Valuation Statement

31 December 2011

citycon
creating success for retailing

VALUATION STATEMENT

1. Scope of Instructions

In accordance with our instructions as External Valuer to the Citycon Oyj ("Company") we have carried out a market valuation of the Properties held within the Company's investment property portfolio as at 31 December 2011 to arrive at our opinion of Gross Market Value (no allowance for the deduction of typical purchaser's costs has been made).

Market Value is defined as:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

We understand that this valuation is required for financial reporting and performance measurement purposes. We confirm that our valuations are fully compliant with IFRS accounting standards and IVSC valuation standards and guidance. We also confirm that we have no involvement with the subscriber or the properties valued which is likely to cause a conflict of interest in providing this advice.

We have carried out inspections of each of the properties during September-December 2011. We have not measured the properties but have relied on the lettable areas which have been supplied to us by the Company. We have neither read copies of the leases or other related documents but have relied on the tenancy information provided by the Company which reflects the latest available tenancy position.

The valuations have been carried out by local Jones Lang LaSalle offices in Finland and Sweden. In Estonia and Lithuania we have been supported by the local affiliates in the delivery of our advice.

This report is addressed to and may be relied upon by the Company and their investors. This report has no other purpose and should not be relied upon by any other person or entity. No responsibility whatsoever is accepted to any third party other than those specified above and neither the whole of the Report, nor any part, nor references thereto, may be published in any document, statement or circular, nor in any communication with such third parties without our prior written approval of the form and context in which it will appear.

2. Economic Background

Consumer and business confidence in Western Europe have fallen substantially over the past few months as a result of the Eurozone sovereign debt crisis and the heightened financial market turmoil that has followed. The economic recovery has lost its momentum with GDP growth projections now lower than previously anticipated. At the same time, regional economic disparities persist, as highlighted by the marked contrast between the Nordics and Germany and the Southern European economies.

Finland

The Finnish economy continued on a growth track in Q3 2011 GDP expanding by 2.7% year-on-year and the forecast for the full year being around 3% which outperforms clearly the Eurozone average. The export driven economy has however been affected by the weakening economic prospects globally and the growth projections have been revised downwards over recent months. Due the gloomy market conditions the range between the latest forecasts has been wide the most pessimistic estimates for GDP growth in 2012 being around -1.5% when the more optimistic ones are forecasting the economy to still expand almost 1%.

Even though consumers' confidence in the economy has been weakening and being clearly below its long-term average in November (0.4 vs. 13.0 since year 1995) retail sales have continued increasing which has been supported by strengthening employment situation and low interest rates. According to Statistics Finland, retail sales rose by 5.4% in October year-on-year and sales volume by 2.3%. During the 11 months of 2011 retail sales have risen by 5.8%.

Sweden

GDP growth in 2011 is forecast to be relatively strong at around 4.3%, a rate which will surpass most other European countries. Reasons for the impressive growth have been increasing exports, household consumption and business investment, which have all been assisted by relatively low interest rates and the government's expansive economic policies. However GDP growth is expected to be low in 2012 at 0.5%, as the continued economic turbulence in the World economy, especially the Eurozone starts to impact Sweden too.

Swedish retail sales have seen consistent growth over the past 14 years according to HUI (Swedish Retail Institute). During 2010, retail sales increased by 3.7% in current prices. Sales of non-daily goods increased by 5%, while sales of daily goods increased by

2.2%. In 2011, it is forecast that total retail sales, will increase by 0.5% of which non-daily goods will be 0.5% and daily goods will be 1.0%. An increase of 1.0% in total retail sales is forecast for 2012.

Estonia

During the first half of 2011 Estonian GDP was growing in real terms by 9% annually, slowing slightly to 7.9% in the Q3. Economic growth was mainly lead by export sector, also purchasing power of consumers had positive effect on economy due to improving labour markets - recovering employment rates and average salary income. The outlook of Estonian economy is dependent on developments in its exporting destination countries, i.e. Scandinavia, Baltics, Russia and Germany. In case economies in this region would rapidly contract Estonia would follow the suit.

During the 11 months of 2011 the Estonian retail sales increased annually by 4% measured at constant prices (National departments of statistics). The food sales counted over half of the total retail sales increase. At current prices the retail sector sales enjoyed 9.5% year-on-year increase during 11 months of 2011. The grocery segment saw decelerated inflationary pressure from food prices lowering from 9.3% year-on-year in September, 6.0% in October and further to 4.3% in November 2011.

Lithuania

Lithuanian economy was growing fast in the first half of 2011 by annualised rate of 6.3%, accelerating to 6.7% in Q3. According to the forecasts produced by European Commission Lithuanian GDP would achieve the second highest growth level in EU after Estonia. The growth engine of Lithuanian economy has been exports, supported by the domestic demand. In 2012 various experts forecast GDP real growth in Lithuania to be 2.5-3.4%.

Lithuanian retail sales at constant prices was growing at 7.6% year-on-year during 11 months of 2011. Retail sales growth in grocery segment was growing at double speed compared to non-food segment.
Sources: Statistics authorities, research institutes and banks

3. Property Market

Retail real estate investment in Europe remained strong in Q4 2011. Preliminary analysis suggests that direct investment in retail real estate for the year is likely to exceed €28bn representing a significant increase on 2009 and 2010 total volumes of €12.3bn and €20.7bn respectively. Geographically, the majority of activity remains focused on the UK and Germany but also France and Sweden enjoyed strong final quarters. Overall 2011 saw the development of a multispeed Europe, with national economic performance and stability dictating investment flows and pricing.

Finland

The Finnish property investment market overall has witnessed low levels of transactions since the slowdown of market in H1 2008. Even though the investment demand has been increasing supply of prime assets has limited the transactional activity and the retail investment volume remained below €400 million in 2011. As a result of a strong investment demand both shopping centre and retail warehouse prime yields have moved in since the Q1 2010 but currently the short-term forecast for the yields is stable.

The polarisation of the market seems also to continue. Demand for core assets remains strong as equity rich investors keep on looking for safe heavens but at the same time tightening financing conditions hit the business logic of value added and opportunistic investors.

As a consequence of relatively strong development of retail sales, also retail rents have been increasing. Particularly in retail warehouse sector rental growth has however been focused just on very best locations and overall occupier demand is strongest in prime high street and shopping centre units.

Sweden

The retail property transaction volume increased from around SEK 3.22 billion in H1 2010 to SEK 8.537 billion in H1 2011. Investor demand has been driven by strong GDP and consumption growth and the increased availability of debt finance (especially for prime stock) over the last couple of years. However, demand is weaker for secondary / tertiary retail property investments. Shopping centres accounted for around 79% of retail transactions in H1 2011 whilst retail warehouses accounted for 15%.

After the sharp rise in retail property yields during the recession of 2008 and 2009; since mid-2009 prime retail yields have decreased. Prime shopping centre yields have fallen from 6.5% in mid-2009 to 5.5% in late 2011 and prime retail warehouse yields have fallen from 6.75% in mid-2009 to 6.0% in late 2011.

Strong demand for retail units in prime city centre locations has led to a continued increase in prime rents. This is partly due to the fact that demand from international brands has increased. There has also been a general 'flight to quality' trend by retailers in recent years.

Estonia

Demand for shopping centre space has been growing as shopping in centres is increasing its share in shopping habits and retail chains are expanding carefully. Despite global turmoil the outlook for Estonian retailing is positive and plans to enlarge existing shopping centres have been resumed. Largest shopping centres have enjoyed rental rate recovery by 3-5% and vacancy remains near 0%.

Average retail net initial yields in Baltic countries stay at 8+% level, although some investors demand a risk premium for investment objects located in Latvia and Lithuania due to relatively higher country risk compared to Estonia.

Lithuania

Vilnius has no new shopping centres under development, some super- and hypermarkets are under construction. Rents in centres bottomed out in 2010 and slow rental recovery is expected during 2012. Well managed shopping centres have practically no vacant space. The average vacancy on the capital's retail market is running near 5%.

4. Valuation Rationale

We have adopted a 10-year cash flow model as a main valuation method. The model has been provided by the Company. Cash flows are calculated based on the information of existing lease agreements and after their expiry the estimated rental value (ERV) based on our market opinion replaces the contract rent.

Potential Gross Rental Income equals leased space with respect to contract rents and vacant space with respect to ERV. Deducting both the ERV for the void period 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 capital expenditure equals the bottom level cash flow that has been discounted to reach the present value of the income stream.

The residual value at the end of the 10-year cash flow period is calculated by capitalising the 11th year bottom level cash flow with an exit yield. The value of the property is calculated as a sum of the annually discounted net income stream, the discounted residual value at the end of the calculation period and any other assets increasing the value (e.g. unused building right or unbuilt plot).

The development projects are included in the valuation of the portfolio according to the information received from the representatives of the Company. In the applied valuation model, future rental income is based on finalised rental agreements and rental projections of the valued development project. Correspondingly, the development period is considered a period when premises generate no/limited income and when uncommitted investments are included in the cost side of the valuation model as a value reducing factor. Thus, the value of development project increases automatically as investments are committed and the opening day of the renewed premises is approaching.

5. Valuation

Property Portfolio

The property portfolio consists of mainly retail properties located in Finland, Sweden, Estonia and Lithuania. Citycon Oyj owns fully or partially total number of 78 properties of which 60 in Finland, 14 in Sweden, 3 in Estonia and one in Lithuania. Core of the portfolio are 36 shopping centre properties which comprise 79% of the lettable area of the portfolio and represent the majority stake of the value of the portfolio as well. In addition to the shopping centres there are other commercial properties and development properties. All the owned properties except one plot in Helsinki metropolitan area are built.

After the previous valuation Citycon has sold few properties. In Finland Tullintori Shopping Centre in Tampere and partial ownership in Otaniemen Liikekeskus Oy have been sold. In Sweden has been sold commercial properties and apartments – Landvetter in Härryda, Floda in Lerum and shares of Jakobsberg LB Bostäder AB that owns 57 apartments in Jakobsbergs Centrum. The value of the divested properties in Q3 valuation was approximately EUR 23,500,000.

Total market value of the portfolio in Q4 2011 is approximately MEUR 2,515. Compared to Q3 2011 the value has increased by MEUR 10. When comparing the Q4 2011 and Q3 2011 market value of the portfolio excluding the disposed properties the market value has increased by MEUR 33 i.e. 1.3% but the weighted average yield requirement of the portfolio has remained same (6.4%) as in Q3. Increase in the market value is mostly driven by the investments made in Q4 and the strengthening exchange rate of Swedish krona (SEK).

In the table on the next page are presented the weighted average yields (weighted by the value of the property). Citycon portfolio includes few relatively valuable properties compared to the rest of the portfolio. This means that the weighted averages are highly influenced by changes in these few properties. Iso Omena is the most valuable property in the portfolio.

Properties in Finland

The market value of the Finnish portfolio is MEUR 1,542 thus the value of the portfolio has decreased by 0.6% (MEUR 9) compared to the Q3 value. Weighted yield requirement has stayed the same as in Q3 being 6.3% and reversionary yield has decreased by 20bps being 6.8% when compared to Q3 figure (7.0%). The weighted initial yield has decreased 10bps from Q3 being now 6.0%.

The change in the value of Finnish portfolio is mainly caused by value decrease of the other commercial properties. When excluding the sold properties the change of the value is -0.2%.

Properties in Sweden

The market value of the Swedish portfolio is MEUR 695 thus the value of the portfolio has increased by 2.2% since Q3 when the value was MEUR 680. The weighted average yield requirement for the Swedish portfolio has decreased by 10bps when compared to Q3 figure being 5.9% in Q4.

Few properties have been sold since Q3 – Landvetter in Härryda, Floda in Lerum and shares of Jakobsberg LB Bostäder AB that owns 57 apartments in Jakobsbergs Centrum. The value of the sold properties in Q3 was MEUR 17. When excluding the sold properties the change in the value of the portfolio is +4.8% (MEUR 32).

Properties in Estonia and Lithuania

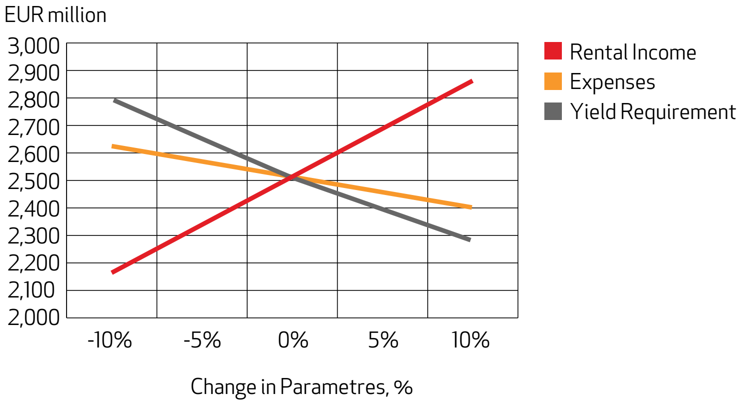
The value of the Estonian and Lithuanian portfolio is MEUR 278. Compared to the Q3 value there was 1.5% increase in the value. The weighted average yield requirement of the portfolio has increased by 10bps when compared to Q3 figure being now 8.0%. Both the weighted average initial yield and the weighted average reversionary yield have increased the reversionary yield being 8.4% (8.3% in Q3) and initial yield 8.2% (7.3% in Q3).

31 December 2011	**Number of Properties**	**Fair Market Value, EUR million**	**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**
TOTAL PROPERTY PORTFOLIO							
Finland	60	1,542	6.3%	6.0%	6.8%	24.4	6.1
Sweden	14	695	5.9%	5.5%	6.6%	23.6	7.2
The Baltic Countries	4	278	8.0%	8.2%	8.4%	20.8	3.6
Total	**78**	**2,515**	**6.4%**	**6.1%**	**6.9%**	**23.8**	**6.1**
Finland							
Helsinki Metropolitan Area							
Shopping Centres	10	784	5.8%	5.6%	6.2%	27.9	7.1
Other retail properties	19	87	8.0%	7.4%	9.2%	15.8	4.8
HMA Total	**29**	**871**	**6.0%**	**5.7%**	**6.5%**	**26.8**	**6.9**
Other parts of Finland							
Shopping Centres	13	551	6.4%	6.2%	6.7%	23.3	5.6
Other retail properties	18	120	7.8%	7.1%	9.4%	13.2	3.4
Other total	**31**	**671**	**6.7%**	**6.3%**	**7.2%**	**21.5**	**5.2**
Sweden							
Greater Stockholm Area and Umeå							
Shopping Centres	8	601	5.8%	5.3%	6.4%	25.0	7.5
Other retail properties	2	21	7.2%	7.6%	7.5%	15.4	4.2
Total	**10**	**622**	**5.8%**	**5.3%**	**6.5%**	**24.7**	**7.4**
Greater Gothenburg Area							
Total	**4**	**74**	**6.8%**	**6.7%**	**7.8%**	**14.3**	**5.2**
The Baltic Countries							
Total	**4**	**278**	**8.0%**	**8.2%**	**8.4%**	**20.8**	**3.6**

6. Sensitivity Analysis

The sensitivity analysis of the fair value of the portfolio has been carried out by creating a summary cash flow based on individual cash flow calculations. Changes in fair value have then been tested by modifying key input parameters of the calculations. The parameters tested were yield requirement, estimated rental value and operating expenses. The current market value of the properties was used as a starting point 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 support understanding of the value effect of different parameters on the valuation. 10% increase in estimated rental value causes approximately 14% increase in value and 10% decrease in yield requirement causes approximately 11% increase in the value. Changes in expenses have more modest effect to the value than other parameters.

The Sensitivity of Portfolio Value



**Note: Different scale used for vacancy variable*

7. Market Value as at 31 December 2011

We are of the opinion that the aggregate of the Market Values, free of liabilities and debt, of the properties in the subject portfolio as at 31 December 2011 is as follows: € 2,515,000,000 (Two Thousand Five Hundred Fifteen Million Euros)

19 January 2012 in Helsinki and Stockholm

Tero Lehtonen
Director
For and on behalf of
Jones Lang LaSalle Finland Oy

Åsa Linder
Director
For and on behalf of
Jones Lang LaSalle AB

Maria Sirén
Analyst
For and on behalf of
Jones Lang LaSalle Finland Oy