Valuation Statement

31 March 2010

creating success for retailing

1. APPRAISAL METHOD

Realia Management Oy has made a valuation of Citycon's property portfolio as at 31st of March 2010. The valuation was carried out as a cash flow analysis of the net operating income for a period of 10 years. For undeveloped plots, and for properties subject to significant town plan alterations, market values for the relevant assets are determined by the value of building right in the existing town plan.

The properties have been inspected by Realia Management Oy originally during 2007. Re inspection of properties is carried out as needed, giving emphasising to the most important assets, such as newly acquired properties and development projects. Other properties are selected at random for inspection. During the first quarter of 2010, the following assets were re-inspected: Iso Omena, Lippulaiva, Columbus, Myyrmanni, Myllypuro centre, Otaniemi, Sampokeskus, Torikeskus, Lillinkulma, Kaarina centre, Länsikeskus, Espootori, Espoon Louhenkulma, Heikintori, Soukan Itäinen Torni and Tapiolan Hakarinne.

1.1 Cash Flow Calculation Method

The year-on-year cash flow was calculated on Citycon's existing leases, upon the expiry of which, the contract rent has been replaced with Realia Management Oy's view of the market rent. Potential Gross Rental Income (PGI) equals leased space with respect to contract rents and vacant space with respect to market rents. Deducting both the market rent for the idle time between the expired contract and assumed new contract, and the assumed general vacancy level, results in the Effective Gross Rental Income. Effective Gross Rental Income less operating expenses (incl. repairs and tenant improvements) equals the Net Operating Income (NOI). NOI less any investment type of repairs (CAPEX) equals the bottom level cash flow that has been discounted (IRR) to reach the present value of the income stream.

The exit value at the end of the valuation period was calculated by capitalising the 11th year cash flow (base year) with an exit yield. The total value of the property was calculated as the sum of the yearly discounted net income stream, the discounted residual value at the end of the calculation period and any other value added assets such as unused building rights or unbuilt lots.

All variables were estimated based on Realia Management's knowledge of the markets and specified market observations, such as transactions, rental levels and other observations. The collection of relevant information was done in close cooperation with Citycon's property management in order to obtain an extensive set of data, where Realia Management used its objective veto on the data provided.

1.2 Market Analysis

Global / Europe

The general market outlook has remained unchanged during the first quarter of 2010. The first uneasy steps towards an economic recovery have essentially been taken and while the fear of a double dip recession appears to have subsided, it has been replaced by a concern for long-run market lethargy. The European economy as a whole is set to face a prolonged period of near-zero growth or, at best, a period of modest growth lacking the bullish sentiments observed before the financial crisis.

The return to robust growth in the world economy is now largely dependent on increasing economic activity in the US and increased demand in Asia. However, for Europe, instability, budget deficits and mounting debt in many of the EU countries, of which Greece has been widely discussed of late, remain a serious risk on the road to recovery. The ECB has kept its benchmark rate at the record low level of 1.0%, where it is expected to remain during the first half of 2010 due to weak economic fundamentals. Some of the most drastic actions taken by the ECB, such as considerable liquidity injections, have not yet been met by a backlash in the form of excessive inflation. The ECB, however, is likely to refrain from further emergency measures for fear of creating speculative bubbles e.g. in the property and commodity markets, although the precarious debt situation of some of the sovereign EU nations may warrant future intervention.

Finland

Finland's economy is widely expected to return to a growth trend by the end of 2010. However, the economic growth in the coming years is expected to be moderate and far from the strong expansion experienced before the recession took hold. According to Statistics Finland, the Finnish economy was still contracting in January 2010. The change was 0.3 percent month-on-month and 0.2 percent year-on-year. The annual harmonised inflation turned positive, 0.1 percent in February 2010.

According to Statistics Finland, consumer confidence index has recovered further in the past few months, and in March 2010 remains stronger than the long-run average. In March, the index was at 15.4 when the long-run average is 12.9.

Sweden

During the first quarter, the overall outlook for the Swedish economy has continued to improve slightly. According to the Swedish central bank, Riksbanken, inflation has gained pace over the past few months and the job markets have developed more positively than what was expected at the end of 2009. The low interest rate policy and economic stimulus packages have strengthened consumer consumption and purchasing power, while, on the other hand, the Swedish industries are still facing challenges. The low value of the Swedish Krona has helped the export industry in a recession, but in the past few months, the Krona has strengthened considerably against the Euro.

According to the revised estimates, the Swedish economy is expected to expand by 2.5 percent and annual inflation to increase to a level of 1.6 percent during 2010. The Swedish central bank has kept its benchmark rate at 0.25 percent during the first three months of 2010 and it is expected to remain at this record low level until mid-summer or beginning of Autumn 2010. A phased benchmark rate increase is likely if the Swedish economy expands as expected.

Baltics

The Baltic economies are small and export driven, which leaves them largely dependent on the recovery of Europe's larger economies, especially the most important trading partners Finland, Sweden, Germany and the UK. A return to economic recovery in the Baltic is widely expected once demand picks up in the larger economies.

The Estonian economy is in better shape of the three Baltic countries and the country is aiming to successfully meet the Maastricht criteria by 2011. The Estonian economy contracted by approximately 14 percent in 2009 and is expected to return to growth in 2010, while, in Lithuania, the economy contracted by over 15 percent and is expected to continue to contract during 2010. Of the Baltic countries, Latvia and Lithuania have large budget deficits, high unemployment rates, considerable GDP contractions and unwilling to devalue to the heavy exposure to euro loans. Were one of the currencies suddenly forced to devalue, it would have a detrimental effect on the value of foreign direct investments in the country and spread economic havoc and uncertainty around the Baltic area.

1.3 Property Market Analysis

Year 2009 has been a period of calm for the property markets when measured in property transactions volumes. Both in Finland and across the whole of Europe transaction volumes remained at their lowest levels since the start of the 21st century. Despite the increase in investor activity towards the end of the year, transaction figures for the entire 2009 remained subdued. During the final quarter of 2009, transactions were completed for approximately EUR 700 million, while for the previous three quarters transactions totalled approximately EUR 1 billion. For the whole of 2009, a transaction level of EUR 1.7 billion was attained in Finland and the transaction figure for the first quarter of 2010, with no signs of increased activity, is likely to remain at EUR 300 million.

The domestic investors have been prominent players in the property market for over a year now. Since autumn 2008 and throughout 2009 the most active commercial property purchasers by far have been domestic pension and insurance institutions. This trend is the result of tighter bank credit terms, which, in turn, has resulted in deteriorated operating environment for investors relying on borrowed capital, giving the capital-intensive institutional operators a competitive edge and a chance to improve their market positioning.

Correspondingly, small-scale local investors have been observed to raise their profile in the Finnish property market, especially outside the Helsinki Metropolitan Area. The large national and international investors have either entirely halted the purchasing of, or increased their risk premiums for properties located in the provinces, subsequently creating good investment opportunities for those well acquainted with local markets.

The strong, continuous increases in yield requirements spanning from the end of 2008 have levelled off, especially for prime properties. Nevertheless, so far no actual changes for the better have been perceived in a large scale. There is still foreign demand and capital looking for suitable property investments in the Finnish and Nordic property markets. However, these parties are, above all, looking for prime Helsinki Metropolitan Area properties that by and large have not been available. In addition, increased cross-border investor caution and the strong increases in yield requirements for investment grade properties in provincial cities have resulted in the completion of very few deals in the past year.

Eyes are fixed on the end user markets where effects of developments in the economic fundamentals are followed closely during 2010. Companies have so far compromised in their needs for premises mainly in the office sector while rental levels and occupation levels in retail premises have largely remained the same as before the recession. Spring 2010 will no doubt give an indication of how the retail space market has fared throughout the recession. It is feared that the increased unemployment will negatively affect consumer preferences and consumption, resulting in pressure on rental levels for retail premises.

1.4 Development Projects

Some development projects were valued using a special project model. This model is only used in a project accompanied by: 1) a Citycon's board decision, and 2) enough information for a reliable valuation. Such information includes e.g. an extensive project plan, several new rental agreements, future investments, etc. The appraiser makes the final decision on the use of the model.

The project model is a 10-year cash flow model, which also takes the projects' future investments and changing cash flows into consideration. It includes present cash flows up to the end of the development phase and future cash flows after the development.

The project model was used in the valuation of one property in this valuation. The property in question was the shopping centre Åkersberga Centrum in Sweden. In other assets valuation was based on the regular cash flow analysis adjusted for development projects on the property. Properties were evaluated based on the current rental situation and current allocation of premises. If considered appropriate, future development potential has been taken into account in the value of unused building right or in the form of expected cash flow increase while including necessary development costs as investment costs in the calculations.

All undeveloped plots or those under development are evaluated based on their current plan and the amount of unused building right. If there is an ongoing official plan alteration process, and the property's purpose of use and attributes are substantially changed, the altered plan can be taken into account in valuation through the value of unused building right. Prerequisite for the valuation is that the sanctioning of the plan is highly likely and that the new plan regulations are fully known. In that case, the remaining (current) rental income flow and demolition costs are also considered in the valuation.

2. RESULTS

Citycon Oyj owns 66 properties in Finland, 15 properties in Sweden, and, in the Baltic countries, two in Estonia and one in Lithuania. All in all Citycon Oyj either fully owns, or owns a share of 84 different properties. The property portfolio is very heterogeneous both in quality and in value. The body of the holding is formed by 30 shopping centre properties, although the portfolio also includes other commercial properties, occasional commercial premises, development properties and, for example, one unbuilt lot. Citycon Oyj primarily owns retail properties. Only in a few selected properties, the main use is other than retail. A large majority of the portfolio value is in shopping centres (approximately 86 percent).

The value of the total portfolio is calculated as the sum of the individual properties. A separate adjustment for the aggregate value has not been applied. In the sections below, we have presented the valuation result on an aggregate and a sub-market level. The portfolio has been further regrouped geographically based on the locations of the properties.

2.1 Total Property Portfolio

The aggregated market value of the whole portfolio has been valued at approximately EUR 2.205 billion. The aggregated value of portfolio has increased quarter-on-quarter by approximately EUR 43 million (EUR 2.162 billion in Q4 2009). The change in relative terms is approximately +2.0% overall. The positive change in value in euro terms is largely caused by exchange rate fluctuations between the Euro and the Swedish Krona. The Swedish Krona has strengthened by more than 5 percent against the Euro and this explains over two thirds of the value increase in the property portfolio. Other value increasing factors are the progression of major development projects such as Liljeholmstorget, Åkersberga Centrum and Rocca Al Mare in addition to positive development in the rental situation of some of the properties.

The weighted average yield requirement of the portfolio has remained at 6.6 percent (6.6% Q4 2009). However, the average initial yield has slightly decreased and the market rent yield has slightly increased when compared to the previous valuation round. The average initial yield has decreased due to the commencing of development projects in many of the properties, resulting in temporary vacancy periods during development phase, but also resulting in greater rental potential once the development is over.

The weighted averages in the table are weighted by the value of the property. Properties with relatively higher values will therefore have a stronger influence on the averaged figures than other properties. In the Citycon property portfolio in particular, the influence of largest properties is significant. The ten largest properties, 11 percent of the properties in the property portfolio, form over 60 percent of the entire portfolio value. Changes in these properties dominate the changes in the weighted averages. The most valuable property in the portfolio is shopping centre Iso Omena in Espoo, Finland.

2.2 Finland

The Finnish property portfolio has been valued at approximately EUR 1,440 million, essentially remaining the same as during the previous quarter (EUR 1,439 million in Q4 2009). The weighted yield requirement has remained at 6.6% (6.6% for Q4 2009). However, the initial yield has decreased considerably while on the other hand the market rent yield has increased. These changes are weighted towards the properties in Helsinki Metropolitan Area and thus explained by the development projects in Espoontori and Myyrmanni (temporary vacancy) and also partly by changes in rental situations in some cases.

Development projects were initiated in many of the Finnish properties during the beginning of the year. The largest projects are in Espoontori in Espoon Keskus, Forum in Jyväskylä and a retail property in Kirkkonummi that will be renewed completely. In addition, the old structures in Myllypuro shopping centre have been torn down and the shopping centre will be entirely rebuilt. Some minor improvement work will also be done for example to Myyrmanni in Vantaa and Trio in Lahti. In general, development projects decrease initial yield due to a vacancy period during the development phase and increase yield due to improved market rental levels and potential, but then again through decreasing value due to uncommitted investment.

2.3 Sweden

Market value of the Swedish property portfolio has been valued at EUR 603 million, a substantial increase from the previous quarter's EUR 566 million (Q4 2009). The relative change in value is approximately 6.5 percent, of which about 5.1 percentage units is explained by the change in exchange rates as the Swedish Krona strengthened considerably against the Euro. In addition, Liljeholmenstorget and Åkersberga Centrum development projects have advanced. Both are large properties and are one of the most valuable properties in the Swedish property portfolio. In smaller assets there has been some positive rental development in Fruängen Centrum and Kalhäll in the Stockholm area.

The largest property in the Swedish property portfolio is Liljeholmstorget, which was opened to public after the completion of the development project in November 2009. For valuation purposes the investments on the property have yet to fully commit in calculations, which will result in further increases in value in the future. Liljeholmstorget together with Jakobsbergs Centrum and Åkersberga Centrum form over 70 percent of the Stockholm region's portfolio value.

The properties in Gothenburg region consist mostly of properties functioning as municipal centres of the surrounding municipalities, where the local municipality and a local grocery store are typically major tenants. The average size and the effects of these properties on the property portfolio's weighted average are somewhat small. The only property in Gothenburg classified as a shopping centre is the Stenungs Torg shopping centre in Stenungsund, forming over 60 percent of the Gothenburg region's portfolio value.

2.4 The Baltic Countries

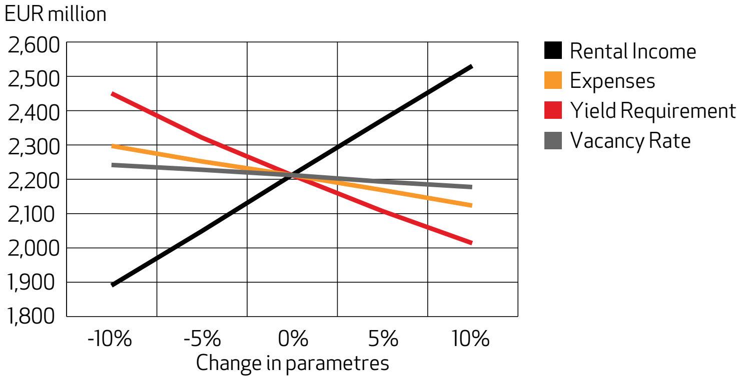
The market value of the Baltic portfolio has increased by over EUR 6 million, or 4.1 percent, when compared to the previous quarter, and is now valued at EUR 163 million (EUR 157 million for Q4 2009). The change in value is due to the committing of the last of the development costs in what is by far the biggest property in the Baltic portfolio, Rocca Al Mare. The yield requirements have been increased further and are now at 8.2 percent on average (8.1 percent for Q4 2009).

In the Baltic countries, general uncertainty over the economies remain at a higher level than in the Nordic countries. Retail sales volume has dropped considerably and this is placing pressure on the tenants' ability to pay rent. Temporary rents reductions have frequently been negotiated in the Baltic countries during the past year. Occupancy rates, however, have so far remained at a high level. The tenants' ability to pay rent has been taken into account through adjustments of cash flows for the time period between 2010 and 2012 despite the fact that thus far rent concessions have been only few months in duration at a time.

Citycon's prime property in the Baltic region is Tallinn's Rocca Al Mare Shopping centre where the third and final stage of an extensive development and extension project was completed in November 2009. Rocca Al Mare now forms over 85 percent of the value in Citycon's Baltic portfolio. Therefore, its effect on the weighted average of the Baltic portfolio is considerable.

3. SENSITIVITY ANALYSIS

The sensitivity analysis of the fair value of the portfolio was tested by creating a so-called portfolio cash flow statement based on individual cash flow calculations. Changes in fair value have then been examined by modifying key input parameters of the calculations one at a time. The parameters tested were required yield, market rent level, operational costs and vacancy rate. The current market value of the properties is used as a reference for the analysis. The analysis is performed by changing one parameter at a time while all others remain unchanged, and then calculating the corresponding market value of the total portfolio. The sensitivity analysis is a simplified model intended to facilitate understanding of the effect of different parameters on the valuation. The figure below shows the results of the analysis.



The results indicate that the market value is most sensitive to yield requirement and market rent levels. A ten percent decrease in yield requirement results in an approximately 11 percent increase in value. Correspondingly, a ten percent increase in rental income increases the value by approximately 15 percent.

The value is not particularly sensitive to changes in the levels of expenses or long-term vacancy. A ten percent increase in the expenses decreases the market value of the property portfolio by approximately four percents. It should also be noted that in retail premises, the rental income and property expenses are often linked through the changes in the rental level in the form of maintenance rent charged from tenants. The ratio is not quite one-to-one, but the correlation is still strong enough to decrease the expense risk in the valuation.

The effects of changes in the vacancy rate are not studied on a similar scale as other parameters – vacancy level is altered by 50 or 100 basis points at a time. Therefore, the relative change is larger than if adjusting by five or ten percents at a time, as is the case in other parameters. Still, the effect of changes in the vacancy level is smaller than in other parameters – a change of 100 basis points (one percentage point) in the vacancy level alters the value of the portfolio by less than two percent.

31 March 2010	Wght. Average Net Yield Requirement (%)	Wght. Average Market Rent (EUR/sq.m./month)	Wght. Average Operating Costs (EUR/sq.m./month)	Fair Market Value, EUR million
TOTAL PROPERTY PORTFOLIO				
Finland	6.6%	23.0	5.1	1,439.8
Sweden	6.4%	22.7	6.2	602.5
The Baltic Countries	8.2%	21.4	4.2	163.1
Total	**6.6%**	**22.8**	**5.3**	**2,205.4**
Finland				
Helsinki Metropolitan Area				
Shopping Centres	6.1%	26.9	6.2	656.8
Other retail properties	7.7%	15.4	3.5	123.6
HMA Total	**6.3%**	**25.2**	**5.8**	**780.4**
Other parts of Finland				
Shopping Centres	6.6%	22.8	4.8	514.4
Other retail properties	7.8%	12.3	2.5	145.0
Other total	**6.9%**	**20.5**	**4.3**	**659.4**
Sweden				
Greater Stockholm Area and Umeå				
Shopping Centres	6.2%	24.6	6.6	509.0
Other retail properties	7.0%	13.7	3.0	18.7
Total	**6.2%**	**24.2**	**6.5**	**527.7**
Greater Gothenburg Area				
Total	**7.2%**	**12.0**	**4.1**	**74.8**
The Baltic Countries				
Total	**8.2%**	**21.4**	**4.2**	**163.1**

4. VALUATION STATEMENT

We have made an assessment of the market value of Citycon Oyj's property portfolio. We have defined the value as at March 31st, 2010. The valuation was primarily carried out as a cash flow analysis. Based on the provided information, we have evaluated the overall debt-free market value of the portfolio at approximately EUR 2,205,400,000 (two billion two hundred five million four hundred thousand euro).

Helsinki 12.4.2010

Antti Hänninen
Valuer

Seppo Koponen
Director
Authorised Real Estate Valuer
(AKA)