Valuation Statement

31 March 2011

CITYCON

creating success for retailing

1. APPRAISAL METHOD

Realia Management Oy has made a valuation of Citycon's property portfolio as at 31st of March, 2011. The valuation was carried out as a cash flow analysis of the net operating income for a period of 10 years. For undeveloped plots, properties subject to town plan alterations and for buildings of low value due to their current state, 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, newly acquired properties and development projects. During the previous quarter, the following properties have been re-inspected: Myyrmanni, Forum in Jyväskylä, Jyväskeskus, retail centre in Lentolan, Koskikara, Markkinatalo in Orimattila, Trio, Citymarket in Paavola, Valkeakosken valtakatu 5-7, Ultima, Tullintori, Duo, Columbus, Tikkuri, Hakucenter, Hakunilan Keskus Oy, Kuvernöörintie 8, Pihlajamäen Liiketalo Oy, Salpausseläntie 11, K-Supermarket in Martinlaakso, Asematie 3, Kassatalo and Asolantie retail premises.

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

The outlook in the world economy has remained largely unchanged since the turn of the year. The global economy is on track towards strong growth, but is largely split between the emerging markets, characterised by strong growth and low indebtedness, and the developed markets, which in turn are characterised by uncertainty and high indebtedness. In developed markets, and especially in Europe, extensive fiscal stimulus programs are gradually replaced by austerity measures in countries heavy on government debt and with large budget deficits. Thus, at this point of time, great uncertainty remains concerning the speed of world economy growth. IMF has forecasted the world economy to grow by 4.4 % in 2011.

In Europe, the first interest rate increase by the European Central Bank in nearly three years was an anticipated albeit controversial move. This is a welcomed move for countries such as Germany and Finland where the economy has been growing rapidly stirring worries of inflation and asset overvaluation whereas in many other countries, especially the periphery countries, the increase in rates is likely to aggravate existing problems further. Refi rate, the Euro area key interest rate, is now at 1.25 %. According to Eurostat, the euro area inflation is up, and has been estimated having reached 2.6 % in March, up from 2.2 % in December and 1.4 % a year earlier. Inflation thus remains above the long-term target. Should the inflation prove pervasive, ECB's ability to attune to the needs of worse-off Euro countries is likely to be severely limited while its aim in ensuring price stability in heating markets is also at risk. This endangers the integrity of the Eurozone making a fractured monetary area a distinct possibility.

Finland

The Finnish economy had a very strong recovery during spring 2010, and while seasonally adjusted economic output declined slightly in January 2011 from the month before (6.8 % in December y-on-y), it nevertheless continued growing 6.1 % year-on-year according to Statistics Finland. The economy is expected to further expand by 3.9 % this year according to Bank of Finland, slowing but nevertheless exhibiting unabated, strong growth after a period of economic stagnation. A continuing growth in Finland is hinged upon strengthening employment levels and improving economic situation of both businesses and consumers alike.

According to Statistics Finland, inflation accelerated to 3.3 % year-on-year in February 2011, a considerable increase from the 1.2 % inflation rate of 2010, and accelerated mainly by increases in prices of fuel, food and clothing. Thus Finland is experiencing 1.1 % higher inflation than the Euro-zone average. Furthermore, according to Bank of Finland, inflation is expected to remain around

3.0 % for the current year due to continuing pressures on food and fuel costs. Both Finland and Sweden have seen their unemployment rates drop faster than in other European countries, and while Sweden's unemployment is on a steady downward trend, Finnish unemployment figures have knocked slightly upwards. In Finland, the unemployment rate now stands at 8.4 %, 0.8 % lower than a year ago, but 1.3 % higher than in last November.

In March, consumer confidence slipped slightly from February figures and the index now stands at 17.7. Expectations concerning the Finnish economy and unemployment remain moderately optimistic, markedly higher than last December's figure (13.5) even if slightly down from the previous month (20.0). In addition, consumer views concerning their own economy and savings possibilities have remained positive while timing for savings is largely considered optimal, suggesting preference for saving over taking a loan or buying durable goods. Should the economy grow moderately as forecasted, the purchasing power is nevertheless negatively affected by austerity measures that will take place in 2011 and onwards. Additionally, current and possible future rate increases by ECB will eventually be reflected in existing mortgages, the majority of which is tied to short-term rates. This is a particular worry as, according to Bank of Finland, the level of indebtedness of Finnish households reached record levels in 2010.

Retail sales rose by 6.5 % in February year-on-year (6.8 % for November), while the figures for total trade were up by 10.3 % year-on-year (17.5 % for November) including car dealership, wholesale, daily consumer goods and retail trade. Between January and February, retail sales increased by 6.0 % and total trade by 12.2 % when compared to the equivalent period the previous year.

Sweden

Sweden's economy has recovered at a pace unmatched by any other European country and grew by 5.5 % in 2010 according to Swedish Riksbank, a record rate in Sweden since the beginning of detailed GDP measurements in 1970. Riksbank expects a further 4.4 % growth in GDP for 2011 while international forecaster consensus for growth lies around 3–3.5 % for the whole of 2011. The economic recovery is on sound basis as growth is mainly due to increasing net exports and investment demand while inventories remain balanced. Furthermore, according to Eurostat the unemployment fell to a level of 7.6 % in February. Swedish Riksbank has raised its repo rate to 1.5 % with likely further increases spread out over the year to avoid excessive price and asset inflation.

Although consumer consumption has increased with vigour, inflation has nevertheless remained below the target level of 2 % and in February stood at 1.2 % according to Eurostat. Inflation is forecasted to accelerate to an average level of around 2.5 % for 2011. The Swedish government is expected to reach in surplus in 2011 and may reduce income tax depending on the political climate, further boosting consumer demand – a stark contrast to many countries where austerity measures are in place. Sweden is nevertheless largely dependent on the recovery on the rest of the Europe, as problems abroad are likely to reflect strongly in exports. In addition, the Swedish Krona has appreciated strongly, hurting the very exports that the Swedish economy is dependent on.

Baltics

One of the key drivers for growth in the Baltics area has been the determined recovery in the Nordic region and Germany. Baltics, previously seen as a rather uniform area, is becoming divided as Estonia, having just entered the Euro zone at the turn of the year, is growing and stabilising at a faster pace than either Latvia or Lithuania. While joining the Euro zone has bolstered market confidence in Estonia, inflation has remained persistently over 5 % since November and the latest figures from February, 5.5 % – highest since the recession took hold of the country. The IMF economic growth projections for Estonia are 1.8 % for 2010 and 3.5 % for 2011, whereas figures for Latvia and Lithuania are -1.0 % and +1.3 % for 2010 and +3.3 % and +3.1 % for 2011 respectively. Unemployment, highest among European countries, remains a considerable problem in the Baltics. Although unemployment has come down from the crisis-time highs, it has barely improved in the half-year. Furthermore, purchasing power in Latvia and Lithuania is affected by strict austerity measures undertaken in order to meet Euro zone accession criteria.

1.3 Property Market Analysis

Sentiments surrounding Finnish real estate investment markets remain reserved, but optimistic. The general outlook has improved since summer 2010 as news of stronger than expected expansion of the Finnish economy and growth in exports has boosted confidence in the future. The improved economic conditions, low (although steadily increasing) interest rates and positive real property rental and capital gain expectations do create opportunities for property investments, but transaction have still been few in number. A factor in this has in part been the availability of finance. While availability has improved since the dark times of the financial crises, finance remains a limiting factor in the real property sector; this is especially the case in other than the very best assets, i.e. non-prime properties. It is also worth mentioning that despite positive expectations investor demand can still be best described as cautious and is mainly directed towards high quality city centre or new-build properties where supply has been limited.

In 2010 the property transaction volume in Finland increased slightly to EUR 2.3 billion (EUR 1.7 billion in 2009). However, looking at the 21st century, the two billion aggregate is moderate at best especially when compared to the peak years of 2006 and 2007. Furthermore, the situation has remained essentially without improvement in the first months of 2011. The preliminary transaction volume estimation for the first quarter remains at a mere EUR 200 million. The real property market activity is, however, likely to grow between years 2011 and 2013 – supply can be expected to increase e.g. due to a large volume of financing maturing. A significant factor in future development of the property markets is the financiers' position in enabling refinancing and also financing new investments. At the moment there is still great uncertainty surrounding estimations of balance of supply and demand – that is to say to what extent demand will meet the expanding supply.

Swedish property market has recovered at a noticeably faster pace than its Finnish counterpart has from the abrupt market freeze that took hold a few years ago. Swedish aggregate transaction volume was approximately EUR 11 billion while at its highest, in 2006, property transaction volume peaked at 17 billion. A noteworthy difference between property markets in Sweden and Finland is Sweden's considerably better liquidity and transparency over Finnish markets. Transaction activity is domestic-led with also plenty of small but active market participants. Unlike in Finland, demand and deal-making has to a large extent spread out outside of capital region, even if Stockholm remains the main attraction for cross-border investors.

The Baltic countries are also gradually pulling out of the depths of recession. The fastest recovery has been in Estonia where the public austerity measures have left the macro economy in a very good shape when considering the coming years. Also, the common currency, Euro, was taken into use in Estonia at the turn of the year. Consumer demand remains weak in the Baltics and rental markets are also still facing considerable challenges. Nevertheless, in Estonia particularly the first major transactions since the recession have been observed to have taken place.

Year 2010 was a year of strong growth in European big property markets. In addition, price levels have recovered to a state very close to the before financial crisis period. For example, in the UK, the property cycle is considered to have turned and for the most parts the time is over for lowering yields. It is thus expected that investor interest will be directed towards late-cycle markets (such as Finland), increasing again the share of foreign direct investors in Finnish property markets. Nordic investors have already been observed to take initiative and becoming more active in Finnish properties markets. Demand is still focused on Helsinki Metropolitan Area where some considerable transactions are expected to take place during the next few months. It remains to be seen to what degree and at what speed demand will expand to regional cities.

1.4 Development Projects

The development projects have been included in valuation of the total portfolio. In the applied valuation model, future rental income is based on finalised rental agreements and rental projections of the valued development project. Conversely, the development period is considered a period where premises generate no income and where uncommitted investments are included in the costs side of the valuation model as a value reducing factor. Thus, the value of development projects increase automatically as investments are committed and the opening day of the renewed premises is approaching. There are few considerable projects underway: the renewal of Åkersberga Centrum's old part, the new shopping centre in Myllypuro Helsinki and the new shopping centre in Martinlaakso Vantaa. In addition, several smaller development projects are underway.

All properties are evaluated based on their current plan unless otherwise noted. Should an ongoing official plan alteration be in process, unambiguous decision made and relevant document exist, and thus property's purpose of use and attributes be 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 67 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 85 different properties or property companies. The property portfolio is very heterogeneous both in quality and in value. The body of the holding is formed by 33 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).

In the past quarter three properties have been sold (Mäntyvuoksi Imatra, Naantalin Tullikatu and Espoon Hakarinne) and two new properties have been acquired (Kassatalo and Asematie 3, Vantaa).

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 2.379 billion. The aggregated value of portfolio has increased by approximately EUR 18 million quarter-on-quarter (EUR 2.361 billion in Q4 2010). The relative change is approximately 0.8 %. Over half of the change in value can be explained by the advancement of development projects and commitment of investments. Exchange rate fluctuations between the Euro and Swedish Krona has also resulted in a positive change in value – by almost EUR 4 million – when compared to the previous quarter. In addition, yield requirements have come down slightly. However, there have been no significant changes in net rental income as the slight rent level increases were met with roughly equal increases in operating and repair expenses.

The weighted average yield requirement of the portfolio has remained at 6.4 % (6.4 %, Q4 2010). The yield requirement has come down slightly in several of the properties located in Finland, Sweden and the Baltics. The average initial yield is now at a level of 6.2 % (6.2 % Q4 2010) and the market rent yield is at a level of 6.9 % (6.9 % Q4 2010).

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, 12 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 1.537 million, which is 0.6 % higher than in the previous quarter (EUR 1.527 million in Q4 2010). The weighted yield requirement for Finnish properties is at 6.4 %, also 6.4 % in Q4 2010. Similarly, the average initial yield is at a level of 6.2 % (6.1% in Q4 2010) and yield for market rents at 6.9 % (6.9 % in Q4 2010).

These changes in the Finnish property portfolio are largely explained by reductions in yield requirement in large properties and the advancement of development projects. Overall, the yield requirement has decreased in 15 properties and increased in five properties in the Finnish portfolio when compared to Q4 2011.

2.3 Sweden

Market value of the Swedish property portfolio has been valued at EUR 675 million, which is approximately 1.0 % higher than the previous quarter's value (EUR 668 million in Q4 2010). The positive change in value is partly due to the changes in the exchange rate, in part due to the advancement of the Åkersberga Centrum's development project and in part due to the overall positive market development. For the entire Swedish portfolio, the weighted average of yield requirements is at 6.0 % (6.1 % for Q4 2010). The yield requirement has come down in two properties and has remained the same in rest of the properties.

2.4 The Baltic Countries

The market value of the Baltic portfolio has increased by approximately 0.9 % to a level of EUR 168 million (EUR 166 million for Q4 2010). The average yield requirement has come down by a tenth of a percentage point and is now at 8.0 % (8.1 % in Q4 2010).

The downward spiral in the Baltic economy has levelled out, especially in Estonia. The property markets are also gradually recovering and few, large property transactions are in the works. In the first quarter of 2011, Citycon announced the purchase of Kristiine shopping centre in Tallinn for approximately EUR 105 million. The transaction has to pass antitrust inspection before deal closure. Due to the positive market development, upward pressure on yield requirements has abated and cautious anticipation of lower yield requirements has taken place in best properties. Temporary rents reductions are still in place in many of the properties in the Baltic countries, which are generally valid for a few months at a time. However, occupancy rates for quality premises have remained at a high level so far. The tenants' declined ability to pay rent has been taken into account through cash flows adjustments for periods between 2011 and 2013 despite the fact that thus far rent concessions have been only few months in duration at a time.

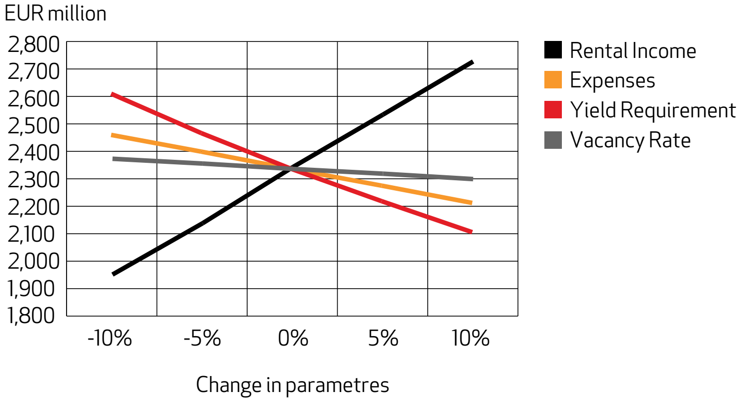
Citycon's prime property in the Baltic region is Tallinn's Rocca Al Mare Shopping centre. Rocca Al Mare now forms close to 87 percent of the value in Citycon's Baltic portfolio. Therefore, its effect on the weighted average of the Baltic portfolio is considerable.

31 March 2011	Number of Properties	GLA, (sq.m.)	Wght. Average Net Yield Requirement, %	Wght. Average Initial Yield, %	Wght. Averag Reversionary Yield, %	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	67	568,392	6.4%	6.2%	6.9%	24,2	5,8	1,536.7
Sweden	15	292,098	6.0%	5.8%	6.7%	24,1	7,2	674.6
The Baltic Countries	3	70,593	8.0%	7.8%	8.2%	19,7	2,7	167.6
Total	**85**	**931,082**	**6.4%**	**6.2%**	**6.9%**	**23,9**	**6,0**	**2,378.9**
Finland								
Helsinki Metropolitan Area								
Shopping Centres	8	178,179	5.8%	5.7%	6.1%	27,9	6,9	709,5
Other retail properties	26	68,557	7.7%	6.9%	8.6%	15,1	4,0	133.7
HMA Total	**34**	**246,736**	**6.0%**	**5.8%**	**6.4%**	**26,3**	**6,6**	**843.2**
Other parts of Finland								
Shopping Centres	14	204,329	6.5%	6.4%	7.1%	24,1	5,4	553,1
Other retail properties	19	117,327	7.8%	7.1%	8.8%	12,9	3,2	140.4
Other total	**33**	**321,655**	**6.7%**	**6.6%**	**7.4%**	**21,8**	**4,9**	**693.5**
Sweden								
Greater Stockholm Area and Umeå								
Shopping Centres	7	210,918	5.8%	5.5%	6.4%	26,0	7,7	569,7
Other retail properties	2	10,927	7.0%	8.1%	7.5%	15,7	3,9	21,4
Total	**9**	**221,845**	**5.9%**	**5.6%**	**6.5%**	**25,6**	**7,5**	**591,1**
Greater Gothenburg Area								
Total	**6**	**70,252**	**7.1%**	**7.4%**	**8.3%**	**13,6**	**4,9**	**83,5**
The Baltic Countries								
Total	**3**	**70,593**	**8.0%**	**7.8%**	**8.2%**	**19,7**	**2,7**	**167,6**

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 sensitivity of portfolio value



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 almost 15 percent.

The market value reacts to change in vacancy and operating expenses, but their relative effect is not as great as changes to rental income and yield requirement. A ten percent increase in the expenses decreases the market value of the property portfolio by approximately five percent. It should be noted however 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 examination scale of vacancy rate is different from what is used with other parameters, and is altered by 0.5 or 1.0 percentage units at a time. Thus, the relative change is bigger than in other parameters. One percentage unit increase in vacancy reduces the market value by approximately 1.5 percent. However it should be highlighted, that vacancy is an important variable in real estate investment. If realised, it has a considerable effect on other valuation parameters and market value in a way that is not necessarily fully demonstrated in a simplified examination of value such as the one used here.

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, 2011. 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 2,379,000,000 (two billion three hundred seventy nine million euro).

Helsinki 19.4.2011

Antti Hänninen
Valuer

Seppo Koponen
Director
Authorised Real Estate Valuer
(AKA)