# Valuation Statement

CITYCON OYJ
31 DECEMBER 2017

## CONTENTS

## EXECUTIVE SUMMARY

Citycon's investment portfolio being valued includes 44 properties, of which 38 are 100% owned by Citycon and 6 are partially owned. 42 of the assets are shopping centres and 1 is a mixed-use retail/office/residential property and 1 is a retail property. Additionally some properties include additional value for unbuilt but approved residential or retail area, or include a built residential or office component.

The portfolio is geographically divided into 5 countries; Finland, Norway, Sweden, Denmark and Estonia. The key figures of the portfolio are presented in the table below.

| 31 December, 2017 | 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** | | | | | | | |
| Finland | 15 | 1 650 | 5.3 % | 5.1 % | 5.6 % | 31.2 | 7.3 |
| Norway | 17 | 1 367 | 5.4 % | 5.4 % | 5.8 % | 22.0 | 5.0 |
| Sweden and Denmark | 10 | 812 | 5.2 % | 5.2 % | 5.6 % | 25.9 | 6.8 |
| Estonia | 2 | 305 | 6.5 % | 6.6 % | 7.2 % | 20.7 | 3.1 |
| **Total** | **44** | **4 134** | **5.4 %** | **5.2 %** | **5.6 %** | **26.2** | **6.2** |

The total fair value of the portfolio as at 31 December 2017 was approximately 4,134 million Euros. One shopping centre acquired in Denmark has been included in the valuations for the first time in Q4. In addition, 5 properties were sold in Finland and 1 property was sold in Norway during Q4.

## 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 2017. 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 recent 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 valued the subject portfolio since June 2017 and provided yield and market rent advice in September 2017. There are no conflicts of interest to the valuation.

The principal signatories of this report have continuously been the signatories of the valuations for the same addressee and valuation purpose as this report since June 2017.

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 – December 2017.

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.

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## MARKET OVERVIEW

### FINLAND

#### Economic Overview

Finland's economic growth has continued to improve towards the end of the year, and the Bank of Finland is now forecasting GDP growth of 3.1% for 2017. The growth has been driven by exports, which in turn has helped improve investments. Growth has become more diversified in 2017, after being initially mainly driven by construction and private consumption in 2016.

The Bank of Finland is predicting 8.4% growth in exports in 2017, which is then expected to reduce to around 3% in 2018-2019. The growth in exports is largely due to an improvement in the economic conditions of Finland's trading partners, especially in Europe, which has led to higher investments in these countries. The competitiveness of Finland has also improved in 2017.

Investments in the private sector are forecast to increase by 11.2% in 2017, with industrial investments expected to grow by 12% according to an industry survey. Construction starts continue to rise, and the slight growth in building approvals in 2017 indicates a continuation of this trend in 2018. Public sector investments are forecast to reduce by 1.1% in 2017, before picking up by 3.3% in 2018.

The labour market has been gradually improving with the participation rate rising and unemployment falling. Unemployment was 7.1% in November 2017, down from 8.1% one year previously. This supports private consumption, which is forecast to grow by 1.9% in 2017, and then gradually start reducing. Households continue to increase their debt level in this low interest environment. Inflation is picking up from 0.4% in 2016 to an estimated 0.8% in 2017 and 1.1% in 2018, which are still below the total Eurozone level. Prices are expected to increase especially for services and residential rents.

#### Retail Market Overview

According to Statistics Finland, seasonally adjusted retail sales increased by 2.9% percent year on year in Q3 2017. Biggest improvements were in home electronics, fuel, hardware stores and florists and garden stores, while furniture, clothing and footwear and department store sales declined.

Rental levels have continued quite stable in the better quality centres. Outside the Helsinki Metropolitan area (HMA) and in secondary centres in the HMA, rental growth has often been negative, particularly when there is new competition.

Retail property transaction volume in Q4 was ca. EUR 115 million, down from EUR 244 million one year prior. Demand for retail assets has softened towards the end of 2017, as retail conditions remain challenging, especially in certain market segments. In the HMA, the large supply pipeline is also making some investors cautious. Retail transaction volume for the whole year 2017 was EUR 2.6 bn., up by 20% from 2016. Over EUR 1.3 bn. of this relates to the retail component of the Sponda portfolio sale, in which 98.8% of Sponda's shares were sold to Polar Bidco S.à r.l and Areim Fund III (Blackstone). The number of retail transactions was significantly lower in 2017 than in 2016. The prime shopping centre yield in the HMA is ca. 4.5% in Q4 2017, unchanged since Q4 2016.

There were no new reported shopping centre transactions in Finland in Q4, although the portfolio sale of 5 shopping centres sold by Citycon to Cerberus Capital Management, which was announced in Q3, settled in Q4. The larger retail sales reported in Q4 were sales of big box/retail park properties, being the sale of Vantaanportti Retail Park in Vantaa to eQ, and a partial sale of a big box property in Oulu to the Pharmacy Pension Fund and Yleisradio Pension Fund and a big box property portfolio of four properties anchored by Tokmanni to Corum Asset Management.

CBRE

## NORWAY

### Economic Overview

Three years after the oil prices collapsed, the evidence for an economic recovery in Norway has strengthened and the economic conditions as well as the GDP growth are improving. Opinion's Consumer Confidence Index has come down slightly from the peak in August, but was still at a healthy 7.3 in December, up from 4.7 a year ago. The positive trend is particularly evident by the 12-month moving average of the index, which increased every single month through 2017.

Furthermore, mainland GDP growth has improved markedly in 2017 from 2016. After increasing 0.7% Q-o-Q in Q1, mainland growth was 0.6% in both Q2 and Q3, according to Statistics Norway, further highlighting a recovery supported by improved demand. The unemployment rate measured by the Labour Force Survey (LFS) has decreased by 40 bps to 4.0% from December 2016 to October 2017. This is a decrease of 90 bps since the peak in July-August 2016. Statistics Norway project a modest fall in unemployment going forward as economic activity continues to improve. The bureau expects the 2018 GDP growth and mainland GDP growth to come in at 2.2% and 2.5%, respectively, after a projected increase of 2.2% and 1.9% in 2017.

### Retail Market Overview

Shopping centre rents have remained relatively stable over the last twelve months. Retail sales growth increased by 1.9% YoY as of November 2017, according to Statistics Norway. Inflation stands at 1.1% per November, while core inflation stands at 1.1% (Statistics Norway, 2017). The shopping centre turnover index continues to perform, with an increase of 2.7% in November where Black Friday accounted for 10% of the total volume, which saw sales turnover grow by 1.9% year-on-year, according to Kvarud Analyse. Shopping centre footfall has stopped falling – by November, total footfall was up 0.2% YTD compared with 2016. The average basket size is standing at NOK 379 per visit, and the YTD average is NOK 351 per visit, up 1.4% (Kvarud Analyse, 2017).

Retail transactions amounted to around 19% of the total transactions volume in 2017, in line with 2016. In Q4, there were no large shopping centre transactions in Norway, and the total retail investment volume equated to NOK 2.1 billion, down from NOK 6.4 billion in Q4 2016. For 2017 as a whole however, retail investment volume has increased 9% year-on-year to NOK 15.3 billion. The most notable deals in Q4 were Citycon's disposal of Krokstad Senter for EUR 20 million, the sale of the Partners Group/Citycon owned Halden Storsenter, and the purchase of the Hauketo Senter by a Realkapital Investor syndicate. The prime shopping centre yield in Q4 is estimated at 4.25%, unchanged from the previous quarter and one year prior.

## SWEDEN

### Economic Overview

The economy continues to display positive signs of growth, with consumers showing resilience despite rising inflation and domestic businesses benefiting from stronger demand from both at home and abroad. The Swedish growth drivers are mainly household consumption and fixed gross investments.

Sweden's GDP increased by 0.8% in the third quarter of 2017, seasonally adjusted and compared with the second quarter of 2017. The GDP increased by 2.9%, working-day adjusted and compared with the third quarter of 2016. GDP growth is forecasted to slow to 3.0% this year from 3.1% in 2016, but it remains above the historic average and stronger than the Eurozone and US. This is largely due to a slowdown in investment as growth in residential investment eases.

Private consumption should continue to grow at a healthy pace this year, as unemployment and interest rates remain low and a pick-up in nominal wage growth lifts real disposable incomes. GDP growth is forecast to moderate further, to 2.2% in 2018, but will be underpinned by solid consumption growth, a healthy labour market, an accommodative monetary policy and moderate investment growth.

### Retail Market Overview

According to HUI Research, retail sales growth in 2016 was 3.4%. The total growth for 2017 is forecast at 2.0% for 2017. In 2017 an increase of 17% is forecasted in e-commerce, when compared to the 2016 sales volume, corresponding to approx. SEK 67.7 bn.

Generally, retail rents for strong shopping centres in the region have increased of 2% to 4% over the past year, assisted by the strong retail turnover growth in Sweden. A similar, or slightly lower rate of rental growth is expected for 2018 as the retail turnover growth rate eases somewhat. Generally, restaurant turnover growth is increasing at a higher rate than retail turnover, and therefore there is generally higher rental growth potential for the restaurant sub-sector.

In Q4 2017, retail transaction volume was ca. SEK 6.8 bn, up by 5% year on year. The whole year retail sales volume was ca. SEK 20.1 bn, up by 13% from 2016. A notable transaction in Q4 was the recent transaction of the Port 73 retail park/shopping centre in Haninge, that Atrium Ljungberg sold to CBRE Global Investors at a price of MSEK 977, corresponding to SEK 26,898 per sq. m. Another large transaction was the 33,149 sq. m. shopping centre 421 in Gothenburg which was acquired by Balder. The seller was Eurocommersial and the purchase price ended up at MSEK 795, corresponding to SEK 23,983 per sq m.

The prime yield for shopping centres in Sweden in Q4 2017 was 4.25%, unchanged from Q3 and down by 50 basis points year on year. Prime shopping centre yields have compressed over the past year, given strong demand and low supply assisted by continued low interest rates. There is some evidence of minor yield contraction for better quality secondary centres in Q4, compared to the previous quarter.

## DENMARK

### Economic Overview

Current estimates indicate that GDP will increase by 1.2% in Q4 2017 compared to Q3. Consumer confidence is in an upswing, and both exports and imports are expected to be main drivers of the Danish economy. Overall, GDP growth for 2017 is expected to be 2.01% (compared to 1.96% in 2016).

According to the Danish National Bank, there are no major imbalances in the economy to prevent a continued stable recovery. In addition, continued low inflation will further support the real income growth and strengthen private consumption.  However, Denmark is one of the countries in the world with the highest household debt to income ratio (270% in 2016). Any deleveraging will potentially affect future private consumption.

### Retail Market Overview

According to Denmark Statistics, retail sales in November 2017 were 1.42% higher than in October when the figures are corrected for price trends, normal seasonal fluctuations and the effect of trading days. November is up 1.5% compared to November 2016. Overall the retail trade turnover growth has been relatively flat since 2015. The monthly average growth rate is 0.23%in 2017.

Prime net shopping centre rents have been quite stable since Q3 2015 and currently stand at DKK 5,500 per sq m pa.

One shopping centre recently opened in Copenhagen. Kronen vanløse (former Galleri A) is a 20,000 sq m shopping centre, with a 15,000 sq m residential component above the centre. The centre opened on 12th of October, with an estimation of 4.3 million visitors annually.

The most significant deal in Q4 is the Danish Pension Fund ATP's investment in the Danicas shopping centre portfolio. ATP will buy a 50% stake of the portfolio with a total value of EUR 1.9 bn. The portfolio consists of 16 shopping centers, nine of which are in the greater Copenhagen area, four in Jutland and three in Zealand.

The prime shopping center yield stands at 4.00% as of Q4 2017 and good secondary yields stands at 5.50%. Both yields are at the same level as in Q3 and down 50 basis points from one year earlier. Both yields are expected to remain stable. Looking forward, we expect vacancy rates to remain unchanged in the best performing centres. Demand and rental levels are also expected to hold at current levels in the short-term.

## ESTONIA

### Economic Overview

During Q3 2017 the gross domestic product (GDP) in Estonia grew by 4.2% year on year. Although growth slowed from Q2's multi-year high of 5.7%, the quarterly result marked the third-fastest quarterly expansion in the period after Q2 2012. According to SEB, Estonia's GDP growth forecast has been raised to 4.1% for 2017, to 3.3% from 3.2% for 2018 and left unchanged at 3% for 2019.

According to Statistics Estonia, in Q3 2017, the unemployment rate was 5.2%. Compared to the same period last year, the unemployment rate fell, and the employment rate reached its highest level for 20 years.

Inflation measured by the Consumer Price Index (CPI) has increased to 3.4% for the last twelve months as of December. The annual change in CPI was affected the most by food and non-alcoholic beverages, which contributed nearly two-fifths of the total increase of the index. Motor fuel, and alcoholic beverages and tobacco, each contributed almost a fifth of the total increase. Alcoholic beverages became 8.4% and tobacco 9.5% more expensive. The price increase of petrol was 12.8% and that of diesel fuel 14.7%. Prices for clothing and footwear increased by 1.7% year on year on average in 2017.

### Retail Market Overview

According to the latest information from Eurostat, in 2016, households in Estonia spent 6.8% of their total consumption expenditure on clothing and footwear, which represents the highest such ratio in the European Union. The average EU ratio was 4.9%, according to figures from Eurostat. Retail sales of textiles, clothing, footwear and leather goods has increased by 11.3% during Q3 2017 if compared with the same period in 2016.

During Q3 2017 the private consumption of households grew by 3.5%. Spending on clothing and catering services had the biggest positive impact, and the biggest negative impact came from spending on alcohol and tobacco. Q3 2017 retail sales (excluding fuel, motor vehicles and motorcycles) in Estonia continued to grow by 6.5%, achieving growth of 5.9% for eleven months of 2017 if compared with the same period in 2016.

In Tallinn, prime shopping centre rents have remained stable in Q4 2017. Vacancy rates in prime shopping centres in Tallinn have remained stable at a very low level during Q4 2017. Vacancy could increase in the future if all proposed new developments will be completed.

Stock additions in 2017 were in total 9,500 sq m of GLA, showing an increase of 1.3%. In Q4 2017 the old Norde Centrum was expanded and rebranded by Capfield and delivered as a new centre called Nautica. The total gross leasable area is 18,500 sq m in total. Tallinn remains in the driving seat in terms of new retail space deliveries set for the next year. The largest new shopping centre developments currently under construction are T1: Mall of Tallinn with a GLA of 55,000 sq m and Porto Franco a retail GLA of 40,000 sq m. T1 construction could be finished in Q4 2018. Ulemiste Keskus, a large shopping center situated in the area of Tallinn Airport, has started an extension of 13,000 sq m, which will feature a cinema, gym, as well as a number of new restaurants and stores.

In Estonia, total property investment amounted to EUR 213 million in Jan-Sep of 2017. The most attractive asset type in Estonia during Q1-Q3 2017 proved to be the retail sector (39.2% or EUR 83 million), leaving the industrial sector in second place with 29.4% of all investment volume. During Q4 2017 there were several small retail investment transactions, including the Aardla Selver supermarket acquisition by Lumi Capital. At the end of 2017 Northern Horizon Capital AS as the management company of Baltic Horizon Fund announced the signing of an agreement with Osaühing Letona Properties to acquire the Postimaja Shopping Centre. The rounded total purchase price is EUR 34.4 million (+VAT) whereas the management company has allocated EUR 30.8 million to be paid for the existing cash flow from Postimaja and EUR 3.6 million to be paid for the potential additional cash flow deriving from the possible extension.

The prime retail yield has declined during Q4 2017 on a quarterly basis and is estimated to be 6.25%, which reflects a decline of 50 basis points on an annual basis. The asking yields for the most attractive retail properties are closer to 5.5-6.0%. The expected acquisition yield for the existing cash flow of Postimaja SC is approximately 6%, and the expected acquisition yield for the total purchase price is approximately 5.4%.

## 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 type 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.

There is currently one development property in the valued portfolio, being Lippulaiva in Espoo, Finland. This centre has been valued by modelling the completed centre in the cashflow from the estimated completion date onwards, and allowing for development costs and holding income from the temporary Pikkulaiva shopping centre during the development period. The development costs were provided to us by Citycon.

## VALUATION

Citycon's investment portfolio being valued includes 44 properties, of which 38 are 100% owned by Citycon and 6 are partially owned. 42 of the assets are shopping centres and 1 is a mixed-use retail/office/residential property and 1 is a retail property. Additionally some properties include additional value for unbuilt but approved residential or retail area, or include a built residential or office component.

The portfolio is geographically divided into 5 countries; Finland (15 properties), Norway (17 properties), Sweden (8 properties), Estonia (2 properties) and Denmark (2 properties). There are some very large shopping centres in the portfolio and the 5 largest assets account for 39% of the total value. The largest assets by value are Iso Omena and Koskikeskus in Finland, Oasen Kjopesenter in Norway, Liljeholmstorget in Sweden and Rocca al Mare in Estonia. 8 of the property values include additional value for approved building area which has not yet been utilized and one property has been valued based on the value of its total building right, from which the cost of demolishing the existing building has been deducted.

The total fair value of the portfolio as at 31 December 2017 was approximately 4,134 million Euros. One shopping centre acquired in Denmark has been included in the valuations for the first time in Q4. In addition, 5 properties in Finland and 1 in Norway were sold during Q4.

| 31 December, 2017 | | 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 |
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| Norway | | 17 | 1 367 | 5.4 % | 5.4 % | 5.8 % | 22.0 | 5.0 |
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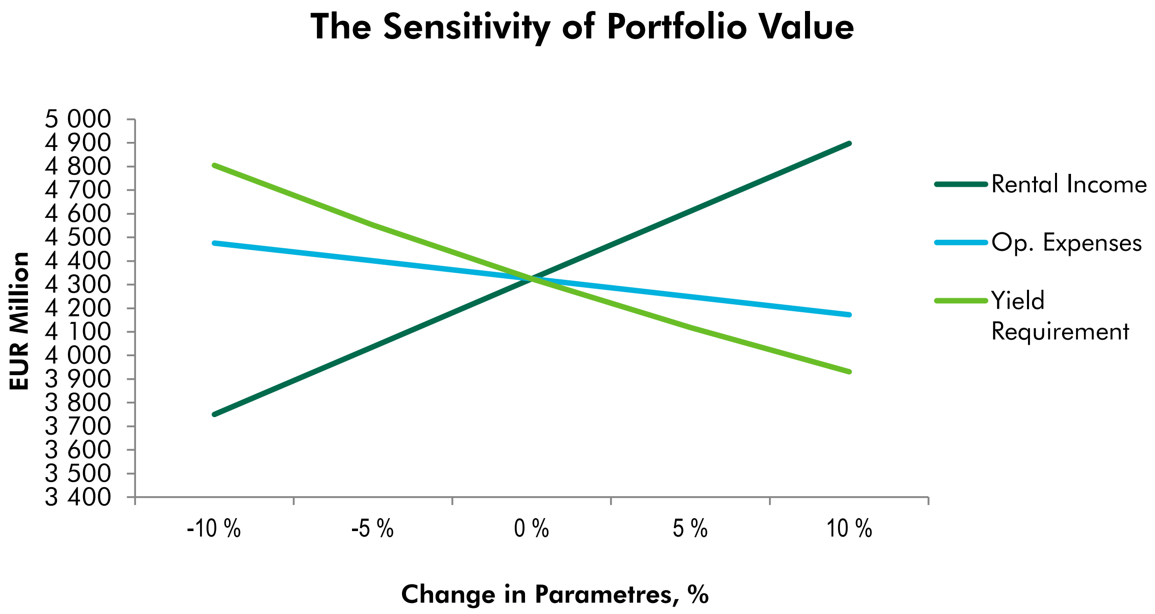
| Estonia | | 2 | 305 | 6.5 % | 6.6 % | 7.2 % | 20.7 | 3.1 |
| **Total** | | **44** | **4 134** | **5.4 %** | **5.2 %** | **5.6 %** | **26.2** | **6.2** |
| | | | | | | | | |
| **Finland** | | | | | | | | |
| Helsinki Metropolitan Area | | | | | | | | |
| | All properties | 8 | 1 195 | 4.8 % | 4.6 % | 5.0 % | 32.9 | 7.6 |
| Other parts of Finland | | | | | | | | |
| | All Properties | 7 | 455 | 6.4 % | 6.2 % | 7.1 % | 27.2 | 6.3 |
| | | | | | | | | |
| **Norway** | | | | | | | | |
| Greater Oslo Area | | | | | | | | |
| | Shopping Centres | 6 | 541 | 5.1 % | 5.1 % | 5.4 % | 24.7 | 5.7 |
| Other Areas in Norway | | | | | | | | |
| | Shopping Centres | 11 | 825 | 5.6 % | 5.6 % | 6.1 % | 20.3 | 4.6 |
| | | | | | | | | |
| **Sweden and Denmark** | | | | | | | | |
| Greater Stockholm Area and Umeå | | | | | | | | |
| | Shopping Centres | 7 | 684 | 5.0 % | 5.0 % | 5.4 % | 27.6 | 7.3 |
| Greater Gothenburg area | | | | | | | | |
| | Shopping Centres | 1 | 81 | 6.0 % | 6.1 % | 6.7 % | 17.2 | 4.7 |
| Denmark | | | | | | | | |
| | Shopping Centres | 2 | 46 | 6.1 % | 6.6 % | 6.8 % | 15.9 | 4.0 |
| | | | | | | | | |
| **Estonia** | | | | | | | | |
| Tallinn | | | | | | | | |
| | Shopping Centres | 2 | 305 | 6.5 % | 6.6 % | 7.2 % | 20.7 | 3.1 |

*The development property Lippulaiva is excluded from the weighted average initial yield, reversionary yield, market rent and operating costs calculations.*

## 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 figure below.




The value is the most sensitive to changes in rents, with the value changing by 13% with the income level reducing or increasing by 10%. The next biggest impact is made by changes in the yield, with a 10% reduction in the capitalisation rate resulting in an 11% increase in value and a 10% increase in the capitalisation rate causing a 9% reduction in value. A 10% change in operating expenses only has a 3.5% 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 2017 is approximately:

**4 134 000 000 Euros**

(Four Billion One Hundred Thirty Four Million Euros)

In Helsinki, Oslo and Stockholm 18 January 2018

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**For and on behalf of CBRE Finland Oy**

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