

CITYCON OYJ STOCK EXCHANGE BULLETIN, 27 FEBRUARY 2003 AT 11.00AM

CITYCON'S FINANCIAL STATEMENTS FOR 1 JANUARY TO 31 DECEMBER 2002

Continued earnings progress for Citycon

- The result for the year under review before exceptional items and taxes rose by 8.7 per cent to EUR 19.2 million (EUR 17.6m).

Turnover was up by 2.2 per cent to EUR 79.4 million (EUR 77.7m).

- Operating profit was down by 2.2 per cent to EUR 43.9 million (EUR 44.9m).

- Earnings per share were EUR 0.14 (EUR 0.12).

- Payment of a dividend of EUR 0.09 per share (EUR 0.08 per share) is being recommended for all shares outside the company's ownership. The dividend corresponds to 66.5 per cent of earnings.

- Market development was encouraging for Citycon. Demand for and occupancy rates of retail premises remained healthy.

KEY FIGURES

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

TURNOVER AND BUSINESS ENVIRONMENT

Citycon's turnover principally consists of the rental income from its retail properties. During 2002 the company's turnover rose to EUR 79.4 million (EUR 77.7m), of which gross rental income accounted for EUR 73.7 million (EUR 71.3m). Shopping centres and

the 15 largest supermarkets account for 75 per cent of the income from Citycon's operations. Other turnover consists mostly of proceeds from the divestment of properties. In 2002, Citycon made gains of EUR 0.4 million (EUR 1.7m) on the divestment of property assets.

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

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

CLIENTS AND RENTAL AGREEMENTS

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

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

NET RENTAL INCOME AND OPERATING PROFIT

During 2002, net rental income from Citycon's property assets totalled EUR 56.2 million (EUR 54.5m), of which 49.3 per cent was generated by Shopping Centres and 50.7 per cent by Supermarkets & Shops. Calculated in accordance with the recommendations of the Institute for Real Estate Economics (KTI) net rental income from the entire property stock were 8.6 per cent (8.3%). Shopping Centres generated a total net return of 8.2 per cent (7.6%) and Supermarkets & Shops 9.1 per cent (9.0%). The economic occupancy rate of Citycon's retail premises was 98 per cent.

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

BUSINESS DEVELOPMENT PROJECTS

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

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

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

IMPACT ON CITYCON OF THE EVENT AT THE MYYRMANNI SHOPPING CENTRE

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

PROPERTY ACQUISITIONS AND DIVESTMENTS

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

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

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

BALANCE SHEET AND FINANCES

At year-end 2002, Citycon owned 152 properties, which had a total book value of EUR 649.2 million (EUR 660.4m). The market value of the properties was EUR 650.1m (EUR 666.6m). The balance sheet total at 31 December 2002 was EUR 746.3 million (EUR 748.9m), of which liquid cash assets amounted to EUR 11.7 million (EUR 5.8m), or 1.6 per cent of the balance sheet total.

Creditors at the consolidated balance sheet date totalled EUR 383.3 million (EUR 392.5m). Interest bearing debt amounted to EUR 440.5 million (EUR 451.5m) and zero interest-rated debt was EUR 68.5 million (EUR 68.5m). The average interest rate on debt was 5.3 per cent (5.8%) a year. The average borrowing period was approximately 4.9 (5.8) years and the average interest-rate fixing period was 4.1 years (5.0). Group equity ratio stood at 39.1 per cent (38.2%) and 48.4 per cent (47.3%) with the capital loan included in core capital.

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

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

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

EMPLOYEES AND SALARIES

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

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

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

EVENTS TAKING PLACE AFTER 31 DECEMBER 2002

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

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

SHARE PERFORMANCE

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

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

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

During 2002, the HEX All Share Index fell by 34.4 per cent (31 December 2002) and the Portfolio Index by 16.7 per cent. However, the index reflecting the share prices of listed property investment companies rose by 5.3 per cent during 2002.

Citycon's ownership structure remained almost unchanged. Citycon had 1,123 shareholders at 31 December 2002. At year-end 2002, the ten largest shareholders owned a total of 82.4 per cent of Citycon's shares and votes. The largest shareholders were Nordea Bank Finland Plc, Kesko Corporation including its subsidiaries and associated companies, Sampo Life Insurance Company Ltd and Etra-Invest Oy, with a total of 78.0 per cent of the company's shares and votes. At 31 December 2002, members of Citycon's Board of Directors owned 108,257 shares, corresponding to 1.0 per cent of the total shares and votes. Citycon's CEO and Corporate Management Committee had no interests in the company's shares.

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

AUTHORISATIONS

Meeting on 26 March 2002, Citycon's Annual General Meeting authorised the Board of Directors to decide whether to increase the share capital by €28,464,893.10 through one or more rights issues offering a maximum aggregate of 21,085,106 shares. Furthermore, the Annual General Meeting authorised the Board of Directors to decide on the purchase or conveyance of a maximum of 14,124,892 of the Company's own shares having a nominal value of €1.35 during the validity of this authorisation. At the end of 2002 none these authorisations had been exercised. The authorisations are valid until 20 March 2003.

BOARD OF DIRECTORS AND AUDITORS

Stig-Erik Bergström DSc (Econ & Bus Admin), Heikki Hyppönen MSc (Econ & Bus Admin), Juhani Järvi MSc (Econ & Bus Admin), Jorma

Lehtonen MSc (Eng), Carl G. Nordman Counsellor of Industry (Hon) and Juha Olkinuora MSc (Eng) were appointed to Citycon's Board of Directors on 26 March 2002. Stig-Erik Bergström was elected as Chairman and Jorma Lehtonen as Deputy Chairman of the Board of Directors.

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

BOARD OF DIRECTORS' DIVIDEND RECOMMENDATION

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

FUTURE OUTLOOK

The demand for, occupancy rates and rent levels of retail premises are expected to remain healthy in the Helsinki region and in Finland's largest cities. There is still adequate demand for good retail premises since consumers' have strong confidence in their own finances and private consumption is rising. The encouraging trend in the retail trade is constantly creating a need for new premises and in turn bolstering demand for retail premises. Despite new construction, the scant supply of retail premises continues to sustain demand.

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

Citycon Oyj
Board of Directors

Further information is available from:
CEO Mr Petri Olkinuora, tel +358 680 36738 or +358 400 333 256
petri.olkinuora@citycon.fi

Distribution:
Helsinki Exchanges
Main media

FINANCIAL STATEMENTS

EUR 1000

Jan-Dec 2002

Jan-Dec 2001

CONSOLIDATED INCOME STATEMENT

Turnover	79,398	77,716
Other income	287	105
Operating profit	43,895	44,895
Financial charges (net)	-24,715	-27,252
Profit before exceptional items and taxes	19,180	17,643
Profit for the financial year	13,801	12,595

CONSOLIDATED BALANCE SHEET

Assets

Fixed assets

Intangible assets	4,036	5,494
Tangible assets	625,508	616,548
Financial assets	97,710	112,987
Own shares	4,261	3,951
Fixed assets, total	731,515	738,980

Current assets

Debtors	3,088	4,177
Cash in hand and at bank	11,730	5,770
Current assets, total	14,818	9,948
Assets, total	746,333	748,928

Shareholders' equity and liabilities

Subscribed capital	204,045	198,086
Capital loan	68,452	68,452
Minority interests	90,521	89,918

Creditors	383,315	392,471
Long-term	371,769	354,873
Short-term	11,545	37,598
Shareholders' equity and liabilities, total	746,333	748,928

Gross fixed asset balance

sheet investments	5,854	20,368
as % of turnover	7,4	26,2

Planned depreciation and

value adjustments	7,620	6,792
Employees, average	33	26

FINANCIAL INDICATORS

EPS, EUR	0.14	0.12
Equity per share, EUR	1.96	1.91
Equity ratio %	39.1	38.2
Equity ratio % (capital loan treated as core capital)	48.4	47.3

CONSOLIDATED CONTINGENT LIABILITIES

Shares pledged (book value)	95,506	111,614
Shares in subsidiaries		441,000
Other pledges given	633	1,663
Mortgages on land and buildings	323,440	15,147
Interest-rate swaps 1999 (5-year fixed interest) nominal value of underlying instrument	-	50,000
market value of underlying instrument	-	447
Interest-rate swaps 1999 (10-year fixed interest) nominal value of underlying instrument	-	66,000
market value of underlying instrument	-	430
Interest rate swaps 1999 (11-year fixed interest) nominal value of underlying instrument	-	82,412
market value of underlying instrument	-	-231
Interest rate swaps 2002 (2-year fixed interest) nominal value of underlying instrument	50,000	-
market value of underlying instrument	1,491	-

Interest rate swaps 2002 (7-year fixed interest)		
nominal value of underlying instrument	66,000	-
market value of underlying instrument	5,111	-
Interest rate swaps 2002 (8-year fixed interest)		
nominal value of underlying instrument	83,000	-
market value of underlying instrument	5,418	-
Interest rate option 1998 and 1999 (5-year interest cap)		
nominal value of underlying instrument	-	132,512
market value of underlying instrument	-	- 195
Interest rate option 2002 (5-year interest cap)		
nominal value of underlying instrument	78,712	-
market value of underlying instrument	0	-
Interest rate option 2002 (2-year interest cap)		
nominal value of underlying instrument	53,800	-
market value of underlying instrument	1	-

As a result of the loan facility signed in November, Citycon rearranged hedging accordingly. Derivatives have been valued using market prices at the balance sheet date. Calculations comply with the Finnish Financial Supervision Authority's regulations governing credit institutions on the evaluation of derivative trades in financial statements.

The company uses derivatives solely to reduce or eliminate risks in the balance sheet.

OWN SHARES

25 November 1999-31 December 2002

Number of shares, 1000 3,874

Total nominal value	5,212
Percentage of share capital	3.7
Percentage of votes	3.7
Consideration paid	4,676

Own shares have been valued at the closing price on 31 December 2002. This is lower than the acquisition price.

The taxes correspond to the taxes on earnings during the period under review.