



## Citycon's Interim Report 1 January - 30 June 2005

- Turnover totalled EUR 42.5 million (EUR 42.2 million)
- Profit before taxes amounted to EUR 17.2 million (EUR 14.6 million), including EUR 5.7 million of one-time financing costs
- Earnings per share were EUR 0.11 (EUR 0.14 including EUR 0.025 one time deferred tax receivable)
- Citycon's operations expanded to Sweden. The Åkersberga Shopping Centre will affect figures as of 1 July 2005
- Citycon will construct a new shopping centre in Hervanta, Tampere, Finland
- Citycon became the main owner of IsoKristiina retail premises in Lappeenranta, Finland
- The new capital loan will reduce financing costs EUR 1.5 million over the next 4 years

### Key figures

	1-6 2005	1-6 2004	1-12 2004
Turnover, EUR million	42.5	42.2	84.7
Operating profit, EUR million	35.6	27.5	52.6
% of turnover	83.6	65.1	62.1
Profit before taxes, EUR million	17.2	14.6	26.5
Profit, EUR million	12.4	14.6	22.7
Earnings per share, EUR	0.11 *	0.14 **	0.22
Earnings per share, diluted, EUR	0.11 *	0.14 **	0.22
Equity per share, EUR	1.94	1.99	2.01
P/E (price/earnings) ratio	14	7	10
Return on equity (ROE), %	11.0	14.8	11.0
Return on investment (ROI), %	9.7	7.7	7.3
Equity ratio, %	27.4	27.1	29.6
Gearing, %	229.8	253.4	221.5
Net rental income, %	8.7	8.6	8.8
Occupancy rate, %	96.3	97.1	95.7
Personnel at the end of period	46	41	45

\*\*) including EUR 0.025 per share one-time deferred tax receivable

\*) including EUR 0.05 per share one-time financing cost

The calculation method for net income is based on the guidelines of the KTI Institute for Real Estate Economics and the IPD Investment Property Databank. Standing Investments refer to properties held by Citycon throughout the 12-month reference period. Properties under development and expansion as well as lots are eliminated from the figures.

### Citycon and IFRS

Citycon Oyj has changed its reporting practice in accordance with IAS/IFRS standards (International Financial Reporting Standards); this affects its interim reports and financial statements for 2005. Information related to this change is available in the company's 2004 Annual Report; financial statements appear on pages 35-43.

### Business Environment

Strong demand continued for retail premises in Finland in the second quarter of the year, and occupancy rates remained strong. Retail sales continued to grow 2005 <sup>1)</sup> even though consumer confidence in economic development has weakened. The low interest rate and inflation have contributed also to this retail sales trend.

International investors' interest in the Finnish property market remained high, with most new property transactions involving foreign operators. International interest is also estimated to reflect in the yield and price levels of the most sought-after properties.

1) Source: Statistics Finland

## Business Activities and Property Portfolio Summary

Citycon's business activities comprise the entire chain of retail premises ownership, i.e. ownership, leasing, management and development of properties. Citycon operates in three divisions (business segments): Shopping Centres, Supermarkets and Shops, and Property Development. At the end of the reporting period, Citycon owned 143 properties (146) with a fair value totalling EUR 754.7 million (EUR 737.5 million).

Practically all the company's property portfolio consists of retail premises. In the reporting period, the company owned 16 shopping centres and 127 supermarkets and shops. Shopping centres accounted for 60.9 per cent and supermarket and shop premises for 39.1 per cent of the property portfolio's fair value.

In terms of fair values, 43.5 per cent of the properties were located in the Helsinki Metropolitan Area, 38.8 per cent in other major Finnish cities and 17.7 per cent in other parts of Finland at the end of the period.

## Changes in Property Portfolio Fair Value

In the valuation of investment properties according to IAS 40, Citycon has decided to use the fair value model, which will result in changes in value being posted to the income statement. The valuation of investment properties is assessed in accordance with International Valuation Standards (IVS) at least once a year by an external valuation professional. The latest valuation statement dated 30 June 2005 is available on the Internet at Citycon's website, [www.citycon.fi](http://www.citycon.fi).

The fair value of Citycon's property portfolio increased in the period under review, due to changes in market trends and leasing operations amounting to an increase of EUR 7.8 million, i.e. approximately 1.0 per cent. The most significant change in the market was the rising international interest in the Finnish property market, and particularly in retail premises. Increasing demand lowers the yield requirements of investors and creates pressure for increasing property prices, particularly in the liveliest growth centres.

## Customers, Lease Portfolio and Occupancy Rate

At the end of the period, Citycon had a total of 1,493 leases with 855 lessees. The average length of the leases was 3.4 years. The period-end occupancy rate for Citycon's property portfolio was 96.3 per cent (97.1 %). The change in the occupancy rate was due to normal fluctuations in the leasing business.

### Lease Portfolio Summary

	1-6 2005	1-6 2004	
Number of leases started during the period, total	130	182	
Total area of leases started, m <sup>2</sup>	24,896	34,303	
Average length of lease portfolio at end of period, years	3.4	3.6	

## Shopping Centres Division

### Shopping Centres Division's Key Figures

### Lease Portfolio Summary

	1-6 2005	1-6 2004	
Number of leases started during the period, total	101	137	
Total area of leases started, m <sup>2</sup>	10,213	16,601	
Average length of lease portfolio at end of period, years	2.6	2.8	

### Financial performance, Shopping Centres

	1-6 2005	1-6 2004	
Turnover, EUR million	25.3	23.9	
Operating profit, EUR million	22.0	15.2	
Gross rental income, EUR million	24.7	23.0	
Net rental income, EUR million	18.2	16.8	
Net rental yield, %	8.3	7.6	
Net rental yield, standing investments, %	8.5	7.7	
Market value of property portfolio, EUR million	459.4	457.3	
Gross investments, EUR million	2.4	12.5	

During the period, the Shopping Centres division acquired Kiinteistö Oy Karjalan Kauppakeskus in Lappeenranta for EUR 7.9 million, whereby Citycon became the main owner of retail premises of the IsoKristiina shopping centre.

Citycon also signed a contract to acquire a 75 per cent holding in the Åkersberga shopping centre in Sweden. The deal was concluded on 1 July 2005. This is Citycon's first international property investment, with the total investment amounting to approximately SEK 900-950 million (EUR 95-100 million) after completion of the expansion projects still to be launched. The Åkersberga investment is not included in the figures for the period under review.

The period's investment decisions will both contribute to Citycon's growth strategy in Finland and its target to actively develop international business.

### Supermarkets and Shops Division

#### Supermarkets and Shops Division's Key Figures

#### Lease Portfolio Summary

	1-6 2005	1-6 2004	
Number of leases started during the period, total	29	45	
Total area of leases started, m <sup>2</sup>	14,682	17,702	
Average length of lease portfolio at end of period, years	4.6	4.4	

### Financial performance, Supermarkets & Shops

	1-6 2005	1-6 2004	
Turnover, EUR million	17.2	18.3	
Operating profit, EUR million	16.2	12.5	
Gross rental income, EUR million	17.1	18.3	
Net rental income, EUR million	12.4	13.8	
Net rental yield, %	9.3	10.2	
Net rental yield, standing investments, %	9.4	10.4	
Market value of property portfolio, EUR million	295.3	280.4	
Gross investments, EUR million	3.5	0.2	

The Supermarkets and Shops division decided to construct a new shopping centre in Hervanta, Tampere, with the total investment estimated to amount to EUR 25.3 million, and net yield, after completion of the shopping centre, to over 8 per cent. The estimated deadline for completion of the extension project is spring 2007.

During the period, the Supermarkets and Shops division sold three investment properties for EUR 3.8 million, gaining a sales profit of EUR 0.5 million.

### Property Development Division

The Property Development division's mission is to contribute to realising the corporate strategy by developing and extending Citycon's existing and new retail sites, alongside the other divisions.

The division's key figures are not reported separately because it does not have property portfolio or rental income. The division's most significant project in the period was the development of the new Hervanta shopping centre, in Tampere.

### Turnover and Profit

The turnover for the period was EUR 42.5 million (EUR 42.2 million). Gross rental income accounted for 98.2 per cent (97.9 %) of turnover. Operating profit rose to EUR 35.6 million (EUR 27.5 million).

Profit before taxes was EUR 17.2 million (EUR 14.6 million), and profit after taxes was EUR 12.4 million (EUR 14.6 million). Profit after taxes in the corresponding period included a one-time deferred tax receivable of EUR 2.6 million related mainly to the acquisition of Torikeskus in Seinäjoki, which was booked in income taxes. The profit includes EUR 0.5 million in capital gains from investment properties as well as other one-time income and EUR 5.7 million of one-time costs due to premature repayment of the 1/1999 capital loan.

The effect of changes in fair value of the property portfolio were EUR 7.8 million in the period under review.

### Balance Sheet and Financing

The period-end balance sheet total was EUR 798.2 million (EUR 747.2 million), of which cash and cash equivalents were EUR 35.5 million (EUR 4.3 million). The Group's financial position remained good.

The Group's period-end liabilities totalled EUR 580.0 million (EUR 544.6 million). Interest-bearing liabilities increased by EUR 46.5 million to EUR 536.9 million (EUR 517.7 million), and short-term liabilities accounted for EUR 39.3 million (EUR 34.3 million) of interest-bearing liabilities. The average interest rate for interest-bearing liabilities was 5.1 per cent (5.2 %) excluding one-time financing cost of capital loan prepayment; the average loan period, weighted according to the principals of the loans, was 3.2 years (4.1 years); and the average interest-rate fixing period was 3.1 years (3.9 years).

The Group's equity ratio was 27.4 per cent (27.1 %). The interest coverage ratio, i.e. the previous twelve months' profit before interest expenses, taxes and depreciation relative to net financial expenses, was 2.2. Period-end gearing was 229.8 per cent (253.4 %). Citycon's interest-bearing liabilities at period end included 86.9 per cent (86.5%) of floating rate loans, of which 72.7 per cent (77.6 %) has been converted to a fixed rate by means of interest rate swaps. The overall hedging rate of the loan portfolio was 54.1 per cent.

On 30 June, the par value of interest rate swaps was EUR 337.9 million (EUR 340.8 million) while the market value of derivatives was EUR -24.1 million (EUR -11.1 million). Net financial expenses increased by EUR 5.4 million to EUR 18.3 million (EUR 12.9 million) including EUR 5.7 million one-time costs.

### Capital Loan Arrangements

Citycon Oyj repaid its capital loan I/1999 prematurely on 30 June 2005 according to the terms and conditions of the loan. On 30 June 1999 Citycon issued a EUR 68,452,486 capital loan to institutional investors. The loan was originally due to mature on 30 June 2009. The premature repayment resulted in a one-time cost of approximately EUR 5.7 million, charged fully in the result of the period under review.

On 17 June 2005 Citycon Oyj issued a new 5-year capital loan, 1/2005, for the amount of EUR 70 million with a fixed annual nominal interest rate of 4.70 per cent. The issue price of the loan was 99.956 per cent of the nominal loan amount, and its maturity date is 17 June 2010.

As a consequence of the premature repayment of the 1/1999 capital loan and issue of the new 1/2005 capital loan, the net savings in Citycon Oyj's financing expenses will, after taking into account the one-time cost, be approximately EUR 1.5 million over the next four years.

## Personnel

At the end of the period, Citycon Group had a total of 46 (41) employees.

## Share Capital and Shares

### Share Capital

The company's share capital at the beginning of the year was EUR 156,655,833.30 and the total number of shares was 116,041,358. During the period, the company's share capital was increased in February and April using the warrants under Citycon's 1999 option scheme, and reduced in April when the Annual General Meeting decided to cancel the Citycon shares held by the company. The attached table shows the changes in share capital in more detail.

#### Changes in share capital from 1 January to 30 June 2005.

Date	Reason	Change in EUR	Share Capital in EUR	Shares, .
1.1.2005			156,655,833.30	116,041,358
3.2.2005	Increase (warrants)	124,200	156,780,033.30	116,133,358
6.4.2005	Decrease (cancellation of Citycon shares held by the company)	5,229,900	151,550,133.30	112,259,358
29.4.2005	Increase (warrants)	49,950	151,600,083.30	112,296,358
30.6.2005			151,600,083.30	112,296,358

At the end of June, the company's registered share capital was EUR 151,600,083.30 and the total number of shares 112,296,358. The par value of a share is EUR 1.35 and each share entitles to one vote.

### Traded Volume and Price

In January-June, the total number of Citycon shares traded on the Helsinki Stock Exchange was 21.9 million, with a total value of EUR 58.3 million. The highest price quoted during the period was EUR 3.09, and the lowest EUR 2.40. The weighted average price for the period was EUR 2.66, and the closing price on the last day of the period was EUR 3.05. The company's market capitalisation at the end of the period was EUR 342.5 million (EUR 207.9 million).

### Shareholders

At the end of the period, Citycon had 1,228 registered shareholders. Nominee-registered shareholders, mostly international investors, held 102.0 million shares, which is 90.9 per cent of the number of shares and voting rights.

### Treasury Shares

At the end of the period under review, Citycon Oyj held no treasury shares due to the decision made by the 2005 AGM to reduce the company's share capital by cancelling the 3,874,000 Citycon shares held by the company. The Board of Directors is not authorised to buy back company shares.

### Shares Held by the Board of Directors and Management

The members of Citycon Oyj's Board of Directors held a total of 91,173 shares on 30 June 2005, which was 0.08 per cent of the company's total shares and voting rights. Citycon's CEO held 100,000 shares and other members of the Corporate Management Committee a total of 3,000 shares.

## Annual General Meeting

The company's Annual General Meeting held on 5 April 2005 in Helsinki adopted the financial statements of Citycon Oyj and the Citycon Group for 2004 and released the Board of Directors and the CEO from personal liability. The AGM decided that a per-share dividend of EUR 0.14 be paid for 2004. The dividends were paid on 15 April 2005.

The number of Board members remained at eight, and the following persons were re-elected for a one-year term: Stig-Erik Bergström, Amir Gal, Raimo Korpinen, Tuomo Lähdesmäki, Carl G. Nordman, Claes Ottosson and Dor (Dori) Segal. Thomas (Thom) Wernink was elected as a new member. Stig-Erik Bergström continues as the Chairman of the Board, and Thom Wernink was elected Deputy Chairman.

Authorised public accountants Tuija Korpelainen and Mikael Holmström were elected as the company's auditors for the financial year 2005, and the firm of authorised public accountants Ernst & Young Oy as the deputy auditor.

Moreover, the AGM approved Board proposals for amending the Articles of Association, reducing the share capital, selling of shares in the joint book-entry accounts, and granting authorisation to the Board to decide on a share capital increase. For further details on AGM decisions, please refer to Citycon's Interim Report for 1 January – 31 March 2005 and the company's website at [www.citycon.fi](http://www.citycon.fi).

## Authorisations for the Board of Directors

The AGM authorised the Board to decide by 5 April 2006 on an issue of one or several convertible bonds, the issuing of stock options, and an increase in the company's share capital through one or several share issues in such a way that the total increase of the company's share capital from these issues does not exceed EUR 31,356,004.50 and that a maximum of 23,226,670 new shares with a nominal value of EUR 1.35 each may be issued. This authorisation includes the right to deviate from the shareholders' pre-emptive subscription right.

## Stock Options

Citycon has two option schemes in force, the 1999 A/B/C scheme and the 2004 A/B/C scheme. The warrants related to the 1999 option scheme are listed on the Helsinki Stock Exchange.

At the end of 2004, 92,000 new Citycon Oyj shares with a nominal value of EUR 1.35 each were subscribed on the basis of Citycon's 1999 option scheme at a subscription price of EUR 1.54 per share. In April–June 2005, a total of 37,000 new shares were subscribed at the subscription price of EUR 1.40. Consequent to these subscriptions, the company's share capital increased in February by EUR 124,000 and in April by EUR 49,950.

By the end of June, a total of 1,135,000 2004A stock options had been distributed to Citycon Group's employees, while the remaining 2,765,000 (2004A/B/C) stock options were granted to Veniamo-Invest Oy, a subsidiary of Citycon Oyj, to be further distributed to the present staff of the Group or future recruits.

For more details about Citycon's option schemes, please refer to the 2004 Annual Report and the company's website at [www.citycon.fi](http://www.citycon.fi).

## Events after the End of the Reporting Period

On 1 July 2005, the Swedish company Armada Exploaterings AB, owner of the Åkersberga shopping centre in the municipality of Österåker north-east of Stockholm, became a subsidiary of with Citycon Group. Citycon purchased 75 per cent of the company's share capital for the debt-free price of SEK 49.9 million (EUR 5.4 million). The entire shopping centre's property portfolio value totals approximately SEK 440 million (EUR 47.7 million) with a net yield of approximately 8.0 per cent at the time of acquisition. After the development project, which is scheduled for completion by 2009, the net yield of the property is estimated to total around 9.0 per cent. Citycon's total investment will amount to SEK 900–950 million (EUR 95–100 million). To finance the project, Citycon took a loan of SEK 280 million (EUR 29.7 million) for a 5-year period, arranged by Danske Bank A/S, Helsinki.

## Subscription of Shares Using Warrants

After the reporting period, 464,330 shares were subscribed based on the option rights 1999 A/B/C at a subscription price of EUR 1.40 per share. The corresponding EUR 626,845.50 increase in the share capital is estimated to be entered in the Trade Register on 21 July 2005.

Following the increase, the registered share capital of Citycon Oyj is EUR 152,226,928.80 and the total number of shares is 112,760,686. The new shares will be traded publicly on the Helsinki Stock Exchange's Main List together with the old shares approximately as of 22 July 2005.

The unexercised stock options based on Citycon's 1999 A/B/C stock option scheme entitle their holders to subscribe a total of 4,643,170 new shares, corresponding to a further increase of EUR 6,268,279.50 in share capital. The share subscription period will expire on 30 September 2007.

## **Future Outlook**

Citycon forecasts that demand, occupancy rates and rents for its retail premises will continue to remain stable in the Helsinki Metropolitan Area and Finland's major cities. In this increasingly competitive environment the company is looking for opportunities to expand its business in Finland, the Baltic countries and Scandinavia.

Citycon's turnover and profit for 2005 are estimated to exceed year 2004 level.

### Consolidated income statement

EUR million	4-6 2005	4-6 2004	1-6 2005	%	1-6 2004	%	1-12 2004
Turnover	21.3	21.2	42.5	100.0	42.2	100.0	84.7
Other income	0.2	0.0	0.2	0.4	0.0		0.7
Profit on sale of investment property	0.0	0.0	0.3	0.8	0.0		0.1
Change in value of investment property	7.8	0.0	7.8	18.3	0.0		-5.0
Expenses							
Depreciation and impairments	0.1	0.0	0.1	0.3	0.0		0.2
Other expenses	7.8	7.6	15.1	35.5	14.7	34.8	27.8
Operating profit	21.3	13.6	35.6	83.6	27.5	65.1	52.6
Net financial expenses	11.9	6.4	18.3	43.1	12.9	30.5	26.1
Profit before taxes	9.4	7.2	17.2	40.5	14.6	34.6	26.5
Taxes	-2.6	-0.9	-4.9	-11.4	0.0	0.1	-3.8
Profit	6.8	6.3	12.4	29.1	14.6	34.7	22.7
Earnings per share, EUR	0.06	0.06	0.11		0.14		0.22
Earnings per share, diluted, EUR	0.06	0.06	0.11		0.14		0.22

### Consolidated balance sheet

EUR million	30 June 2005	30 June 2004	31 Dec. 2004
Assets			
Non-current assets			
Intangible assets	0.3	0.4	0.5
Tangible assets	2.5	1.1	1.7
Investment properties	754.7	737.5	738.7
Investments	0.0	1.2	0.0
Deferred tax assets			
Non-current assets, total	757.5	740.3	740.8
Current assets			
Short-term receivables	5.2	2.7	4.2
Cash and cash equivalents	35.5	4.3	7.9
Current assets, total	40.7	7.0	12.2
Assets, total	798.2	747.2	753.0
Liabilities and shareholders' equity			
Equity attributable to equity holders of the parent			
Share capital	151.6	142.8	156.8
Share premium fund	40.2	28.3	35.0
Treasury shares		-4.7	-4.7
Fair value reserve	-17.8	-7.6	-13.3

Other funds	6.6	6.6	6.6
Retained profits	25.3	22.8	22.9
Profit	12.4	14.6	22.7
Shareholders' equity, total	218.2	202.8	226.0
<b>Liabilities</b>			
Long-term liabilities	534.5	505.5	493.5
Deferred tax liabilities	6.2	4.8	3.0
Long-term liabilities, total	540.7	510.3	496.6
Short-term liabilities	39.3	34.3	30.5
Liabilities, total	580.0	544.6	527.0
<b>Liabilities and shareholders' equity, total</b>			
	798.2	747.2	753.0

#### Statement of changes in shareholders' equity

Attributable to equity holders of the parent						
EUR million	Share capital	Share premium fund and other reserves	Fair value reserve	Treasury shares	Retained profits	Total equity
<b>Shareholders' equity</b>						
1 Jan. 2004	142.8	34.8	-7.7	-4.7	37.1	202.4
Cash flow hedges			0.1			0.1
Profit					14.6	14.6
Total recognised income and expense			0.1		14.6	14.7
Dividends					-14.3	-14.3
Shareholders' equity 30 June 2004	142.8	34.8	-7.6	-4.7	37.5	202.8
<b>Shareholders' equity</b>						
1 Jan. 2005	156.8	41.5	-13.3	-4.7	45.6	226.0
Change in share capital	-5.2	5.2		4.7	-4.7	0.0
Cash flow hedges			-4.5			-4.5
Profit					12.4	12.4
Total recognised income and expense			-4.5		12.4	7.9
Dividends					-15.7	-15.7
Shareholders' equity 30 June 2005	151.6	46.8	-17.8	0.0	37.6	218.2

## Cash flow statement

EUR million	1-6 2005	1-6 2004	1-12 2004
<b>Operating activities</b>			
Profit before taxes	17.2	14.6	26.5
Adjustments:			
Profit on sale of investment property	-0.3	0.0	-0.1
Change in value of investment property	-7.8	0.0	5.0
Depreciation and impairments	0.1	0.1	0.1
Financial income and expenses	18.3	12.9	26.1
Other adjustments	-0.7	0.8	0.2
Cash flow before change in working capital	26.9	28.3	57.7
Change in working capital	1.9	0.4	-0.2
Cash flow from operating activities before financial items and taxes	28.8	28.7	57.5
Interest paid and payments for other financial expenses of operating activities	-20.4	-15.6	-28.0
Dividend and interest received from business operations	0.2	0.4	0.8
Taxes paid	-2.8	-2.3	-4.2
Cash flow from operating activities	5.8	11.2	26.1
<b>Investing activities</b>			
Investments in tangible and intangible assets	-1.6	-6.2	-10.8
Shares in subsidiaries purchased	-9.8	-7.6	-8.8
Shares in subsidiaries sold	0.0	0.7	0.8
Shares in associated companies sold	2.8	0.0	0.0
Other investments sold	1.0	0.0	0.1
Cash flow from investing activities	-7.7	-13.1	-18.7
<b>Financial activities</b>			
Share issue	0.0	0.0	20.8
Fund payments from minority interest	0.0	0.0	0.1
Withdrawals of short-term loans	13.0	8.1	18.2
Repayments of short-term loans	-2.0	0.0	-18.1
Withdrawals of long-term loans	169.7	4.9	414.9
Repayments of long-term loans	-135.5	-7.3	-435.7
Dividend paid and other distribution of profit	-15.7	-14.3	-14.3
Cash flow from financial activities	29.5	-8.6	-14.1
Increase in cash and cash equivalents	27.6	-10.4	-6.7
Cash and cash equivalents at the beginning of period	7.9	14.7	14.7
Cash and cash equivalents at the end of period	35.5	4.3	7.9

## Segment reporting

EUR million	4-6 2005	4-6 2004	1-6 2005	1-6 2004	1-12 2004
<b>Turnover</b>					
Shopping Centres	12.6	12.1	25.3	23.9	48.4
Supermarkets and Shops	8.7	9.1	17.2	18.3	36.3
Others	0.0	0.0	0.0	0.0	0.0
Total	21.3	21.2	42.5	42.2	84.7
<b>Operating profit</b>					
Shopping Centres	12.9	6.4	22.0	15.2	18.8
Supermarkets and Shops	9.5	6.1	16.2	12.5	37.5
Others	-1.0	1.0	-2.6	-0.2	-3.7
Total	21.3	13.6	35.6	27.5	52.6

## Key financial figures

	1-6 2005	1-6 2004	1-12 2004
Earnings per share, EUR	0.11	0.14	0.22
Earnings per share, diluted, EUR	0.11	0.14	0.22
Equity per share, EUR	1.94	1.99	2.01
Return on equity (ROE), %	11.0	14.8	11.0
Return on investment (ROI), %	9.7	7.7	7.3
Equity ratio, %	27.4	27.1	29.6

## Consolidated contingent liabilities

EUR million	30 June 2005	30 June 2004	31 Dec. 2004
Mortgages on land and buildings	2.4	362.3	2.4
Group company shares pledged	0.0	76.9	0.0
Other pledged shares	0.0	76.8	0.0
Other pledges given	0.0	0.6	0.0

## Group's derivatives

EUR million	Par values	30 June 2005		30 June 2004		31 Dec. 2004	
		Fair values	Par values	Fair values	Par values	Fair values	
<b>Interest-rate derivatives</b>							
<b>Interest-rate swaps</b>							
Maturing in 2007	78.2	-1.5	78.2	0.6	78.2	-0.5	
Maturing in 2008	50.0	-2.9	50.0	-1.3	50.0	-2.2	
Maturing in 2009	126.7	-10.1	129.6	-5.0	128.2	-7.9	
Maturing in 2010	83.0	-9.6	83.0	-5.5	83.0	-7.9	
Total	337.9	-24.1	340.8	-11.1	339.4	-18.5	
<b>Interest-rate options</b>							
<b>Interest-rate caps purchased</b>							
Maturing in 2004	0.0	0.0	53.8	0.0	0.0	0.0	
Total	0.0	0.0	53.8	0.0	0.0	0.0	

The fair values for derivatives describe their value if all agreements had been closed at the market price of the end of period. Derivatives have been used for hedging the loan portfolio.

The accrued interest for the period included in the derivatives' fair values, being EUR 0.6 million (EUR 0.8 million) has been booked in interest expenses.

#### Summary of effects of IFRS on profit

EUR million	4-6 2004	1-6 2004	1-12 2004
<b>Profit FAS</b>	4.3	8.4	17.4
Change in valuation of investment property	1.3	3.0	2.4
Change in deferred tax assets and liabilities	0.7	3.3	3.1
Change in values of interest rate derivatives	0.0	0.0	-0.2
Changes total	2.0	6.3	5.3
<b>Profit IFRS</b>	6.3	14.6	22.7

#### Summary of effects of IFRS on shareholders' equity

EUR million	1 Jan. 2004	30 June 2004	31 Dec. 2004
<b>Shareholders' equity FAS</b>	278.0	272.1	302.0
Change in valuation of investment properties	16.2	19.2	18.6
Change in values of interest rate derivatives	-10.9	-10.5	-18.3
Reclassification of treasury shares	-4.7	-4.7	-4.7
Reclassification of capital loan	-68.5	-68.5	-68.5
Change in deferred tax assets and liabilities	-7.7	-4.8	-3.0
Other changes	0.0	-0.1	-0.2
Changes total	-75.6	-69.3	-76.0
<b>Shareholders' equity IFRS</b>	202.4	202.8	226.0

The figures are unaudited

### Accounting Principles

The accounting principles applied in the annual financial statements as of 31 December 2004 are applied in these financial statements.

### Financial Information in 2005

Citycon will publish its Interim Report for 1 January - 30 September 2005 on 18 October 2005 at 12.00 noon.

Financial results for 1 January - 31 December 2005 will be published on 9 February 2006 at 12.00 noon.

Further information for investors is available on Citycon's website, [www.citycon.fi](http://www.citycon.fi).

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[www.citycon.fi](http://www.citycon.fi)

**Report on the general review of Citycon Oyj's interim report for the period 1 January - 30 June 2005**

We have generally reviewed the interim report of Citycon Oyj for the period 1 January - 30 June 2005. The Board of Directors and the Managing Director have prepared an interim report in accordance with the Securities Market Act, chapter 2, paragraph 5. Based on our interim review we express at the request of the Board of Directors a report in accordance with the Securities Market Act, chapter 2, paragraph 5.

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

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

Helsinki, 20 July 2005

Tuija Korpelainen  
Authorized Public Accountant

Mikael Holmström  
Authorized Public Accountant