution of profit have been eliminated in the consolidated accounts.

Minority interest appears as a separate item in the consolidated shareholders' equity and profits.

ASSOCIATED COMPANIES

Associated companies have been consolidated using the equity method. The part of the acquisition cost exceeding the shareholders' equity is applied to land and buildings up to their

market value. Acquisition costs of buildings are depreciated on a linear basis at a rate of 1 per cent a year. Depreciation is shown as part of the associated company's net profit together with the share of profit for the financial year.

PENSION ARRANGEMENTS

Employee pension cover has been arranged through statutory pension insurance.

COMPANY-HELD SHARES

Company-held shares are shown in financial assets under non-current assets and in the company-held share fund under shareholders' equity. This fund is non-distributable equity. The company-held shares have been subtracted from the share capital and from the number of shares when calculating the key figures.

CAPITAL LOAN

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

TAXES

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

ENVIRONMENTAL COSTS

The Group's environmental costs result from the disposal, sorting and recycling of waste. Environmental costs related to business have been recorded as annual expenses. There were no major environmental investments made during the financial year.

NOTE

Individual figures and totals presented in the financial statements have been rounded to the nearest EUR 1,000, which may cause discrepancies between the sums of the individual figures added together and the total amounts.

EUR 1,000	Group 2003	Group 2002	Parent company 2003	Parent company 2002
1. TURNOVER	78,064	78,950	72,912	73,687
Turnover consists mainly of income derived from property rents and maintenance charges. Most of the turnover is generated from properties in the Helsinki Metropolitan Area.				
Parent company turnover includes payments made by Group companies for building management and administration services.				
			448	480
2. OTHER INCOME				
Sampotalo in Rovaniemi was merged into the parent company on 31 Dec. 2003				
Capital gains on sales of fixed assets	147	448	190	436
Refund of price for Kaivokadun Tunneli	-631		-631	
Other income from business operations				
Merger profit, Sampotalo in Rovaniemi			1,132	
Depreciation adjustments and refunds of VAT from previous years	2	287		74
Other income, total	-482	734	691	510
3. MATERIALS AND SERVICES				
Materials and supplies				
Purchases during the financial year	18,444	18,343	654	1,745
External services	244	538	244	538
Materials and services, total	18,688	18,881	897	2,283
4. PERSONNEL				
Average number of personnel during the financial year	33	33	27	27
Salaries and social expenses				
Salaries and emoluments	2,079	1,962	1,802	1,710
Pension costs	365	330	322	289
Other expenses	181	177	163	161
Personnel expenses, total	2,625	2,469	2,287	2,160
Personnel expenses include management salaries and emoluments				
CEO's salary and emoluments	240	200	152	132
Board of Directors' salaries and emoluments	107	99	107	99
Total	347	299	259	231
On the basis of his contract, the CEO is entitled to a total of 1,500,000 warrants under the 1999 warrant scheme, which were handed over in 2002. The CEO is entitled to a full pension on reaching the age of 62 if he is still in the company's employ. The company has pension insurance cover for this. The period of notice of termination for the CEO is 6 months on either side. If the contract is terminated by the company for a reason not due to the CEO, the CEO will be paid 18 months' salary in a single payment in addition to the salary for the notice period.				
5. DEPRECIATION AND IMPAIRMENTS				
Depreciation				
On intangible assets	708	549	688	529
On buildings and structures	5,139	5,524	520	575
On machinery and equipment	687	732	41	51
Depreciation, total	6,534	6,805	1,249	1,156
Impairments on non-current assets				
Buildings and structures		815		815
Depreciation and impairments on non-current assets, total	6,534	7,620	1,249	1,970
6. RENTS AND MAINTENANCE CHARGES				
The item in the parent company includes rents paid to Group companies.				
			15,302	13,515
7. FINANCIAL INCOME AND EXPENSES				
Dividend income				
From Group companies			61	60
From others	80	18	79	17
Dividend income, total	80	18	140	77
Interest income from long-term investments				
From Group companies			2,555	3,139
From associated companies	4	3	4	3
From others	-46	56	-46	56
Interest income from long-term investments, total	-43	59	2,512	3,198
Other interest and financial income				
From Group companies			25	25
From others	442	220	432	204
Other interest and financial income, total	442	220	457	229
Interest income from long-term investments and other interest and financial income, total	479	297	3,109	3,504
Interest expenses and other financial expenses				
To Group companies			10,670	11,856
To others	24,653	25,012	24,603	24,956
Interest expenses and other financial expenses, total	24,653	25,012	35,274	36,813
Financial income and expenses, total	-24,174	-24,715	-32,165	-33,308
8. TAXES				
Taxes for the financial year	-4,870	-5,355	-4,130	-4,476
The figure for taxes comprises taxes on the net profit for the year				

EUR 1,000		Group 2003	Group 2002	Parent company 2003	Parent company 2002
9. NON-CURRENT ASSETS					
Fixed assets have been entered in the balance sheets at acquisition cost less impairments as well as the depreciation booked.					
On 31 Dec. 2003 Sampotalo in Rovaniemi was merged with the parent company and at year-end Forum in Jyväskylä, which was acquired in 2003, was spun off. The effects of the spin-off are seen as an increase in the parent company's buildings, land areas and subsidiary shares and as a transfer between items.					
Intangible assets					
<u>Intangible rights</u>					
Acquisition cost	1 Jan.	192	188	188	184
Increases		44	3	44	3
Transfer between items		54		54	
Acquisition cost	31 Dec.	289	192	285	188
Accumulated depreciation	1 Jan.	81	45	81	45
Depreciation for year		51	36	51	36
Accumulated depreciation	31 Dec.	132	81	132	81
Book value	31 Dec.	157	110	153	107
<u>Connection fees</u>					
Acquisition cost	1 Jan.	2,640	2,463	3	3
Increases		144	195	97	
Decrease		-5	-18		
Book value	31 Dec.	2,779	2,640	101	3
<u>Other long-term expenditure</u>					
Acquisition cost	1 Jan.	3,073	4,162	3,265	3,108
Increases		2,507	356	2,232	159
Decreases		-447	-1	-447	-1
Transfer between items		-1,712	-1,444	41	
Acquisition cost	31 Dec.	3,422	3,073	5,092	3,265
Accumulated depreciation	1 Jan.	1,787	1,274	1,767	1,273
Depreciation for year		462	494	443	493
Accumulated depreciation on decreases and transfers		-385	19	-243	
Accumulated depreciation	31 Dec.	1,865	1,787	1,966	1,767
Book value	31 Dec.	1,557	1,286	3,126	1,499
Intangible assets, total	31 Dec.	4,493	4,036	3,380	1,609
Tangible assets					
<u>Land areas</u>					
Acquisition cost	1 Jan.	123,862	121,284	69	69
Increases		21,754	2,950	10,110	
Decreases		-589	-372		
Transfer between items				-8,320	
Acquisition cost	31 Dec.	145,027	123,862	1,859	69
<u>Buildings and structures</u>					
Acquisition cost	1 Jan.	516,691	505,336	19,556	19,556
Increases		83,457	12,973	48,303	
Decreases		-995	-1,618		
Transfer between items				-21,118	
Acquisition cost	31 Dec.	599,153	516,691	46,741	19,556
Accumulated depreciation	1 Jan.	30,389	25,069	5,746	5,170
Accumulated depreciation on increases, merger				16,893	
Depreciation for year		5,138	5,485	520	575
Accumulated depreciation on decreases		34	-165		
Accumulated depreciation	31 Dec.	35,561	30,389	23,159	5,746
Accumulated impairments	1 Jan.	-1,572	-757	-815	
Impairments for year			-815		-815
Accumulated impairments	31 Dec.	-1,572	-1,572	-815	-815
Book value	31 Dec.	562,020	484,730	22,767	12,996
<u>Machinery and equipment</u>					
Acquisition cost	1 Jan.	17,513	17,293	395	342
Increases		1,179	244	2,358	53
Decreases		-8	-24		
Transfer between items			-1		
Acquisition cost	31 Dec.	18,683	17,513	2,752	395
Accumulated depreciation	1 Jan.	2,714	1,983	243	192
Accumulated depreciation on increases, merger				1,999	
Depreciation for year		687	732	41	51
Accumulated depreciation on decreases		-1	-1		
Accumulated depreciation	31 Dec.	3,400	2,714	2,282	243
Book value	31 Dec.	15,283	14,798	470	153

Machinery and equipment also include technical equipment in buildings.

NOTES TO THE BALANCE SHEET

ANNUAL REPORT 2003

EUR 1,000		Group 2003	Group 2002	Parent company 2003	Parent company 2002
Other tangible assets					
Acquisition cost	1 Jan.	3,055	409	13	9
Increases			5	197	5
Decreases			-1		
Transfer between items		1,753	2,642		
Acquisition cost	31 Dec.	4,808	3,055	211	13
Accumulated depreciation	1 Jan.	1,229	32		
Accumulated depreciation on decreases and transfers		141	1,197		
Accumulated depreciation on increases, merger				75	
Depreciation for year					
Accumulated depreciation	31 Dec.	1,370	1,229	75	
Book value	31 Dec.	3,438	1,826	135	13
Acquisitions in progress					
Acquisition cost	1 Jan.	291	65	291	65
Increases		3,207	226	46	226
Decreases		-82		-82	
Transfer between items		-95		-95	
Book value	31 Dec.	3,321	291	161	291
Tangible assets, total		729,089	625,508	25,392	13,522
Investments					
Shares in subsidiaries					
Acquisition cost	1 Jan.			469,979	456,450
Increases				48,791	3,050
Decreases				-15,675	-1,868
Transfer between items				28,488	12,347
Acquisition cost	31 Dec.			531,583	469,979
Accumulated depreciation	1 Jan. and 31 Dec.			-496	-496
Book value	31 Dec.			531,087	469,483
Shares in associated companies					
Acquisition cost	1 Jan.	77,363	90,627	77,576	90,629
Increases		769	22	769	22
Decreases		-507	-3,141	-286	-2,930
Transfer between items		-20,168	-10,146	-20,168	-10,146
Acquisition cost	31 Dec.	57,456	77,363	57,890	77,576
Accumulated depreciation	1 Jan.	2,080	2,008		
Depreciation for year		204	276		
Accumulated depreciation on decreases		-339	-204		
Accumulated depreciation	31 Dec.	1,946	2,080		
Book value	31 Dec.	55,510	75,282	57,890	77,576
Company-held shares					
Acquisition cost	1 Jan.	4,261	3,951	4,261	3,951
Change in fair value	31 Dec.	414	310	414	310
Book value	31 Dec.	4,676	4,261	4,676	4,261
Other investments					
Shares in minority companies					
Acquisition cost	1 Jan.	22,388	24,325	19,826	21,943
Increases		12	1,488	8	1,308
Decreases		-995	-1,224	-995	-1,224
Transfer between items			-2,201		-2,201
Acquisition cost	31 Dec.	21,404	22,388	18,839	19,826
Book value	31 Dec.	21,404	22,388	18,839	19,826
Notes receivable					
From subsidiaries				86,627	68,174
From associated companies		38	40	38	40
From others		1,651			
Other investments, total	31 Dec.	23,093	22,427	105,504	88,040
Investments, total	31 Dec.	83,278	101,971	699,156	639,360

10. GROUP COMPANIES	Location	Parent company's shareholding, %
Asolantien Liikekiinteistö	Vantaa	100.00
Eskolanmäki	Kouvola	100.00
Forssan Hämeentie 3	Forssa	100.00
Hannunhelmi	Espoo	100.00
Hollolan Keskuspuoti	Hollola	100.00
Härmälän Markkinatalo	Tampere	100.00
Jyväskylän Forum	Jyväskylä	100.00
Jyväskylän Kauppakatu 31	Jyväskylä	100.00
Kaarinan Liiketalo	Kaarina	100.00
Kanervatien Hallitalo	Laukaa	100.00
Karjaan Ratakatu 59	Karjaa	100.00
Kauppakeskus IsoKarhu Keijutie 15	Pori	100.00
Kotkan Keskuskatu 11	Lahti	100.00
Kuopion Kauppakatu 41	Kotka	100.00
Kuusankosken Kauppakatu 7	Kuopio	100.00
Kuvernöörintie 8	Kuusankoski	100.00
Lahden Kauppakatu 13	Helsinki	100.00
Latokasen Ostoskeskus	Lahti	100.00
Lippulaiva	Espoo	100.00
Loviisan Ulrika	Loviisa	100.00
Martinlaakson Kivivuorentie 4	Vantaa	100.00
Martinlaaksontie 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
Porin Asema-Aukio	Pori	100.00
Porin Isolinankatu 18	Pori	100.00
Runeberginkatu 33	Porvoo	100.00
Savonlinnan Tulliportinkatu 6-10	Savonlinna	100.00
Seinäjoen Teollisuustie	Seinäjoki	100.00
Seinäjoen Varastotie	Seinäjoki	100.00
Sinikalliontie	Espoo	100.00
Säkylän Liiketalo	Säkylä	100.00
Talvikkitie	Vantaa	100.00
Tampereen Hantanpää	Tampere	100.00
Tampereen Savantokatu	Tampere	100.00
Ulappatori	Espoo	100.00
Ultima	Helsinki	100.00
Valkeakosken Apiankatu	Valkeakoski	100.00
Valkeakosken Torikatu	Valkeakoski	100.00
Vantaan Laajavuorenuja 2	Vantaa	100.00
Varkauden Relanderinkatu 30	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	83.84
Koskikeskuksen Huolto	Tampere	81.67
Orimattilan Markkinatalo	Orimattila	77.30
Lappeen Liikekeskus	Lappeenranta	75.27
Myrmani	Vantaa	74.01
Kuusamon Linja-autoasema	Kuusamo	69.70
Tornion Kauppakatu	Tornio	68.10
Myrmaen Kauppakeskus	Vantaa	67.80
Haukiputaan Markkinatalo	Haukipudas	67.70
Kirkkonummen Liikekeskus	Kirkkonummi	66.70
Espontori	Espoo	66.64
Välivainion Ostoskeskus	Oulu	66.00
Tampereen Koskenranta	Tampere	63.73
Eerolan Liikekeskus	Valkeakoski	62.90
Vantaan Säästötalo	Vantaa	61.24
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
Kauppapiha	Iisalmi	54.61
Heikintori	Espoo	52.10
Hollolan Keskuskatu	Hollola	50.30

Total 76 Group companies

11. ASSOCIATED COMPANIES	Location	Group's shareholding, %	Parent company's shareholding, %
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
Hyyrylän 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
Myrmaen Autopaikoitus	Vantaa	46.38	0.00
Otaniemen Liikekeskus	Espoo	39.22	39.22
Parikkalan Liiketalo	Parikkala	50.00	50.00
Petäjäveden 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
Siltavouhintie	Helsinki	20.80	20.80
Sollefteågatan	Uusikaarlepyy	34.77	34.77
Soukan Itäinen torni	Espoo	27.30	27.30
Valkeakosken Liikekeskus	Valkeakoski	25.39	25.39
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

Total 39 associated companies

EUR 1,000		Group 2003	Group 2002	Parent company 2003	Parent company 2002
12. SHORT-TERM RECEIVABLES					
Accounts receivable		591	480	457	373
Receivables from Group companies					
Other receivables				3,197	3,777
Accrued income					3
Total				3,197	3,781
Receivables from associated companies					
Other receivables		12	1	12	
Total		12	1	12	
Other receivables		2,114	1,886	1,365	1,557
Accrued income		674	722	446	358
Short-term receivables		3,390	3,088	5,478	6,069
Significant accrued income					
Interest cap premium		119	323	119	323
13. SHAREHOLDERS' EQUITY					
Share capital	1 Jan.	142,800	142,324	142,800	142,324
Bonus issue	15 April 2002		476		476
Share capital	31 Dec.	142,800	142,800	142,800	142,800
Share premium fund	1 Jan and 31 Dec.	28,253	28,253	28,253	28,253
Company-held share fund	1 Jan.	4,261	3,951	4,261	3,951
Increase	31 Dec.	414	310	414	310
Company-held share fund	31 Dec.	4,676	4,261	4,676	4,261
Other funds	1 Jan. and 31 Dec.	6,551	6,551	6,551	6,551
Retained profits/losses	1 Jan.	22,179	17,006	16,003	14,169
Transfer to share capital			-476		-476
Dividend payment		-9,171	-8,152	-9,171	-8,152
Retained profits	31 Dec.	13,010	8,378	6,832	5,541
Net profit	31 Dec.	14,260	13,801	11,895	10,462
Capital loan	31 Dec.	68,452	68,452	68,452	68,452
Shareholders' equity, total	31 Dec.	278,002	272,498	269,460	266,321

14. CAPITAL LOAN I/1999

The parent company has a capital loan of EUR 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.
- 4) The company is entitled to repay the principal wholly or in part on each interest payment date, at a rate determined by discounting the remaining cash flows up to the repayment date. The interest rate to be used for discounting is the Finnish government reference rate for the same period plus 2.75 per cent.

The loan matures on 30 June 2009.

Interest has been paid annually on 30 June and booked as an interest expense.

15. WARRANTS

Warrants, total	Number	Par value, total	Period for share subscription begins
A warrants	1,800,000	2,430,000.00	1 Sept 2000
B warrants	1,800,000	2,430,000.00	1 Sept 2002
C warrants	1,741,670	2,351,254.50	1 Sept 2004
Warrants free	158,330	213,745.50	1 Sept 2004
	5,500,000	7,425,000.00	

The share subscription price is EUR 2, which is discounted by any dividends paid between 4 November 1999 and subscription. However, the minimum subscription price shall be at least the par value of the share. After the dividend paid in 2003, the subscription price of a share is EUR 1.68 per share.

The subscription period ends on 30 September 2007 for all warrants.

EUR 1,000	Group 2003	Group 2002	Parent company 2003	Parent company 2002
16. LIABILITIES				
Long-term liabilities				
Floating rate loans, for which agreement has been made for fixed rate with swaps hedged with a cap loans pegged to Euribor	302,200	199,000	302,200	199,000
	53,800	132,000	53,800	132,000
	85,750	40,971	84,798	39,798
Total	441,750	371,971	440,798	370,798
Repayments during next 12 months	-13,423	-221	-13,200	
Total	428,327	371,749	427,598	370,798
Long-term debt				
Loans from financial institutions	428,327	371,749	427,598	370,798
Loans from Group companies			19,487	17,555
Loans from others	17	20		
Long-term liabilities, total	428,344	371,769	447,085	388,352
Debt maturing in more than five years				
Loans from financial institutions	224,201	245,961	224,000	245,600
Capital loan	68,452	68,452	68,452	68,452
Total	292,654	314,414	292,452	314,052
Short-term liabilities				
Loans from financial institutions	13,897	244	13,200	
Advances received	322	295	192	183
Accounts payable	1,083	627	142	131
Total	15,301	1,165	13,534	314
Debt to Group companies				
Other debt			7,106	8,832
Accrued expenses				1
Total			7,106	8,834
Debt to associated companies				
Other debt	21	4		
Accrued expenses		1		1
Total	21	5		1
Other debt				
Accrued expenses	3,295	3,070	1,647	763
Total	10,558	7,305	6,496	5,014
Total	13,853	10,375	8,143	5,776
Short-term liabilities, total	29,175	11,545	28,783	14,925
Liabilities, total	457,519	383,315	475,868	403,278
Significant accrued liabilities				
Loan interest	4,253	4,191	4,247	4,183
Fund transfer tax debt	776		776	
Tax liability	2,307	1,825		246
Total	7,336	6,017	5,023	4,430
Contingent liabilities for debt				
Mortgages on land and buildings	338,430	323,440	16,100	
Shares pledged (book value)	76,684	96,506	594,615	552,832
Other pledges given	3,165	633	3,165	633
In connection with the 2002 loan facilities, surety has been extended to also apply to Group company mortgages.				
Debt, for which mortgages have been given as surety and shares pledged				
Loans from financial institutions	442,220	371,982	440,798	370,798
Leasing commitments	643	555	496	538
Leasing commitments maturing during the next 12 months	254	234	202	231
VAT refund liabilities	2,668	2,023	638	668
Other liabilities		631		631

EUR 1,000	31 Dec. 2003 Par value	Fair value	31 Dec. 2002 Par value	Fair value
The Group's derivatives as at 31 December 2003				
<u>Interest-rate derivatives</u>				
Interest-rate swaps				
maturing in 2004			50,000	-1,491
maturing in 2007	78,200	1,143		
maturing in 2008	50,000	-1,344		
maturing in 2009	91,000	-5,439	66,000	-5,111
maturing in 2010	83,000	-5,750	83,000	-5,418
Interest-rate swaps, total	302,200	-11,390	199,000	-12,020
Interest-rate options				
Purchased				
Interest rate caps				
maturing in 2003			78,712	
maturing in 2004	53,800	0,0	53,800	-1
Interest rate caps, total	53,800	0,0	132,512	-1

The fair values of the derivatives describe their value if all the derivatives were closed at the fair value on the date of closing the books. Derivatives have been used to hedge loans. The fair values of the derivatives include the accumulated interest for the financial year MEUR 0.6 (MEUR 0.3), which has been posted to interest expenses.

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 shareholders' equity 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 40.4% on 31 December 2003, the interest rate fixing period was 4.0 years and the interest coverage ratio was 2.1.

Negative pledge

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

18. COMPANY-HELD SHARES

	2003	2002
Number, 1,000	3,874	3,874
Combined par value, EUR 1,000	5,230	5,230
Percentage of share capital	3.7	3.7
Percentage of voting rights	3.7	3.7
Consideration paid, EUR 1,000	4,676	4,676

The book value of company-held Citycon shares on 31 December 2003 corresponded to the purchase price, which was lower than the market value at year-end. The effect of company-held shares has been eliminated in the calculation of the key figures.

KEY FIGURES

ANNUAL REPORT 2003

EUR 1,000	formula/ note	2003	2002	2001	2000	1999
PROFIT AND LOSS ACCOUNT DATA						
Turnover		78,064	78,950	75,771	73,013	54,872
Other income		-482	734	2,050	3,139	690
Depreciation		6,534	6,805	6,792	8,522	6,649
Depreciation adjustments			815			
Operating profit		43,312	43,895	44,895	42,279	31,068
Profit before extraordinary items and taxes		19,137	19,180	17,643	15,819	15,972
Profit before taxes		19,137	19,180	17,643	15,819	15,972
Net profit		14,260	13,801	12,595	11,288	10,689
BALANCE SHEET DATA						
Non-current assets		816,860	731,515	738,980	735,095	741,989
of which company-held shares		4,676	4,261	3,951	3,642	1,037
Current assets		18,464	14,818	9,948	8,289	18,213
Shareholders' equity and company-held shares		209,550	204,045	198,086	193,422	190,084
Capital loan		68,452	68,452	68,452	68,452	68,452
Minority interest		99,803	90,521	89,918	91,026	92,640
Liabilities		457,519	383,315	392,471	390,484	409,025
Balance sheet total		835,324	746,333	748,928	743,384	760,202
KEY FIGURES FOR FINANCIAL PERFORMANCE						
Return on equity, % (ROE)	1 1)	7.1	7.1	6.7	6.0	6.4
Return on equity, %, including minority interest	1)	4.9	4.8	4.5	4.0	4.9
Return on investment, % (ROI)	2	5.8	6.0	6.1	5.8	6.2
Equity ratio, %	3	44.9	48.4	47.3	47.2	46.2
Equity ratio, % excluding capital loan from shareholders' equity		36.7	39.1	38.2	38.0	37.2
Equity ratio for bank, %		40.4	44.2	43.0	42.7	
Current ratio	4	0.6	1.3	0.3	0.2	0.7
Gearing, %	5	163.2	147.7	156.9	160.2	165.4
Gross investment in non-current assets, EUR 1,000		84,244	5,854	20,368	9,739	327,588
percentage of turnover		107.9	7.4	26.2	12.8	589.6
Employees, average		33	33	26	22	12
KEY FIGURES PER SHARE						
Earnings per share, EUR	6 1)	0.14	0.14	0.12	0.11	0.11
Equity per share, EUR	7 1)	2.01	1.96	1.91	1.86	1.80
P/E (price/earnings) ratio	8 1)	11	8	8	9	10
Dividend per share, EUR	2)	0.14	0.09	0.08	0.08	0.07
Dividend per earnings, %	9 2)	100.0	66.5	64.7	73.0	59.2
Effective dividend yield, %	10 2)	9.2	8.2	7.8	8.6	5.8

1) Company-held shares are deducted from shareholders' equity and the number of shares for the calculation of the key figures.

2) Board of Directors' proposal

The formulas are given on page 24.

TREND IN SHARE CAPITAL

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

The company's registered share capital on 31 December 2003 was EUR 142,800,108.30, distributed among 105,777,858 shares each having a par value of EUR 1.35. Changes 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 confers entitlement to 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, its industry classification is investment 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 2003, 99.9 per cent or a total of 105,770,034 shares were in the book-entry securities system kept by the

Finnish Central Securities Depository. There were 7,824 shares that had not yet been converted into book entries.

At year-end 2003, Citycon had 1,450 registered shareholders. The registered shareholders held 46.1 million shares or 43.6 per cent and nominee-registered shareholders held 59.7 million shares or 56.4 per cent of the shares and voting rights.

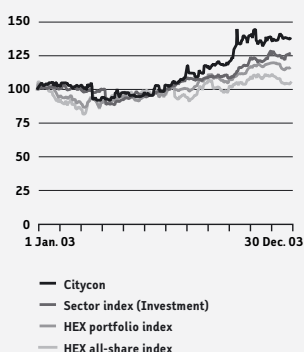
Citycon held 3,874,000 of its own shares, acquired for a total of MEUR 4.7, the lowest price paid being EUR 1.10 and the highest EUR 1.35. The number of shares acquired corresponded to 3.7 per cent of Citycon's share capital and voting rights.

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

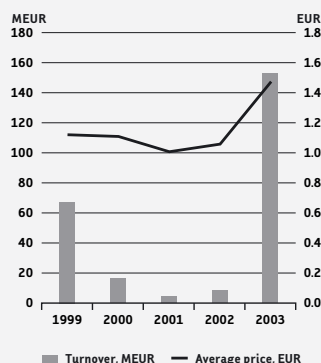
SHAREHOLDINGS OF THE BOARD OF DIRECTORS AND MANAGEMENT

On 31 December 2003, members of Citycon Oyj's Board of Directors owned a total of 98,541 shares, corresponding to 0.09 per cent of the company's total shares and voting rights. Citycon's CEO held 100,000 shares and members of the Corporate Management Committee held a total of 3,000 shares on 31 December 2003. An analysis of directors' holdings is given in the profile of Board members on pages 30 and 31 of the annual report.

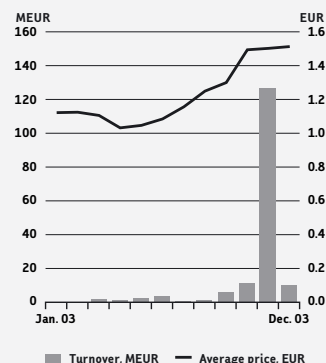
TREND IN HEX INDICES AND CITYCON SHARE PRICE IN 2003



SHARE TURNOVER AND AVERAGE PRICES BY YEAR



SHARE TURNOVER AND AVERAGE PRICE IN 2003



Largest shareholders on 31 December 2003

Shareholder	Number of shares and voting rights	% of shares
Ilmarinen Mutual Pension Insurance Company	5,000,000	4.73
Oy H. Kuningas & Co. Ab	4,600,000	4.31
Pohjola Finland Mutual Fund	2,500,000	2.36
Mutual Insurance Company Pension Fennia	2,158,000	2.04
Evli-Select Mutual Fund	1,937,900	1.83
Etera Mutual Pension Insurance Company	1,250,000	1.18
Odin Finland Mutual Fund	1,186,000	1.12
The Finnish Cultural Foundation	1,000,000	0.96
Finnish Red Cross	800,000	0.76
Foundation for Economic Education	750,000	0.71
Veikko Laine Oy	750,000	0.71
Thominvest Oy	700,000	0.66
Veritas Pension Insurance Company Ltd	530,000	0.50
Mutual Fund Gyllenberg Finlandia	515,000	0.49
FIM Fenno Mutual Fund	500,000	0.47
FIM Forte Mutual Fund	500,000	0.47
Oy Fincorp Ab	500,000	0.47
Svenska Handelsbanken Ab (Publ.) Filialverksamheten i Finland	427,000	0.40
Emil Aaltonen Foundation	400,000	0.38
Gyllenberg Small Firm Fund	400,000	0.38
20 largest, total	26,403,900	24.93
Citycon Oyj	3,874,000	3.66
Nominee-registered	59,660,649	56.40
Other	15,831,485	15.00
Non-registered	7,824	0.01
Total	105,777,858	100.00

Shareholdings by owner group on 31 December 2003

	Number of		Number of shares and	
	shareholders	%	voting rights	%
Companies	186	12.83	15,760,818	14.90
Financial and insurance institutions	23	1.59	67,977,549	64.26
Public corporations	20	1.38	9,181,600	8.68
Non profit-making organisations	40	2.76	4,686,251	4.43
Households	1,173	80.89	6,915,816	6.54
Foreign	8	0.55	1,248,000	1.18
Total	1,450	100.00	105,770,034	99.99
Non-registered			7,824	0.01
Total			105,777,858	100.00

Tables based on the register kept by the Finnish Central Securities Depository.

SHARE TURNOVER AND PERFORMANCE

In 2003, Citycon shares were traded on the Helsinki Exchanges for a total of MEUR 153.8. The total trade was 104.5 million shares or 102.5¹ per cent of the total number of shares.

The highest and lowest trading prices in 2003 were EUR 1.59 (1.12) and EUR 1.00 (0.98) respectively. The middle trading price weighted by the number of shares traded was EUR 1.47 (1.06). The 2003 HEX all-share index was up by 4.4 per cent and the portfolio index by 16.2 per cent.

The closing price for Citycon's share was EUR 1.52 (1.10) at year-end. The market capitalisation at year-end was EUR 154.9, excluding the effect of company-held shares. The price trend of and trading in Citycon shares are shown in graphical form on page 20. The company's share price and volume traded can be monitored on the company's website at www.citycon.fi.

DIVIDEND FOR 2003

Citycon Oyj's Board of Directors is to propose to the annual general meeting that a dividend of EUR 0.14 per share be paid from the company's net profit for 2003 on shares outside the company's ownership. This corresponds to 100 per cent of the company's net profit. The effective dividend yield for 2003 is 9.2 per cent (8.2%).

THE TAXABLE VALUE OF THE SHARE IN 2003

The taxable value of a Citycon share in 2003 is EUR 1.06.

WARRANTS

Citycon warrants are part of the Group's system of personnel commitment and incentives. 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 Citycon Oyj share having a par value of one euro and thirty-five cents (EUR 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 could be exercised from 1 September 2000, those with the

letter B from 1 September 2002 and those with the letter C may be exercised from 1 September 2004. The subscription price of shares subscribed with the warrants is EUR 2 per share less the dividend per share to be paid after 4 November 1999. The subscription price of the share after the dividend to be paid in 2003 is EUR 1.68 per share. The exercise period for all warrants expires on 30 September 2007. If all warrants are exercised, Citycon Oyj's share capital may increase by a maximum of EUR 7,425,000 and result in the issue of 5,500,000 new shares, which is a maximum of 5.4 per cent of the company's total shares and voting rights after the shares held by the company have been deducted.

AUTHORISATIONS

The annual general meeting of Citycon held on 20 March 2003 granted the Board of Directors an authorisation to decide on increasing the share capital by means of one or more new issues of shares, in such a way that the total number of shares subscribed in the new issue is no more than 21,085,106 new shares in the company with a par value of EUR 1.35 and the company's share capital may be increased by a maximum of EUR 28,464,893.10. The authorisation includes an entitlement to waive existing shareholders' preemption rights.

The annual general meeting also granted the Board of Directors an authorisation to decide, within one year of the AGM, on acquiring and conveying company shares. The maximum number of shares that may be acquired may have a combined par value, combined with the par value of the shares already held by the company, equivalent to five per cent of the company's share capital and of the voting rights conferred by all the shares. The authorisation therefore gives entitlement to buy back a maximum of 1,414,892 shares.

The authorisation to convey company shares covers all the company shares acquired on the basis of the authorisation granted to the Board of Directors as well as all other company shares already held by the company. Company shares may be acquired and conveyed, for example, as consideration in prospective property or share transactions or for the acquisition of other assets of importance to the company's business.

At the end of 2003 none of these authorisations had been exercised. The authorisations are valid for one year from the decision of the AGM.

Shareholdings by size on 31 Dec. 2003

Number of shares	Number of shareholders	% of total	Number of shares	Number of voting rights	%
1–1,000	557	38.42	303,873	303,873	0.29
1,001–5,000	502	34.62	1,482,434	1,482,434	1.40
5,001–10,000	153	10.55	1,243,504	1,243,504	1.18
10,001– 50,000	152	10.48	3,475,674	3,475,674	3.28
50,001–100,000	28	1.93	2,027,800	2,027,800	1.92
100,001–	58	4.00	97,236,749	97,236,749	91.92
Total	1,450	100	105,770,034	105,770,034	99.99
of which nominee-registered	6		59,660,649	59,660,649	56.40
Non-registered			7,824	7,824	0.01
Total			105,777,858	105,777,858	100.00

Table based on the register kept by the Finnish Central Securities Depository.

Share price and turnover

	formula / note	2003	2002	2001	2000	1999
Share price, actual traded, EUR						
Low		1.00	0.98	0.93	0.92	0.90
High		1.59	1.12	1.07	1.35	1.38
Middle	11	1.47	1.06	1.01	1.11	1.12
Market capitalisation, EUR 1,000	12 1)	154,894	112,094	103,942	95,790	122,710
Trend in share trade						
Number of shares traded						
from beginning of the year, 1,000		104,487	8,581	4,653	15,603	59,902
Percentage of shares	1)	102.5	8.4	4.6	15.3	57.1
Adjusted average number						
of shares, 1000		101,904	101,904	101,904	102,073	94,016
Adjusted number of shares at						
year-end, 1,000		101,904	101,904	101,904	101,904	104,880
Company-held share fund, EUR 1,000						
		4,676	4,261	3,951	3,642	1,037
Number of company-held shares, 1,000						
		3,874	3,874	3,874	3,874	898

1) Company-held shares are deducted from shareholders' equity and the number of shares for the calculation of the key figures.

The formulas are given on page 24.

1	Return on equity, % (ROE)	$\frac{\text{Profit/loss before extraordinary items – taxes}}{\text{Shareholders' equity (weighted average)}} * 100$
2	Return on investment, % (ROI)	$\frac{\text{Profit/loss before extraordinary items and taxes} + \text{interest and other financial expenses}}{\text{Balance sheet total (weighted average)-non-interest-bearing debt (2-year average)}} * 100$
3	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{capital loan} + \text{minority interest} - \text{company-held shares}}{\text{Balance sheet total} - \text{advances received} - \text{company-held shares}} * 100$
4	Current ratio	$\frac{\text{Current assets} + \text{inventories}}{\text{Short-term liabilities}}$
5	Gearing ratio, %	$\frac{\text{Interest-bearing debt} - \text{cash and bank receivables}}{\text{Shareholders' equity} + \text{minority interest}} * 100$
6	Earnings per share (EPS)	$\frac{\text{Profit before extraordinary items – taxes} +/- \text{minority interest}}{\text{Adjusted average number of shares at year-end}}$
7	Equity per share	$\frac{\text{Shareholders' equity} - \text{company-held shares (without capital loan)}}{\text{Adjusted number of shares at year-end}}$
8	P/E ratio (price/earnings)	$\frac{\text{Adjusted closing price at year-end}}{\text{EPS}}$
9	Dividend per earnings, %	$\frac{\text{Dividend per share}}{\text{EPS}} * 100$
10	Effective dividend yield, %	$\frac{\text{Dividend per share}}{\text{Adjusted closing price at year-end}} * 100$
11	Average share price	$\frac{\text{Shares traded, euro}}{\text{Average number of shares traded}}$
12	Market capitalisation	Number of shares without company-held shares * closing price at year-end
13	Financial rental occupancy rate, %	$\frac{\text{Rental income as per leases}}{\text{Estimate market rent of vacant premises} + \text{rental income as per leases}} * 100$
14	Net income, %	$\frac{\text{Rental income} - \text{maintenance expenses}}{\text{Average value of property portfolio}} * 100$

Maintenance expenses include the alterations to rented premises booked as an expense as well as the depreciation on capitalised alterations to rented premises. Income and expenses have been annualised. The figure used for the value of the property portfolio is the year's average for Citycon's holdings. The calculation for net income complies with the regulations issued by the Finnish Institute for Real Estate Economics.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFITS

	2003 Group	2003 Parent company
DISTRIBUTABLE ASSETS		
Other funds	6,551,237.36	6,551,237.36
Retained earnings	13,009,922.55	6,831,564.08
Net profit for the financial year	14,259,788.55	11,895,253.44
	33,820,948.46	25,278,054.88

The Board of Directors proposes a dividend payment of EUR 0.14 per share be paid on company shares not held by the company.

Signatories to the financial statement dated 31 December 2003

Helsinki, 12 February 2004

Stig-Erik Bergström

Heikki Hyppönen

Juhani Järvi

Jorma Lehtonen

Carl G. Nordman

Juha Olkinuora

Petri Olkinuora

CEO

AUDITORS' REPORT

To the shareholders of Citycon Oyj

We have audited the accounting records, the financial statements and the administration of Citycon Oyj for the year 2003. The financial statements, which include the report by the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the CEO. Based on our audit we express an opinion on these financial statements and on the parent company's administration.

We have conducted the audit in accordance with the Finnish Generally Accepted Auditing Standards. Those standards require that we plan and perform the audit in order to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statements presentation. The purpose of our audit of administration is to examine that the Board of Directors and the CEO have complied with the rules of the Finnish Companies Act.

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, 12 February 2004

Ari Ahti

Jaakko Nyman

Authorised Public Accountant

Authorised Public Accountant

LIST OF PROPERTIES

ANNUAL REPORT 2003

Property known as	Street address	Postal code	Location	Year of completion/ renovation	Holding in company	Surface area owned	Number of lessees	Classification
HELSINKI METROPOLITAN AREA								
Alppilan-Aho As.Oy	Aleksis Kiven katu 48	00510	HELSINKI	1962/95	3%	576	2	Supermarkets and shops
Asolantien Liikekiinteistö Oy	Asolanväylä 50	01360	VANTAA	1986	100%	1,881	1	Supermarkets and shops
Espoon Louhenkulma Koy	Louhentie 2	02130	ESPOO	1963	49%	880	2	Supermarkets and shops
Espoon Toimistotalo Oy	Kirkkojärventie 6	02770	ESPOO	1979	12%	887	1	Supermarkets and shops
Espoonatori Koy	Kamreerintie 3	02770	ESPOO	1988	67%	8,604	40	Shopping centres
Hakarinne 4	Hakarinne 4	02120	ESPOO	1985	56%	379	1	Supermarkets and shops
Hakopolun Liikekiinteistöt Oy	Hakopolku 2	01360	VANTAA	1981	7%	317	1	Supermarkets and shops
Hakucenter Koy	Laukkarinne 6	01200	VANTAA	1986	19%	772	3	Supermarkets and shops
Hakunilan Keskus Oy	Laukkarinne 4	01200	VANTAA	1982	30%	2,154	4	Supermarkets and shops
Hannunhelmi Koy	Purokummuntie 2	02400	KIRKKONUMMI	1988	100%	868	1	Supermarkets and shops
Heikintori Oy	Heikintori	02100	ESPOO	1968	52%	4,384	26	Shopping centres
Helsingin Autotalo Oy	Salomonkatu 17	00100	HELSINKI	1958	9%	1,380	4	Supermarkets and shops
Helsingin Uudenmaankatu 16–20 Koy	Uudenmaankatu 16–20	00120	HELSINKI	1967/97	5%	469	1	Supermarkets and shops
Helsingin Viljatie 6 As.Oy	Malmiraitti 11	00700	HELSINKI	1962	10%	315	1	Supermarkets and shops
Hyrylän Ostoskeskus Koy	Koskenmäentie 4	04300	TUUSULA	1983	21%	597	4	Supermarkets and shops
Irjanpirtti As.Oy	Aleksis Kiventie 14	04200	KERAVA	1988	13%	208	1	Supermarkets and shops
Isomyrri / Myyrmäen Kauppakeskus Koy	Liesitori 1	01600	VANTAA	1987	68%	10,000	12	Shopping centres
Järvenpään Torinkulma As.Oy	Helsingintie 13	04400	JÄRVENPÄÄ	1983	10%	250	2	Supermarkets and shops
Kaivoskaupat Koy	Kaivosvoudintie	01610	VANTAA	1965	19%	202	1	Supermarkets and shops
Kannelmäen Ostoskeskus Oy	Vanhaistentie 1	00420	HELSINKI	1959	8%	287	1	Supermarkets and shops
Kauppalantie 20 As.Oy	Kauppalantie 20	00320	HELSINKI	1960	29%	229	1	Supermarkets and shops
Keravan Liikekeskus Oy	Kauppakaari 8	04200	KERAVA	1968	34%	1,113	3	Supermarkets and shops
Kirkkonummen Kirkkotalli Koy	Kirkkotallintie 2	02400	KIRKKONUMMI	1981	15%	168	1	Supermarkets and shops
Kirkkonummen Liiketalo Koy	Kirkkotallintie 4	02400	KIRKKONUMMI	1981	24%	376	4	Supermarkets and shops
Kirkkonummen Liikekeskus Oy	Asematie 3	02400	KIRKKONUMMI	1991	67%	5,000	1	Supermarkets and shops
Kivensilmänkuja 1 Koy	Kivensilmänkuja 1	00920	HELSINKI	1988	60%	885	1	Supermarkets and shops
Kolsarintie 2 Koy	Kolsarintie 2	00390	HELSINKI	1984	20%	242	1	Supermarkets and shops
Kontulan Asemakeskus Koy	Keinuladankuja 4	00940	HELSINKI	1988	34%	4,332	1	Supermarkets and shops
Minkkikuja 4 Koy	Minkkikuja 4	01450	VANTAA	1989	100%	2,724	1	Supermarkets and shops
Kuvernöörintie 8 Koy	Kuvernöörintie 8	00840	HELSINKI	1982	100%	359	3	Supermarkets and shops
Laajasalon Liikekeskus Oy	Yliskyläntie 3	00840	HELSINKI	1972/95	39%	1,699	1	Supermarkets and shops
Latokasken Ostoskeskus Koy	Kaskipiha 1	02340	ESPOO	1983	100%	809	6	Supermarkets and shops
Lauttasaaren Liikekeskus Oy	Lauttasaarentie 28–30	00200	HELSINKI	1970/95	24%	1,464	1	Supermarkets and shops
Lippulaiva Koy	Espoonlahdenkatu 4	02320	ESPOO	1993	100%	17,732	31	Shopping centres
Länsi-Keskus Koy	Pihatörmä 1	02210	ESPOO	1989	41%	8,535	1	Supermarkets and shops
Malmintorin Koy	Malmin Kauppatie 18	00700	HELSINKI	1987	8%	1,014	1	Supermarkets and shops
Martinlaakson Kiviuorentie 4 Koy	Kiviuorentie 4	01620	VANTAA	1976	100%	3,783	21	Supermarkets and shops
Vantaan Laajavuoreнкуja 3 Koy	Laajavuoreнкуja 2	01620	VANTAA	1976	100%	1,926	1	Supermarkets and shops
Martinmiilu Koy	Laajaniityntie 3	01620	VANTAA	1988	21%	1,309	2	Supermarkets and shops
Munkkiniemen puistotie 17 As.Oy	Munkkiniemen puistotie 17	00330	HELSINKI	1959	5%	148	1	Supermarkets and shops
Myllypuron Ostoskeskus Oy	Kiviparintie 2	00920	HELSINKI	1966	20%	1,137	1	Supermarkets and shops
Myyrinpuro As.Oy	Virtatie 9	01600	VANTAA	1972	4%	275	2	Supermarkets and shops
Myyrmani Koy	Iskoskuja 3	01600	VANTAA	1994	74%	30,586	112	Shopping centres
Otaniemen Liikekeskus Oy	Otakaari 11	02150	ESPOO	1969	39%	336	1	Supermarkets and shops
Pihlajamäen Liiketalo Oy	Meripihkantie 1	00710	HELSINKI	1970	43%	1,610	2	Supermarkets and shops

Property known as	Street address	Postal code	Location	Year of completion/ renovation	Holding in company	Surface area owned	Number of lessees	Classification
Porthaninhovi As.Oy	Porthaninkatu 11	00530	HELSINKI	1961	10%	317	1	Supermarkets and shops
Pukimäen Liikekeskus Oy	Eskolantie 2	00720	HELSINKI	1968	44%	629	1	Supermarkets and shops
Raitinlinna As.Oy	Länsituulentie 8	02100	ESPOO	1978	4%	169	1	Supermarkets and shops
Runeberginkatu 30 As.Oy	Runeberginkatu 30	00100	HELSINKI	1926	3%	137	1	Supermarkets and shops
Salpausseläntie 11 Koy	Salpausseläntie 11	00710	HELSINKI	1973	31%	592	1	Supermarkets and shops
Saturnus Koy	Kalevankatu 12	00100	HELSINKI	1967	20%	1,221	4	Supermarkets and shops
Sibeliuksenkatu 14 Koy	Sibeliuksenkatu 14	04400	JÄRVENPÄÄ	1983	26%	892	2	Supermarkets and shops
Siltavoudintie 3 As.Oy	Siltavoudintie 3	00640	HELSINKI	1963	21%	204	1	Supermarkets and shops
Sinikalliontie 1 Koy	Sinikalliontie 1	02630	ESPOO	1964/92	100%	15,516	14	Supermarkets and shops
Soukan Itäinentorni As.Oy	Soukantie 16	02360	ESPOO	1972	27%	1,547	1	Supermarkets and shops
Tapiolan Ostoskeskus Oy	Tapiotori	02100	ESPOO	1961	29%	1,192	2	Supermarkets and shops
Tikkuri / Tikkurilan Kauppakeskus Koy	Asematie 4-10	01300	VANTAA	1984/91	84%	10,802	47	Shopping centres
Tikkurilan Anttila / Talvikkitie 7-9 Koy	Talvikkitie 7-9	01300	VANTAA	1989	100%	11,200	1	Supermarkets and shops
Töölönhoivi As. Oy	Runeberginkatu 57	00260	HELSINKI	1935/94	8%	139	1	Supermarkets and shops
Töölönkulma As. Oy	Töölönkatu 29	00260	HELSINKI	1935/90	13%	341	4	Supermarkets and shops
Ulappatori Koy	Ulappakatu 1	02320	ESPOO	1991	100%	5,258	31	Shopping centres
Ultima	Äyritie 1	01510	VANTAA	tontti	100%	0	0	Supermarkets and shops
Uudenmaankatu 2 Koy	Uudenmaankatu 2	05800	HYVINKÄÄ	1960	10%	400	2	Supermarkets and shops
Vantaan Säästöalo Koy	Kielotie 20	01300	VANTAA	1983	61%	3,866	15	Supermarkets and shops
Wavulinintie 1 Koy	Wavulinintie 1	00210	HELSINKI	1950/92	100%	2,794	6	Supermarkets and shops
Viiskulma As.Oy	Laivurinkatu 43	00150	HELSINKI	1927	3%	196	1	Supermarkets and shops
Vuosaaren Liikekeskus Oy	Mustalahdentie 4	00960	HELSINKI	1965	9%	296	2	Supermarkets and shops
Ylä-Malmintori 3 Koy	Ylä-Malmintori 3	00700	HELSINKI	1989	10%	300	1	Supermarkets and shops
MAJOR CITIES: TURKU, TAMPERE, LAHTI, JYVÄSKYÄ, OULU, KUOPIO, LAPPEENRANTA, VAASA, KOTKA, PORI								
Hervannan Liikekeskus Oy	Insinöörinkatu 23	33720	TAMPERE	1979	41%	2,749	2	Supermarkets and shops
Härmälän Markkinatalo Oy	Nuolialantie 40	33900	TAMPERE	1977	100%	1,820	3	Supermarkets and shops
Iso-Kristiina / Lappeen Liikekeskus Koy, Lappeenrannan Brahenkatu 7 Koy	Brahenkatu 7	53100	LAPPEENRANTA	1987/93	84%	10,693	18	Shopping centres
Jankan Liikekeskus Koy	Ristinarkuntie 20	33700	TAMPERE	1989	18%	201	1	Supermarkets and shops
Jyväskeskus / Jyväskylän Kauppakatu 31 Koy	Kauppakatu 31	40100	JYVÄSKYLÄ	1955/93	100%	8,129	41	Shopping centres
Jyväskylän Forum Koy	Asematie 5	40100	JYVÄSKYLÄ	1953/72/80/91	100%	17,117	38	Shopping centres
Kaivokolmio As.Oy	Hämeenkatu 5	20500	TURKU	1973	14%	579	1	Supermarkets and shops
IsoKarhu /Kauppakeskus IsoKarhu Oy	Yrjönkatu 16	28100	PORI	1972/01	100%	11,537	32	Shopping centres
Kauppapuistikko 32 As.Oy	Kauppapuistikko 32	65100	VAASA	1969	9%	196	1	Supermarkets and shops
Keijutie 15 Koy	Keijutie 15	15700	LAHTI	1975	100%	7,116	1	Supermarkets and shops
Koskikeskus / Tampereen Koskenranta Koy, Tampereen Hatanpää Koy, Tampereen Suvantokatu Koy	Hatanpäänvaltatie 1	33100	TAMPERE	1988/95	88%	28,000	169	Shopping centres
Kotkan Keskuskatu 11 Koy	Keskuskatu 11	48100	KOTKA	1976	100%	4,242	1	Supermarkets and shops
Kuopion Anttila / Kuopion Kauppakatu 41 Koy	Kauppakatu 41	70100	KUOPIO		100%	11,125	16	Supermarkets and shops
Kuopion Kauppakatu 13 As.Oy	Kauppakatu 13	70100	KUOPIO	1927	7%	126	1	Supermarkets and shops
Kuopion Neulasypäi As.Oy	Juontotie 6	70150	KUOPIO	1986	8%	201	3	Supermarkets and shops
Kärpäsen Ostoskeskus Oy	Satulakatu 13	15830	LAHTI	1975	34%	636	1	Supermarkets and shops
Käsityömestari As.Oy	Yliopistonk.30A	20100	TURKU	1982	9%	385	1	Supermarkets and shops
Lahden Kauppakatu 13 Koy	Kauppakatu 13	15140	LAHTI	1971	100%	8,577	1	Supermarkets and shops

LIST OF PROPERTIES

ANNUAL REPORT 2003

Property known as	Street address	Postal code	Location	Year of completion/ renovation	Holding in company	Surface area owned	Number of lessees	Classification
Lahden Seudun Maakuntatalo Oy								
	Hämeenkatu 9	15110	LAHTI	1964	13%	367	1	Supermarkets and shops
Lahden Trio Koy	Aleksanterinkatu 20	15140	LAHTI	1977/87	56%	32,143	67	Shopping centres
Metsäpellon Liikekeskus Oy	Heinlammintie 29	15210	LAHTI	1970	91%	674	1	Supermarkets and shops
Nekalan Rakentajatalo Koy	Viinikankatu 36	33800	TAMPERE	1987	20%	490	2	Supermarkets and shops
Oulun Galleria Koy	Isokatu 23	90100	OULU	1987	100%	4,227	25	Shopping centres
Porin Anttila / Isolinnankatu 18 Koy								
	Isolinnankatu 18	28100	PORI	1986	100%	6,806	1	Supermarkets and shops
Porin Asema-Aukio Koy	Satakunnankatu 23	28130	PORI	1957/93	100%	18,986	16	Supermarkets and shops
Puijonlaakson Palvelukeskus Koy								
	Sammakkolammentie 6	70200	KUOPIO	1971	31%	1,412	1	Supermarkets and shops
Puutorinkulma As. Oy	Maariankatu 1	20100	TURKU	1956	3%	417	1	Supermarkets and shops
Ristinummen Palvelukeskus Oy	Kappelinmäentie 8	65370	VAASA	1978	44%	981	1	Supermarkets and shops
Saariportti Koy	Kullervonkatu 14	70500	KUOPIO	1972	57%	384	1	Supermarkets and shops
Tawastinkulma Koy	Kauppakatu 33	40100	JYVÄSKYLÄ	1970	5%	510	1	Supermarkets and shops
Tulliherra As.Oy	Tulliportinkatu 23–25	70100	KUOPIO	1982	23%	733	1	Supermarkets and shops
Väinöläntammi Koy	Joukahaisentie 8	28330	PORI	1979	55%	600	1	Supermarkets and shops
Välivainion Ostoskeskus Koy	Siirtolantie 10	90530	OULU	1966/84	66%	520	1	Supermarkets and shops
OTHER AREAS:								
Eerolan Liikekeskus Oy	Eerolantie 9	37630	VALKEAKOSKI	1980	63%	820	1	Supermarkets and shops
Forssan Hämmentie 3 Koy	Hämeentie 3	31100	FORSSA	1978	100%	4,406	3	Supermarkets and shops
Haukiputaan Markkinatalo Oy	Kirkkotie 1	90830	HAUKIPUDAS	1978	68%	854	1	Supermarkets and shops
Hollolan Keskuskatu Koy	Keskuskatu 4	15870	HOLLOLA	1989	50%	1,349	4	Supermarkets and shops
Hollolan Keskuspuoti Koy	Kauppakuja 4	15870	HOLLOLA	1987	100%	1,838	8	Supermarkets and shops
Imatran Keskusasema Koy	Koskikatu 1	55120	IMATRA	1977	9%	315	2	Supermarkets and shops
Kaarinan Kauppakeskus Koy	Puntarinkatu 3	20780	KAARINA	1988	26%	325	2	Supermarkets and shops
Kaarinan Liiketalo Koy	Oskarinkatu 5	20780	KAARINA	1979/82	100%	9,185	11	Supermarkets and shops
Kalajoen Linja-autoasema Koy	Kalajoentie 1	85100	KALAJOKI	1976	47%	1,126	1	Supermarkets and shops
Kanervatien Hallitalo Oy	Laukaantie 25	41340	LAUKAA	1986	100%	2,802	1	Supermarkets and shops
Karakeskus Koy	Valtakatu 30	45100	KOUVOLA	1988	3%	359	0	Supermarkets and shops
Karjaan Ratakatu 59 Koy	Ratakatu 59	10320	KARJAA	1993	100%	3,046	1	Supermarkets and shops
Karkkilan Linja-autoasema Oy	Huhdintie 10–12	03600	KARKKILA	1989	8%	289	1	Supermarkets and shops
Kauppapiha Koy	Kauppakatu 15	74100	IISALMI	1792	55%	1,423	5	Supermarkets and shops
Kommila Koy	Savontie 42	78900	VARKAUS	1974	43%	702	1	Supermarkets and shops
Koskikara / Valkeakosken Liikekeskus Koy								
	Valtakatu 9–11	37630	VALKEAKOSKI	1993	55%	5,800	33	Shopping centres
Kouvolan Eskolanmäki Koy	Tasankotie 13	45150	KOUVOLA	1975	100%	1,476	1	Supermarkets and shops
Kuusamon Linja-autoasema Oy	Keskuskatu 3	93600	KUUSAMO	1983	70%	1,620	1	Supermarkets and shops
Kuusankosken Kauppakatu 7 Koy								
	Kauppakatu 7	45700	KUUSANKOSKI	1980	100%	2,028	1	Supermarkets and shops
Loviisan Ulrika Koy	Kuningattarenkatu 9	07900	LOVIISA	1988	100%	1,881	11	Supermarkets and shops
Mastonkulma Koy	Soppeentie 2	33470	YLÖJÄRVI	1978/89	29%	688	2	Supermarkets and shops
Multian Palvelukeskus Oy	Keskustie 33	42600	MULTIA	1982	46%	496	1	Supermarkets and shops
Mäntyvuoksi Koy	Vuokseniskantie	55800	IMATRA	1974	87%	1,268	1	Supermarkets and shops
Naantalin Tullikatun 16 Koy	Tullikatun 16	21100	NAANTALI	1985	100%	4,512	5	Supermarkets and shops
Nokian Välikatu 17 Koy	Välikatu 17	37100	NOKIA	1965/90	100%	868	7	Supermarkets and shops
Orimattilan Markkinatalo Oy	Erkontie 3	16300	ORIMATTILA	1983	77%	3,410	1	Supermarkets and shops
Orimattilan Säätöpankkitalo Koy								
	Erkontie 15	16300	ORIMATTILA	1981	57%	2,603	6	Supermarkets and shops

Property known as	Street address	Postal code	Location	Year of completion/ renovation	Holding in company	Surface area owned	Number of lessees	Classification
Parikkalan Liiketalo Oy	Parikkalantie 29	59100	PARIKKALA	1970	50%	478	1	Supermarkets and shops
Petäjäveden Palvelukeskus Oy	Asematie	41900	PETÄJÄVESI	1980	49%	628	1	Supermarkets and shops
Rovaniemen Sampokeskus Koy	Rovakatu 28	96100	ROVANIEMI	1990	100%	11,582	55	Shopping centres
Runeberginkatu 3 Koy	Runeberginkatu 33	06100	PORVOO	1988	100%	6,255	1	Supermarkets and shops
Salon Anttila / Linjurin Kauppakeskus Koy	Vilhonkatu 14	24100	SALO	1993	89%	9,920	1	Supermarkets and shops
Savonlinnan Tulliportinkatu 6-10 Koy	Tulliportinkatu 8-10	57100	SAVONLINNA	1967/96	100%	11,071	1	Supermarkets and shops
Seinäjoen Varasto-ja teollisuustie Koy	Teollisuustie 10	60100	SEINÄJOKI	1964/85	100%	13,165	11	Supermarkets and shops
Sollefteågatan 9 Fastighets Ab	Sollefteåkatu 9	66900	UUSIKAARLEPY	1979	35%	712	1	Supermarkets and shops
Syypis As.Oy	Rakentajantie 8	15870	HOLLOLA	1981	6%	121	1	Supermarkets and shops
Säkylän Liiketalo Oy	Pyhäjärventie	27800	SÄKYLÄ	1969/99	100%	1,141	1	Supermarkets and shops
Taivalalasan Liiketalo Oy	Jäniksenpolku 10	89800	SUOMUSSALMI	1979	85%	568	0	Supermarkets and shops
Tornion Kauppakatu Koy	Kauppakatu 11	95400	TORNIO	1983	68%	1,217	8	Supermarkets and shops
Vaakalintu Koy / Riihimäen Foorumi	Keskuskatu 15	11100	RIIHIMÄKI	1980	96%	6,608	1	Supermarkets and shops
Valkeakosken Apiankatu 6 Koy	Apiankatu 6	37600	VALKEAKOSKI	1982	100%	4,006	1	Supermarkets and shops
Valtakatu 5-7 Koy	Valtakatu 5-7	37600	VALKEAKOSKI	1938/92	31%	502	2	Supermarkets and shops
Varkauden K-Kauppakeskus Oy	Relanderinkatu 28-34	78200	VARKAUS	1990	100%	8,145	1	Supermarkets and shops
Vihdin Linjatalo Oy	Linjakuja 3	03400	VIHTI	1978	30%	817	2	Supermarkets and shops

We have assessed the value of Citycon Oyj's property portfolio reported in the financial statements as at 31 December 2003 in compliance with generally accepted property valuation practice.

Citycon Oyj's property portfolio is comprised of 150 properties, mostly shops and retail premises. A valuation was carried out on each property based mainly on the investment value method, in which future market net income is capitalised. The yield requirement is based on prevailing interest rates, yield growth expectations, yield and property risks relating to the properties, and the liquidity of each area and property. The yield requirement per property varies between 6.75 per cent and 14.25 per cent and averages 8.2 per cent.

The figures for interest rates and inflation in the yield requirements for each property are based on economic forecasts prepared by the Finnish Ministry of Finance and other forecasts. Market rents were determined on the basis of comparative data. We also took into account the impact of existing leases on the value of each property on a cash flow basis. We carried out property surveys during the 2000–2002 and to some extent in 2003.

MARKET CONDITIONS WHEN THE PROPERTIES WERE VALUED

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

Interest rates at the end of 2003 were close to those prevailing in 2002 and they are expected to hold fairly steady. Forecasts of inflation 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 market value of the property portfolio in the situation prevailing on 31 December 2003 was MEUR 726.5.

Helsinki, 26 January 2004

Kiinteistötaito Peltola & Pulkkanen Oy

Jouko Peltola, Lic.Sc. (Tech)

Authorised Property Valuer

Generally Authorised

Tel. +358 9 68503512

Mobile +358 500 476074



CITYCON

Citycon Oyj
Pohjoisesplanadi 35 AB
FI-00100 Helsinki
Telephone +358 9 680 3670, Telefax +358 9 6803 6788
www.citycon.fi

