Valuation Statement

CITYCON OYJ

31 DECEMBER 2023

CONTENTS

EXECUTIVE SUMMARY

The investment portfolio being valued includes 17 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. One property, Torvbyen in Norway, also currently concerns a shopping centre, but as we have been informed that this property has been closed and will be demolished, we have approached this as being a development plot.

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 Dec 2023	#	GLA	Market Value, EUR million	Market Value, EUR per sqm	Net Initial Yield	Net Cash Flow Yield Req	Net Exit Yield Req	Gross rents EUR/sq.m./month	Market rents EUR/sq.m./month	Operating Costs EUR/sq.m./ month
Denmark & Estonia	4	139.700	433.158	3.026	7,0 %	7,2 %	7,2 %	23,2	22,7	4,3
Shopping centers	4	139.700	433.158	3.026	7,0 %	7,2 %	7,2 %	23,2	22,7	4,3
Greater Copenhagen Area	2	38.900	110.158	2.851	6,4 %	6,4 %	6,4 %	18,9	18,8	3,5
Tallinn	2	100.800	323.000	3.202	7,2 %	7,5 %	7,5 %	24,9	24,2	4,6
Norway	13	333.700	1.066.056	3.026	5,6 %	6,1 %	6,1 %	21,0	21,0	5,4
Shopping centers	12	333.700	1.051.822	3.026	5,7 %	6,2 %	6,2 %	21,0	20,6	5,3
Greater Oslo Area	5	133.400	481.918	3.769	5,3 %	5,9 %	5,9 %	22,6	22,3	6,0
Other Cities in Norway	7	200.300	569.903	2.495	5,9 %	6,4 %	6,4 %	19,9	19,4	4,9
Plots	1	0	14.234	0	0,0 %	0,0 %	0,0 %	0,0	0,0	0,0
Other Cities in Norway	1	0	14.234							
Grand Total	17	**473.400**	**1.499.214**	**3.026**	**6,0 %**	**6,4 %**	**6,4 %**	21,7	21,5	5,1

The total fair value of the portfolio as at 31 December 2023 was approximately 1,499.2 million Euros.

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 2023. 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 2022.

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 advice for Citycon's internal valuations since September 2017. We are of the opinion that there are no conflicts of interest present.

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 – December 2023.

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.

MARKET OVERVIEW

DENMARK

Economic Overview

Just a year ago, the macroeconomic outlook was characterized by rampant inflation, which contributed to great uncertainty. The result was record-fast monetary policy tightening led by the Federal Reserve and the European Central Bank, which led to volatility in the financial markets and price declines in several financial assets. Rising consumer prices, higher interest rates and headwinds from abroad caused large parts of the Danish economy to slow down during 2023. This is also reflected in the expectations for GDP growth for the year.

The combination of high inflation, rising interest rates and uncertainty on financial markets gave rise to speculation about a potential recession in the Danish economy. This was supported by an inverted yield curve, which historically has been a reliable indicator of an impending recession. However, the Danish economy has distanced itself from this scenario over the past few months and it can even be said that the Danish economy is relatively strong. Inflation has been brought down and employment remains high. However, the Danish economy has moved into a new economic phase with more subdued growth, as price increases and higher interest rates have influenced consumption and investments. Despite a slowdown in the economy, we are not looking into a serious downturn. On the contrary, there are good opportunities for a soft landing without a large increase in unemployment.

The retail market was under pressure even before the COVID-19 outbreak. Vacancy levels were moving up, the gap between supply and demand was widening and the market needed rebalancing. Therefore, a return to 'normal', although much needed will not be easily achievable. E-commerce have disrupted the retail segment putting pressure on the profit margins due to the price transparency and the lower cost for online based retailers. To increase profit margins retailers have had an increased focus on cost savings, thus also on the rent levels paid as these often are among the highest cost. On top of these structural changes in the retail segment, the inflation numbers increased at a rapid pace topping at over 11% in October 2022, putting extra pressure on profit margins with increasing costs (property, staff, goods etc.).

To cope with this extraordinary inflation increased the Central banks have increased interest rates at a historical pace going from -0.5% to 4.00% in just over one year. This also have had a big impact on the property yields. Inflations numbers have now stabilised and as of December 2023 the inflation in Denmark was 0.7%, and ECB have kept interest rates stable since September 2023.

The consumer confidence index in Denmark have decreased slightly from -10.3 in November to -13 in December 2023. These numbers are, although still negative, way stronger than the record low numbers recorded in 2022 (-37).

Retail Market Overview

Shopping centres are still experiencing challenges regarding e-commerce, financing challenges 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.

Total retail investments were reported at DKK 6.19bn in Q1-Q3 2022. In one of the largest transactions this year included both local centres and supermarkets.

The general shopping centre yield has been revised upwards and stands December 2023 at 5.80% for prime shopping centres and at 8.00% for good secondary shopping centres.

CBRE

ESTONIA

Economic Overview

Despite the geopolitical unrest and rise in energy prices that have spread throughout the European economy over 2022 and stretched into 2023, Baltic economies maintain a relatively stable economic outlook. However, global inflationary pressures persist despite heightened interest rates (the main refinancing rate is set now at 4.5%), subsequently, growing the borrowing and existing debt costs. The Baltics got through 2023 with moderate inflation and rising interest rates, putting pressure on economic growth. Economic development's slower pace may create both challenges and opportunities for Baltics' commercial real estate.

Forecasts for 2024 indicate a forthcoming shift to a less robust inflation growth rate, although it will persist above the universal 2% target. The Estonian economy is expected to go through a slowing growth period throughout the upcoming years. Overall, the economic performance largely relies on external factors; hence the prognosis remains uncertain and faster economic growth is expected from 2025 onwards.

Monetary tightening has impacted the real estate pricing across the markets, including the Baltics. Ascending financing costs are currently weighing on market sentiment and leading to repricing or expectations of repricing for almost all asset classes. Hence, the capital values are shifting. As government bonds and interest rates have started drifting up, the property yield impact has been more observed. Regardless, the economic realities in the core European markets tend to be more delayed in respect of the Baltics.

In the Baltics, yields are expected to keep rising in line with the higher borrowing costs. Yet, as the Baltic markets are smaller with a lower prime assets supply, a less significant yield rise is anticipated compared to the larger European markets. Also, as the Baltic economies have a more resilient track record to the external factors that initiate an economic slowdown, it could be anticipated that both the economic contraction and capital values' correction may be softer in the Baltics than in other European markets, where the decline in values is already evident.

Increased financing costs and the associated uncertainty in project management, coupled with heightened risk aversion and awareness in valuing real estate assets, have already had an impact on new developments and investment volumes. The turnover has declined, and the number of transactions has contracted considerably in 2023, with strong market uncertainty. The forecast for 2024 does not promise significant improvements.

Retail Market Overview

The retail sector experienced a rather turbulent period during the Covid-19 pandemic. Although post-pandemic the sector has gained momentum due to lifted quarantine requirements and increasing spending patterns, the retail turnover has been experiencing a downward growth trend since the beginning of 2022, when geopolitical tensions in the East started. In more detail, between Q3 2022 and Q3 2023 in Estonia the food and non-food retail's turnover, has declined by ca. -0.1% and -0.8%, respectively, with similar trends being noticeable in Latvia and Lithuania, too.

In the short-term, the Estonian retail market is expected to slightly contract. Economists predict that in 2024 the country's economy should bounce back, therefore, retail sales should start growing again accordingly.

The recent decreases in turnover may be attributed to the price growth for non-food items, which in turn lowered the demand. Nevertheless, during the summer of 2023, for the first time since 2020, prices for food items began declining, mainly because of seasonality, as fresh produce tends to get cheaper due to higher supply, and multiple retailers offer summer discounts.

The pandemic has reshaped the Baltic retail market. During this period, e-commerce has gained importance for retailers to adapt to changing times. The retail sector was obliged to balance the compromises among requirements for different sectors, consumer needs, and economic growth. Thus, short-term pandemic restrictions may have brought long-term structural changes in retail, especially for the brick-and-mortar stores.

In Estonia, e-commerce accounts for around 15% of all retail trade, and more than 90% of the population aged 16-74 use e-commerce sites.

Due to elaborate inflation and decreasing real wages, the purchasing power of Estonians is gradually declining. Even if the rapid inflation growth has been tampered with ongoing interest rate increases by the ECB, it is expected to rise yet again as the heating season approaches, resulting in heightened production costs which will be passed on to the prices paid by consumers. Thus, it is likely that the demand and in turn retail turnovers should continue contracting in the short term.

Retail Investment Market

Due to the economic recession and geopolitical uncertainty, in 2022, the total investment volume in the Baltic states dropped by 28% compared to 2021. By the end of 2023, investments were lower by approximately 50% compared to 2022.

A more drastic trend is evident in the Estonian investment landscape, where investments decreased by 76% when comparing 2022 and 2023. While Estonia typically held a relatively stable share of around 25-35% of all investments in the Baltic region, in 2023, only 14% of all investments went into the country. In contrast, Lithuania attracted the majority of investments, approximately 50%.

The current drop in investments can be attributed to several factors. Firstly, as the ECB continues to raise its interest rates, investors struggle to secure favorable loan terms to finance their ventures. Secondly, due to the Baltic region being in close proximity to geopolitical tensions in the East, it is seen as high risk among foreign investors. One other factor that might be weakening the Estonian investment market even further has been the recent country rating's downgrade by Fitch from A+ to AA-, which is still above Latvia (A-) and Lithuania (A) but does not promise potential investors short-term positive outlook.

The yields reflect the sluggish market situation well. Having been stable for the most part, currently yield rates are elevated, and in the retail sector stand around 6.75-7.75%.

NORWAY

Economic Overview

Despite accelerated interest rate hikes and surging inflation, the Norwegian economy has successfully evaded a recession to date. Our economic projections anticipate a 0.4% and 1.1% growth in the GDP and mainland GDP respectively, for 2023. Given visible indications of an economic slowdown, we have adjusted the 2024 predictions downwards to 0.3% and 0.2%. Simultaneously, we project a marginal increase in the unemployment rate to 3.8% within the next year, although this remains within historically low levels.

Recent data from companies within Norges Bank's regional network reflect a deceleration in economic activity during the final quarter. The upcoming quarter's forecast anticipates a 0.3% reduction in production output. However, notable inconsistencies are observed across diverse sectors. The oil services sector is predicted to substantially strengthen the economy, whilst the construction and retail sectors render the gloomiest forecasts. The construction industry is grappling with sluggish new home sales and increased construction costs.

Private consumption has been notably influenced by the escalated cost of living, inclusive of surging inflation and heightened interest rates. We project a 0.7% decrease in private consumption in 2023, followed by an upswing of 1.1% in 2024, although retail goods are expected to face greater challenges. The savings rate remains low at 2.9% in the third quarter of 2023.

The Norwegian Consumer Confidence Index (CCI) has been gradually improving since its record low of -32.0 in October 2022. However, it declined by 5.8% in the last quarter of 2023 and was recorded at -25.6% in December. Consumers are apprehensive about persistent inflation and the potential for protracted high interest rates.

CPI inflation was recorded at 4.8% for the final two months of 2023, averaging 5.5% for the year. Current domestic inflation is primarily fuelled by substantial wage growth and increased corporate profit margins. Although we may have reached the inflationary peak, it is expected to continue exceeding the 2% target throughout 2024, averaging approximately 3.7%.

Retail Market Overview

In 2022, retail transaction volume exhibited notable resilience, but in 2023 it experienced the most significant contraction among traditional commercial real estate (CRE) sectors, plummeting 70.3 percent YoY to an aggregate value of NOK 6.5. Retail transactions, which constituted 19.6 percent of the overall Norwegian CRE transaction volume in 2022, saw the share decline to 12.1 percent in 2023.

Transactions involving shopping centres were once again the dominant sub-sector, accounting for 56 percent of the total retail volume. Key transactions driving this trend included a Pareto syndicate's acquisition of Lade Arena from DNB Livsforsikring, and Schage Eiendom's divestment of Rortunet Kjøpesenter to Scala Eiendom, in tandem with their divestment of a 24 percent stake in the same company. As with most real estate sectors, the availability of new supply is currently constrained. This condition has been a long-standing characteristic in the retail sector, as evidenced by the fact that only 18 percent of retail inventory in Oslo was constructed after the year 2000.

Most sectors within Norwegian shopping centres experienced turnover growth in 2023, although retail goods were outpaced by services and food & beverage sectors. Moreover, none of the retail goods sectors achieved an annual growth rate surpassing the average inflation level of 5.5 percent in 2023, suggesting a shift in volume growth into negative territory. The average consumer expenditure per visit was NOK 380 in 2023, a slight decrease from NOK 382 in 2022. Visitor numbers recorded a 4.9 percent YoY increase and were 4.0 percent higher than in 2019.

The general shopping centre yield has been revised upwards and stands December 2023 at 5.50% for prime shopping centres and at 6.75% for good secondary shopping centres.

CBRE

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 expires. 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.

As we have been informed that the property Torvbyen has been closed and needs to be demolished we have approached this valuation as a development case. We have been informed a rezoning process has been started up and we have been provided with expected volumes. We have undertaken a residual approach of the potential building or development rights for the potential scheme, applying a risk adjustment for zoning risk thereafter in line with the status of the current zoning situation. Where possible we have benchmarked the results against comparable building right sales. The residual method is very sensitive to changes in key inputs. Small changes in variables such as sales volumes or build costs will have a disproportionate effect on the initial building rights or value and remaining project value during execution. Site values and project values can therefore be susceptible to considerable variances as a result of changes in market conditions. The sensitive nature of the results should be taken into consideration by you.

VALUATION

The investment portfolio being valued includes 17 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. One property, Torvbyen in Norway, also currently concerns a shopping centre, but as we have been informed that this property has been closed and will be demolished, we have approached this as being a development plot.

The portfolio is geographically divided into three countries: Denmark (2 properties), Estonia (2 properties) and Norway (13 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 circa 54% of the total value. The largest assets by value are Rocca al Mare and Kristiine Keskus in Estonia, and Oasen, Herkules and Trekanten Senter in Norway.

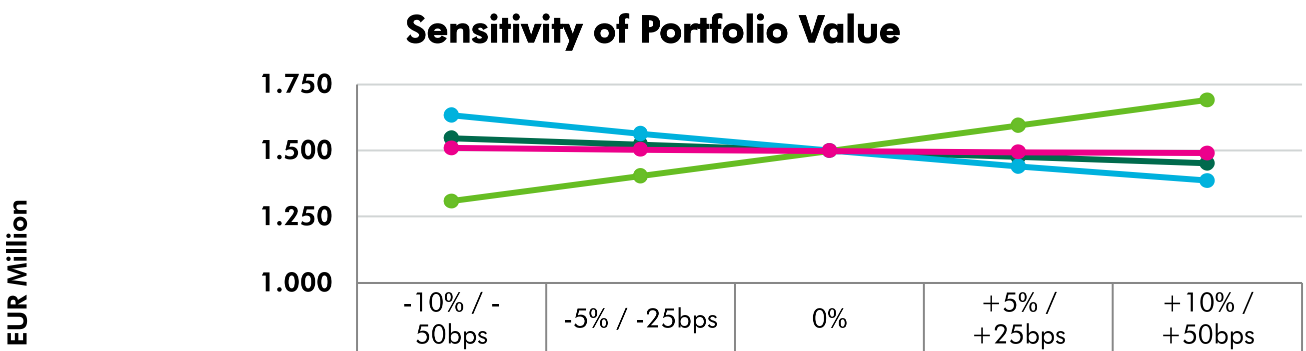
Four of the property values include additional value for approved building area which has not yet been utilized.

The total fair value of the portfolio as at 31 December 2023 was approximately 1,499.2 million Euros.

31 Dec 2023	#	GLA	Market Value, EUR million	Market Value, EUR per sqm	Net Initial Yield	Net Cash Flow Yield Req	Net Exit Yield Req	Gross rents EUR/sq.m./month	Market rents EUR/sq.m./month	Operating Costs EUR/sq.m./ month
Denmark & Estonia	4	139.700	433.158	3.026	7,0 %	7,2 %	7,2 %	23,2	22,7	4,3
Shopping centers	4	139.700	433.158	3.026	7,0 %	7,2 %	7,2 %	23,2	22,7	4,3
Greater Copenhagen Area	2	38.900	110.158	2.851	6,4 %	6,4 %	6,4 %	18,9	18,8	3,5
Tallinn	2	100.800	323.000	3.202	7,2 %	7,5 %	7,5 %	24,9	24,2	4,6
Norway	13	333.700	1.066.056	3.026	5,6 %	6,1 %	6,1 %	21,0	21,0	5,4
Shopping centers	12	333.700	1.051.822	3.026	5,7 %	6,2 %	6,2 %	21,0	20,6	5,3
Greater Oslo Area	5	133.400	481.918	3.769	5,3 %	5,9 %	5,9 %	22,6	22,3	6,0
Other Cities in Norway	7	200.300	569.903	2.495	5,9 %	6,4 %	6,4 %	19,9	19,4	4,9
Plots	1	0	14.234	0	0,0 %	0,0 %	0,0 %	0,0	0,0	0,0
Other Cities in Norway	1	0	14.234							
Grand Total	17	**473.400**	**1.499.214**	**3.026**	**6,0 %**	**6,4 %**	**6,4 %**	**21,7**	**21,5**	**5,1**

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.



	-10% / -50bps	-5% / -25bps	0%	+5% / +25bps	+10% / +50bps
Estimated Rental Value	1.308.300.000	1.403.800.000	1.499.200.000	1.594.700.000	1.690.100.000
Op. Expenses	1.547.200.000	1.523.200.000	1.499.200.000	1.475.200.000	1.451.300.000
Yield requirement	1.633.700.000	1.563.500.000	1.499.200.000	1.440.000.000	1.385.400.000
Long-term vacancy	1.508.800.000	1.504.000.000	1.499.200.000	1.494.400.000	1.489.700.000

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 9% increase in value and a 10% increase in the capitalisation rate results in a 8% 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 2023 is approximately:

1,499,200,000 Euros

(ONE BILLION FOUR HUNDRED NINETY-NINE MILLION TWO HUNDRED THOUSAND Euros)

In Copenhagen and Riga 7th February 2024

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) & CBRE AS (Norway)