Valuation Statement

CITYCON OYJ

31 DECEMBER 2020

CBRE

CONTENTS

EXECUTIVE SUMMARY

The investment portfolio being valued includes 21 properties, all 100% owned by Citycon. All assets are shopping centres, but some of the properties include additional value for unbuilt but approved residential/retail area or value related to a built residential or office component.

The portfolio is geographically divided into three countries; Denmark, Estonia and Norway. The key figures of the portfolio are presented in the table below.

31 December 2020	Number of properties	Fair Market Value, EUR million	Wght. Average Net Yield Requirement	Wght. Average Initial Yield	Wght. Average Reversionary Yield	Wght. Average Market Rent, EUR/sq.m./ month	Wght. Average Operating Costs EUR/sq.m./ month
Total Property Portfolio							
Denmark	2	115	5,9 %	5,4 %	6,4 %	20,2	2,9
Estonia	2	315	6,6 %	6,8 %	7,0 %	21,1	3,3
Norway	17	1 417	5,6 %	5,0 %	6,1 %	21,5	4,9
Total	**21**	**1 847**	**5,8 %**	**5,4 %**	**6,2 %**	**21,4**	**4,5**

The total fair value of the portfolio as at 31 December 2020 was approximately 1,847 million Euros.

CBRE

INSTRUCTIONS

Our instruction from Citycon Oyj was to carry out a fair valuation of the properties held in Citycon's investment portfolio as at 31 December 2020. The purpose of the valuation is financial reporting and performance measurement by Citycon.

Fair Value is defined by the International Accounting Standards Board (IASB) and IFRS 13 as:

"The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants on the measurement date".

The International Valuation Standard Board (IVSB) considers that the IFRS 13 definition of Fair Value is generally consistent with the concept of Market Value and therefore the reported Fair Value is effectively the same as our opinion of Market Value. We confirm that the valuations are fully compliant with IFRS standards and IVSC's valuation standards. Our opinion of Fair Value (IFRS 13) is based upon the Scope of Work and Valuation Assumptions listed below and has been primarily derived using comparable market transactions on arm's length terms.

The stated values do not include transaction costs, in accordance with normal valuation practice in the subject markets.

SCOPE OF WORK AND ASSUMPTIONS

We have valued the properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

The values reported represent 100% of the market values of the company shares owned by Citycon.

This report is for the use only of the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents. Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

The values stated in this report represent our objective opinion of Fair Value in accordance with the definition set out above as of the date of valuation. Amongst other things, this assumes that the properties had been properly marketed and that exchange of contracts took place on this date.

The Properties have been valued by valuers who are qualified for the purpose of the valuation in accordance with the RICS Valuation – Global Standards 2017.

This Valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject properties. Other valuers may reach different conclusions as to the value of the subject properties. This Valuation is for the sole purpose of providing the intended user with the Valuer's independent professional opinion of the value of the subject properties as at the valuation date.

We confirm that we have been valuing the subject portfolio since June 2017 and provided yield and market rent advice for Citycon's internal valuations in Q1 and Q3 since September 2017. There are no conflicts of interest to the valuation.

We have carried out our work based upon information supplied to us by Citycon, which we have assumed to be correct and comprehensive.

We inspected the properties internally between May 2017 – July 2020.

We have not measured the properties but have relied upon the floor areas provided to us by Citycon, which we have assumed to be correct and comprehensive.

We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the properties and which may draw attention to any contamination or the possibility of any such contamination. In the absence of information to the contrary, we have assumed that the properties are not contaminated or adversely affected by any existing or proposed environmental law.

We have not carried out any building surveys or been provided with a building survey from an external party. In the absence of information to the contrary, we have assumed that the properties are free from rot, infestation, structural or latent defect and that the services are in working order and free of defect. We have otherwise had regard to the age and apparent general condition of the Properties.

We have investigated town planning on the Council's websites. We have assumed that all buildings have been erected in accordance with or prior to planning control and have the benefit of permanent planning consents or existing use rights for their current use.

Details of title/tenure under which the Property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto.

Important Warning - The effect of Novel Coronavirus on the real estate market

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, "lockdowns" have been applied – in varying degrees – to reflect further 'waves' of COVID-19. While these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value. Accordingly – and for the avoidance of doubt – our valuation is not reported as being subject to 'material valuation uncertainty', as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

For the avoidance of doubt this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, we highlight the importance of the valuation date.

MARKET OVERVIEW

DENMARK

Economic Overview

The Danish government reacted swiftly to encounter the economic impact caused by the outbreak of Covid-19 in the spring and there is no doubt that the retail sector is facing an unprecedent disruption of commerce. Concurrently with the lockdown measures being lifted, retail sales showed modest improvements. This trend has since then diminished as more lockdown measures have been introduced in fall/winter. Furthermore, low consumer confidence indicates nervous consumers who continue to limit their spending.

According to Statistics Denmark, retail sales decreased by 3.4% from end of Q2 2020 to end of Q3 2020 when corrected for price trends, seasonal fluctuations and the effect of trading days. The product group Food and Everyday Commodities decreased with 2.3%, while the product group Clothing etc decreased in sales with 2.2%. Consequently, the negative development in Q3 sales indicate that the immediate positive effect experienced in Q2, resulting from the reopening of retail stores and shopping centres, has dampened. However, when comparing Q3 2020 with Q1 2020, where the first lockdown measures were enforced, retail sales still show a positive trend.

Retail sales of groceries and non-electrical household goods via internet have performed particular well in the last couple of years as more retail has shifted online. This trend has been further amplified during Covid-19. However, Q3 numbers reveal a correction in these high performing sectors with a decrease in sales equal to 59% and 1% respectively. On the other hand, retail sale of electronic goods via internet seems to have absorbed some of this demand with a 32% increase from Q2 to Q3 2020. DIY centres performed well in the first half of 2020, but a considerable correction has also been experienced in this sector, with a decrease in sales equal to 46% from Q2 to Q3.

Prime net shopping centre rents remained stable in Q3 2020 at DKK 5,250 per sq m p.a. Looking forward, challenges are expected. The longer this disruption of the global pandemic, the more impact on consumer confidence and purchasing power, the longer the impact on retail sales. Furthermore, Covid-19 is expected to be the ultimate trigger for already dwindling retailers and F&B to close their business, why higher vacancy on the medium / longer term is expected.

Retail Market Overview

The end of the fourth quarter of 2018 showed a change in investor sentiment. The shopping centres are experiencing challenges regarding e-commerce and in addition, as a result of weaker investment demand and confidence, market players have been withdrawing their sales from the market due to difficulties in achieving expected pricing. Additionally, the continued disruption caused by regional periodic lockdowns and prolonged social distancing measures, is expected to further accentuate the already existing pressure on brick-and-mortar retail caused by the rapid growth of e-commerce.

In the fourth quarter of 2020 Danske Shoppingcentre acquired Aalborg Storcenter, which is the largest shopping center in North Jutland. The asset is situated in Aalborg City South and has a total of 52,000 sq m split on 80 stores, including 8 restaurants. The price was not disclosed, however yield is belived to be just under 5%, please note that the buyer (Danske Shoppingcentre) is partly owned by the seller (ATP ejendomme) so the transaction is not quite on arms lengths.

Whilst investment volumes in retail increased in Q1-Q3 2020 by 37% compared to the same period last year, it was mainly on the back of DKK 1.6bn worth sale of Galleri K in Copenhagen city centre in Q1 2020. The Q3 2020 investment volume decreased by 0.6bn compared to the same period last year, corresponding a decrease of 62%, which confirms that the industry remains challenged. As of Q4 2020, the general shopping centre yields has remained stable at 5% for prime shopping centres and at 7% for good secondary shopping centres. The trend for both yields is softening, as vacancy is increasing, and retail property values are impacted as well.

ESTONIA

Economic Overview

The COVID-19 pandemic second wave did not leave Estonia untouched. According to the latest Estonian Bank and Oxford Economics forecasts, in 2020 the GDP decrease compared to 2019 could be 2.5%, while the Eurozone average is expected to decrease by 7.3%. In 2021 it is forecasted that the GDP will grow by 2.9%.

The unemployment rate had risen due to the COVID pandemic in from 4.4% in 2019 to 6% in 2020. Estonian Bank forecasts that the unemployment rate will still rise because of the second wave of the virus, and it will peak in early 2021 at a little above 10%, falling back to close to 7% by 2023.

The Estonian Bank forecasts that the economy will probably recover to its pre-crisis level in the second half of this year.

Retail Market Overview

According to Statistics Estonia in November 2020 the turnover of stores selling manufactured goods increased by 13% compared to the same period last year. The turnover increased the most, by 29%, in other specialised stores selling predominantly computers and their accessories, books, sports equipment, games, toys, etc. In stores selling via mail order or the internet, turnover rose by 27%. In stores selling household goods and appliances, hardware and building materials by 14% and in pharmacies and stores selling cosmetics by 8%. In stores selling textiles, clothing and footwear turnover decreased by 13% and in other non-specialised stores selling predominantly manufactured goods (department stores) by 6%.

Compared to November 2019, the turnover of grocery stores increased by 2%. The turnover of enterprises engaged in the retail sale of automotive fuel fell by 3%.

In Tallinn, shopping centre rents in Q4 2020 have gone down a bit. The prime rent prices are now 46 EUR/sqm.

Currently the Estonian remains prime retail yield is 7.0%, compared to 7.25% in Latvia and 7.0% in Lithuania. In the second half of 2020, the Estonian market was absent from shopping mall investment transactions.

Porto-Franco - a multi-functional development is expected to be delivered in Tallinn in 2021 and add 32,000 sqm of retail space. But since it has been mixed to a corruption scandal, it could be that it will be not delivered this year.

CBRE

NORWAY

Economic Overview

The COVID-19 pandemic has led Norges Bank to drop the key policy rate to zero for the first time ever, in a move to support the economy. Consensus is that the KPR will remain around the current level in the short to medium term. The activity in the Norwegian economy has picked up further since the summer, but the level is still lower than before the COVID-19 pandemic. The unemployment rate has declined, but is still high and is expected to remain significantly higher than the pre-crisis level, likely around 5.0 percent.

Our latest forecast is that Norway has dived into a recession that will yield a mainland GDP contraction of 3.8 percent in 2020. The NOK is also expected to remain weak against the major currencies, resulting in tougher trading conditions for importers, i.e. a majority of retailers.

Retail sales in Norway certainly took a hit in Q1 and Q2 2020 due to COVID-19, but started recovering in the early summer. Though, newly implemented restrictions as "social lockdown" and a ban on serving alcohol in some of Norway's largest cities from the start of November has led to a new downturn, especially for food and beverages, clothing and footwear stores. Despite certain sectors being significantly down on sales YTD, aggregate sales at Norwegian shopping centres are in fact up 3.9 percent YoY through November according to data collected by Kvarud Analyse. This is mostly driven by an increased demand for grocery shops and home improvement stores.

Average basket size was NOK 446 in November 2020, while the YTD average basket size is NOK 382, up 14.0 percent compared to the same period last year.

Retail Market Overview

Retail transactions amounted to less than NOK 1.6 billion in Q4 2020, down 40 percent YoY, which is only 5.4 percent of the preliminary total transaction volume for the quarter. The prime shopping centre yield in Q4 2020 is estimated at 4.90 percent, up 40 bps since Q4 2019, due to increasingly fierce competition from ecommerce, in combination with COVID-19, which also explains the sharp drop in retail's share of the total investment volume in 2020. With investors being much more selective, it is primarily the good assets that still are seeing solid investment demand. The situation contributes to a continuing moderate upwards pressure on secondary yields.

So far in Q4 2020 there has been registered two shopping centre transactions, the 11,000 sqm Bodø Storsenter and 50% of the 10,000 sqm AMFI Larvik. Bodø Storsenter was sold by a consortium of local investors to Nordvik Gruppen for an undisclosed amount, while Larvik Center Holding AS sold their shares in AMFI Larvik to Olav Thon Eiendomsselskap for an undisclosed amount (Olav Thon is now the sole owner of AMFI Larvik).

VALUATION METHODOLOGY

We have assessed the fair values primarily by using the income approach by undertaking 10-year discounted cashflow analyses. The cashflow model used was provided to us by Citycon and has been developed by an external service provider. This model was used for Citycon's valuations for the first time in Q2 2017.

The calculation uses the current contract rents until lease expiry and the market rents assessed by CBRE after lease expiry. The lease expiry dates adopted are the earliest possible lease break dates for fixed term leases, and for leases that are valid until further notice, a certain number of lease renewals have been assumed and adopted. The rents under the current leases and assessed market rents for the vacant tenancies and after lease expiries form the potential gross income.

The model utilises a long-term vacancy rate for each tenancy after the adopted lease expiry date, and rent voids have also been applied after the initial lease expiries. Any rent discounts under the current leases and leases starting after the valuation date are also adjusted for in the calculation.

Other income, such as car parking, casual mall leasing, advertising etc. is then added to the rent cashflow to arrive at the forecast gross income. Operating expenses have then been deducted from the forecast gross income to arrive at a net income. This is the income used to calculate the initial yields at the valuation date.

Furthermore, deductions have been made for anticipated capital expenditure, tenant improvement costs to occur after lease expiry and other project investments. We have not been provided with long term capital expenditure forecasts by Citycon, only the immediate investments, and the capital expenditure allowances made are based on our general knowledge of costs for these types of properties and are estimates only.

The values of the properties are based on the sum of the discounted 10-year cashflow and present value of the terminal value. Any possible additional value, such as the value of unutilised approved building area which is considered to be usable, has been added as well.

The discount rates used are based on acceptable yields escalated by the average projected inflation during the 10-year cashflow period. The yields are derived from sales evidence and utilising our general market knowledge.

VALUATION

The investment portfolio being valued includes 21 properties, all 100% owned by Citycon. All assets are shopping centres, but some of the properties include additional value for unbuilt but approved residential/retail area or value related to a built residential or office component.

The portfolio is geographically divided into three countries: Denmark (2 properties), Estonia (2 properties) and Norway (17 properties). The key figures of the portfolio are presented in the table below. There are some very large shopping centres in the portfolio and the 5 largest assets account for 43.4% of the total value. The largest assets by value are Rocca al Mare and Kristiine in Estonia and Oasen, Herkules and Stovner Senter in Norway.

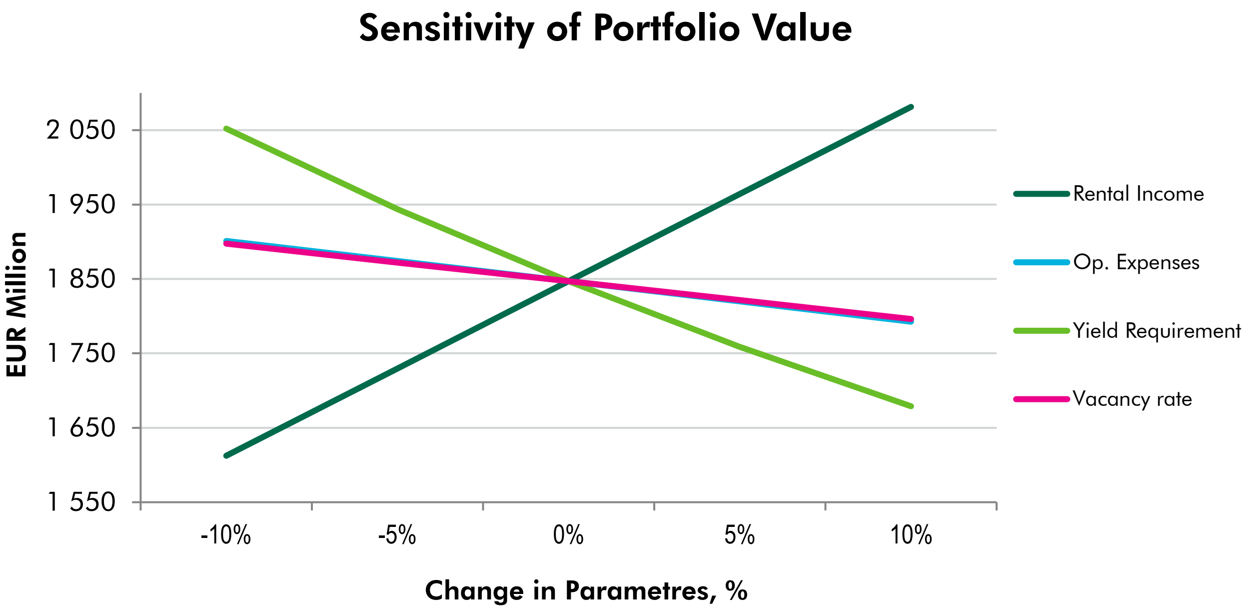
Five of the property values include additional value for approved building area which has not yet been utilized.

The total fair value of the portfolio as at 31 December 2020 was approximately 1,847 million Euros.

31 December 2020		Number of properties	Fair Market Value, EUR million	Wght. Average Net Yield Requirement	Wght. Average Initial Yield	Wght. Average Reversionary Yield	Wght. Average Market Rent, EUR/sq.m./ month	Wght. Average Operating Costs EUR/sq.m./ month
Total Property Portfolio								
Denmark		2	115	5,9 %	5,4 %	6,4 %	20,2	2,9
Estonia		2	315	6,6 %	6,8 %	7,0 %	21,1	3,3
Norway		17	1 417	5,6 %	5,0 %	6,1 %	21,5	4,9
Total		**21**	**1 847**	**5,8 %**	**5,4 %**	**6,2 %**	**21,4**	**4,5**
Denmark								
Greater Copenhagen Area								
	Shopping Centres	2	115	5,9 %	5,4 %	6,4 %	20,2	2,9
Estonia								
Tallinn								
	Shopping Centres	2	315	6,6 %	6,8 %	7,0 %	21,1	3,3
Norway								
Greater Oslo Area								
	Shopping Centres	7	644	5,3 %	5,1 %	5,8 %	22,9	5,3
Other Areas in Norway								
	Shopping Centres	10	773	5,8 %	5,0 %	6,3 %	20,4	4,5

SENSITIVITY ANALYSIS

A sensitivity analysis has been undertaken for the portfolio based on a portfolio summary, by changing the main parameters of the valuation calculation and examining its impact on the portfolio value. The valuation calculation parameters in the analysis are the yield, rental income and operating expenses, which have been adjusted one at a time, and the impact on value compared to the current situation. The analysis is a simplified model of the actual valuation calculations and the results are indicative only. The results of the sensitivity analysis are illustrated in the following figure.



The value is the most sensitive to changes in rents, with the value changing by approx. 13% with the income level reducing or increasing by 10%. The next largest impact is made by changes in the yield, where a 10% reduction in the capitalisation rate results in an 11% increase in value and a 10% increase in the capitalisation rate results in a 9% reduction in value. A 10% change in operating expenses only has a 3% impact on value, both up and down.

VALUATION ASSESSMENT

We are of the opinion that the aggregate of the Fair Values of Citycon Oyj's investment property portfolio, free of liabilities and debt, as at 31 December 2020 is approximately:

1 847 000 000 Euros

(One Billion Eight Hundred Forty-Seven Million Euros)

In Copenhagen, Riga and Oslo 4th February 2021

Roberts Ardavs, MRICS

For and on behalf of
CBRE Baltics

Christopher Bailey, MRICS, Hypzert (MLV)
CIS, REV
Executive Director

For and on behalf of
CBRE A/S (Denmark)

Erik Myklebust, MRICS
Senior Director

For and on behalf of
CBRE AS (Norway)