Valuation Statement

CITYCON OYJ

31 DECEMBER 2022

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.

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

31 December 2022	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							
Estonia	2	331.0	7.1 %	7.0 %	6.9 %	22.6	4.8
Norway	13	1,186.6	5.7 %	5.1 %	5.9 %	21.3	5.2
Denmark	2	116.7	6.0 %	5.8 %	6.3 %	19.4	2.9
Total	**17**	**1,634.4**	**6.0 %**	**5.6 %**	**6.1 %**	**21.4**	**5.0**

The total fair value of the portfolio as at 31 December 2022 was approximately 1,634.4 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 2022. 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 in Q1 and Q3 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 – January 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.

CBRE

MARKET OVERVIEW

DENMARK

Economic Overview

COVID-19 pandemic revealed many inefficiencies caused by product scarcity and delivery challenges. Disruption to retail supply chains and operations further blurred the lines between brick-and-mortar retail and logistics real estate as omnichannel became the most dominant and resilient platform. A new hybrid store model has emerged based on technology and automation, consumer behaviour, inventory, labour, and design. Several retailers pivoted to using some stores as last mile fulfilment centres for online orders.

As retailers grow their e-commerce platforms, they are rationalizing store portfolios, closing under-performing locations and recalibrating the size of stores to improve profitability. Optimizing the store's value requires controlling occupancy costs and using stores to lower delivery costs. Determining how many stores are needed, how they are used and where they are located either as a flagship, standard store or infill location depends entirely on the ability to meet customer demand. For some retailers, this means fewer large stores in key locations. For others, it means smaller stores in more locations for greater market penetration. Regardless of the strategy, retailers still must secure optimal store locations to drive sales, control costs and maximize customer reach in delivering products.

The integration of retail and industrial real estate is creating a new asset class with implications for investors and occupiers alike. This includes stores with both physical shopping and purchase shipment services to customers, as well as "dark stores" or retail-to-industrial conversions that provide pickup and shipment services without in-store shopping. A new and more sophisticated pricing mechanism is needed to determine the value of stores and retail rents, especially for retailers that have more online channels. The new hybrid store that integrates retail and logistics must be priced differently by capturing all the touch points during the consumer purchase journey to accurately measure the store's value.

Brick and mortar stores will remain at the forefront of many retailers' operations and strategy in 2030, but they are likely to play a lesser role in terms of being a point of sale. Instead, retail stores will serve as platforms for retailers to attract and engage consumers and to amplify their brand.

This will require a thorough revaluation of the location, design, and operation of retail properties. Besides, the valuation and pricing of brick-and-mortar retail assets will also need to be reconsidered to reflect their evolving role. By 2030, occupiers and landlords may place a stronger emphasis upon a property's marketing value and social media reach than sales turnover when it comes to setting rents.

Prime net shopping centre rents remained unchanged in Q4 2022 at DKK 5,250 per sq m p.a. Looking forward, the pent-up demand caused by the long lockdown of the retail sector, and a higher level of job security could serve as a positive indicator for the expected increase in the retail sector. However, the current situation in Ukraine will pose a threat to the inflation level and the consumer confidence will affect retail sales in an uncertain amount of time going forward why higher vacancy on the medium/longer term is expected.

Retail Market Overview

Shopping centres are experiencing challenges regarding e-commerce and in addition, as a result of weaker investment demand and confidence, market players have been withdrawing their sales from the market due to difficulties in achieving expected pricing. Additionally, the disruption caused by regional periodic lockdowns and prolonged social distancing measures in most of 2020, has further accentuated the already existing pressure on brick-and-mortar retail caused by the rapid growth of e-commerce.

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 slightly upwards in December 2022 at 5.25% for prime shopping centres and at 8.00% for good secondary shopping centres.

ESTONIA

Economic Overview

The Estonian Bank forecasts that the economic growth for 2022 will be -0.5% compared to 2021. The most significant factor here is the highest inflation in the euro area. According to the central bank, the CPI this year will be around 19% and is expected to fall significantly over the next two years: 7% in 2023 and 2% in 2024. The main reason behind such high inflation is the high energy costs. The impact of rapid price increases on economic growth will be more pronounced in the second half of this year and will lead to a decline in the Estonian economy. The first half of this year turned out to be better than expected for the Estonian economy, despite the high prices, consumption increased strongly thanks to the savings put to use, but in the future, the savings no longer provide the same level of support. Thus, a decrease in consumption is expected in the near future. With the European Central Bank raising interest rates, inflation will start lowering, and the economy is expected to bounce back, with the growth being 1% in 2023 and 3.5% in 2024. However, due to the geopolitical instability, there is more significant uncertainty than usual around the outlook.

Despite the economic recession, the labour market is still in a good place. Wage growth will remain strong this year and next, despite the fact that the labor market is cooling somewhat, because there is still a shortage of workers, and both the minimum wage and prices are rising. As a result, unemployment is expected to remain around 6.5% and 8.6% next year.

Due to the great openness of the Estonian economy, the performance of the exporting sector is important. The impact of sanctions on trade and production increases, which inhibits economic activity. There is a risk that while aid packages are being developed across Europe to deal with the energy crisis, local companies will be left in a competitive disadvantage compared to foreign ones.

Fiscal policy plays an important role in reducing price pressure. Temporarily alleviating the impact of the energy crisis and solving it in the long term will require additional government spending, as well as war refugees and increasing the country's defence preparedness. However, the budget is in a deep deficit even without these extraordinary expenditures, and this despite the very rapid growth of tax revenues. If the same course continues, the budget deficit will worsen in the following years and in turn will further stimulate price growth. Estonia's core inflation, which does not take energy and food prices into account, has exceeded 10% year-on-year in recent months. According to Statistics Estonia, the overall CPI increased by 0.3% in September 2022 compared to August 2022 and 23.7% compared to September 2021.

Retail Market Overview

According to Statistics Estonia, in August 2022, the turnover of retail trade enterprises was EUR 954 million. Compared to last year's period, turnover increased by 3% at constant prices. The most significant increase was recorded in enterprises engaged in the retail sale of automotive fuel, where the turnover grew by 15% Y-o-Y. The stores selling manufactured goods turnover increased by 2% compared with August 2021. The most considerable increase was recorded in stores selling second-hand goods and in the non-store retail sales (stalls, markets, direct sales), where turnover grew by 13%. Turnover increased by 6% in other specialised stores selling predominantly computers and their accessories, books, sports equipment, games, toys, etc., by 4% in stores selling via mail order or the internet, by 4% in other non-specialised stores selling predominantly manufactured goods (i.e. department stores), and by 2% in pharmacies and stores selling cosmetics. Turnover decreased by 10% in stores selling textiles, clothing and footwear and by 2% in stores selling household goods and appliances, hardware and building materials.

In Tallinn, no new shopping centres were opened in Q3 2022, but at the end of the summer, the highly anticipated 28,000 sqm IKEA was opened near Tallinn, and a new 18,600 sqm retail park next to it will be opened in 2023. As for other pipeline projects, Astri Grupp announced that the renovation of Keskturg will be finished by 2025.

Furthermore, shopping centres continue the diversification of their tenant mix. For example, in the second half of 2022, the MyFitness sports club is opening its doors in Kristiine Center, and Viru Keskus opened a new 1,500 sqm Food Hall concept, with 15 restaurants in their centre, the first one of a kind in Estonia and Ilusfäär, a beauty, health and wellness centre.

Even though the sales and footfall of shopping centres in Estonia have improved, the high inflation, declining purchasing power, and rapidly growing utility costs are affecting the retailers' profitability; therefore, there could be cases where Landlords could have trouble collecting rent, and with the retailers being careful opening new businesses we could see a rise in vacancies.

The advancement of online retail is going to continue. At the same time a global survey conducted by CBRE results paint a more resilient picture for physical retail. Occupiers have expansion plans on the agenda as they see real value in physical retail, something that can't be replicated through online-only channels. According to Statista, 2022 will be the first year globally with e-commerce turnover lower than the previous year. However, if there are no further shocks, 2023 income for online retailers will be higher again, and the new wave of growth will continue.

Retail Investment Market

Demand for commercial and retail real estate continues, although there were no remarkable transactions in Tallinn in 2022 Q3. In Tallinn, shopping centre rents have stayed stable throughout the year; however, due to the current economic situation, especially the growing interest rates, there is upward pressure on the rents, and we expect them to rise in 2023.

Compared to the previous quarter, shopping centre prime yield in Estonia for the sizeable regional multi-tenancy traditional formats has not moved by evidence. However, despite that, increasing borrowing and energy costs have weakened the general market sentiment; therefore, the market expects more flexibility regarding pricing expectations and other conditions. With that, the prime shopping centre yield has risen by 0.25 pp and is currently estimated at c.a. 7.25%, compared to 7.50% in Latvia and 7.25% in Lithuania.

We are already seeing that higher interest rates are starting to suppress investment activity, with the total investment volume in Q3 2022 being lower than in Q3 2021 and buyers becoming more cautious and even postponing decision-making until next year.

CBRE

NORWAY

Economic Overview

The Norwegian central bank raised the Key Policy Rate (KPR) two times in Q4, bringing the KPR to the current level of 2.75 percent. The central bank's latest forecast indicated KPR reaching a top of between 3.00-3.25 percent before summer. The 5-year NOK swap rate reached 4 percent in October, a level we haven't seen since 2011. However, the trend has turned around and the swap rate has fallen back below 3 percent.

Soaring inflation and interest rates keep putting pressure on private consumption. As the effects of reopened services are wearing out, growth in private consumption is expected to fall to 2.5 percent in 2023, after rising by 6.8 percent in 2022. CBRE are currently forecasting a 2023 GDP growth of 1.9 percent, while mainland GDP is expected to expand by 1.5 percent. CPI inflation reached a peak of 7.5 in October, before falling to 5.9 percent in December, but would have been at 7.1 percent without the household electricity bill scheme from the Norwegian government. CPI inflation is expected to remain at an elevated level throughout most of 2023, averaging 5.1 percent.

The NOK is forecasted by Nordea Markets to appreciate against GBP and USD, both in the short (0-3 months) and medium term (6-12 months). In the short term, NOK is expected to depreciate slightly against EUR, but appreciate in the medium term.

The only sector with negative YoY sales growth in Norwegian shopping centres in 2022 was grocery stores. Overall shopping centre sales were up 4.4 percent YoY, according to Kvarud Analyse. The sales numbers indicated a shift in Q3 as the turnover growth was negative in all parts of the country in Q3, but strong Christmas shopping numbers kept YoY growth in positive territory.

Average basket size was NOK 390 for 2022, compared to NOK 369 in 2021 and NOK 348 in 2020. Although visiting numbers in 2022 were up 9.3 percent from 2021, they were 0.9 percent down from 2019.

Retail Market Overview

The retail investment market started the year strong, but like the rest of the CRE investment market, activity has gradually decreased through the year. Retail transactions amounted to 17.6 percent of the total transaction volume in Q4, and 19.6 percent of the total transaction volume in 2022. At NOK 21.9 billion, total retail transaction volume in 2022 fell by 6 percent YoY.

The estimated prime shopping centre yield and prime high street retail yield have been trending upwards in 2022. The prime shopping centre yield is currently estimated to be circa 5.4 percent. The prime high street retail yield is estimated to be circa 4.50 percent. Due to the increasingly fierce competition from e-commerce and increased interest rates, we expect yields to continue upwards in the short to medium term, especially for prime assets.

We have registered four shopping centre transactions in Q4 2022. Stoa Senter in Arendal was sold by Brave Gruppen to God Driv for an undisclosed fee. Shopping centres Down Town in Porsgrunn and Sjøsiden were sold by Citycon to Scala Eiendom for approx. NOK 980 million and 270 million, respectively. 50 percent of Sørlandssenteret in Kristiansand was sold by DNB Livsforsikring to Olav Thon Eiendomsselskap for approx. NOK 2 billion.

General outlook

Capital markets are very sensitive to the overall economy and usually the first one to reflect the market conditions. Tightened financial conditions are visible in the increased cost of capital, impact on LTV's and lenders' assessment of risk related to different property types. As a result, decreasing investment volumes and a general softening in pricing across all sectors has been observed.

Against the economic backdrop, retail is not immune. With increased borrowing costs and further potential rate rises from the ECB, it is expected that property yields including retail will continue to move out.

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.

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.

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 52% 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.

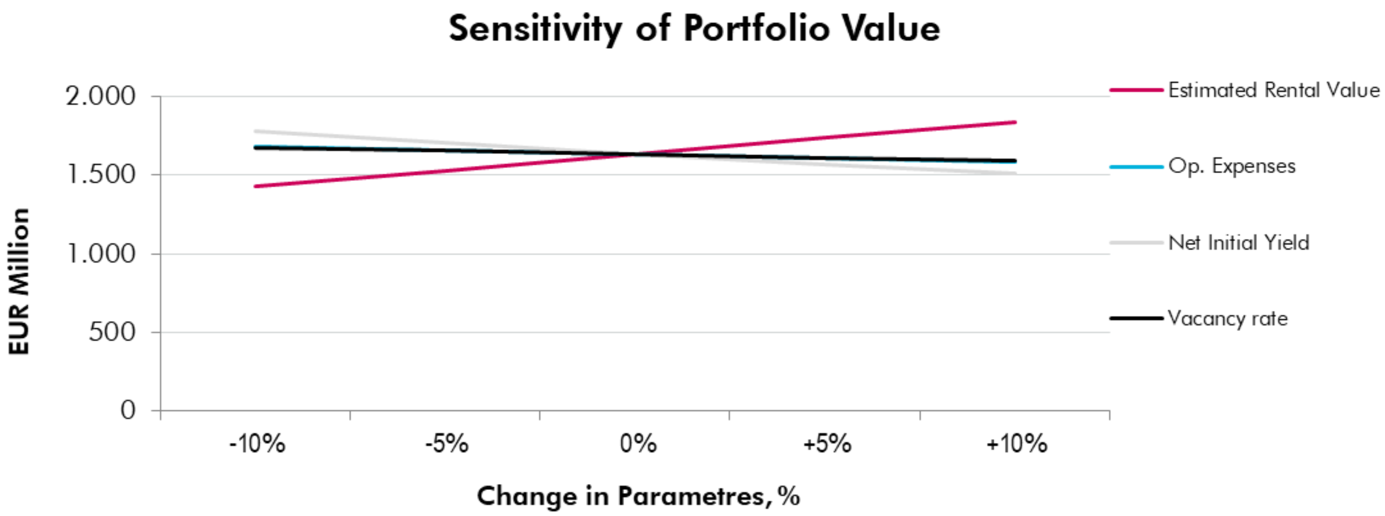
Six of the property values include additional value for approved building area which has not yet been utilized.

The total fair value of the portfolio as at 31 December 2022 was approximately 1,634.4 million Euros.

31 December 2022	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							
Estonia	2	331.0	7.1%	7.0 %	6.9 %	22.6	4.8
Norway	13	1,186.6	5.7 %	5.1 %	5.9 %	21.3	5.2
Denmark	2	116.7	6.0 %	5.8 %	6.3 %	19.4	2.9
Total	**17**	**1,634.4**	**6.0%**	**5.6 %**	**6.1 %**	**21.4**	**5.0**
Estonia							
Tallinn	2	331.0	7.1%	7.0 %	6.9 %	22.6	4.8
Total	**2**	**331.0**	**7.1%**	**7.0 %**	**6.9 %**	**22.6**	**4.8**
Norway							
Greater Oslo Area	5	534.4	5.2 %	5.0 %	5.2 %	22.5	5.9
Other Areas in Norway	8	652.2	6.0 %	5.3 %	6.4 %	20.4	4.6
Total	**15**	**1,186.6**	**5.7 %**	**5.1 %**	**5.9 %**	**21.3**	**5.2**
Denmark							
Greater Copenhagen Area	2	116.7	6.0 %	5.8 %	6.3 %	19.4	2.9
Total	**2**	**116.7**	**6.0 %**	**5.8 %**	**6.3 %**	**19.4**	**2.9**

SENSITIVITY ANALYSIS

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



The value is the most sensitive to changes in rents, with the value changing by approx. 13% with the income level reducing or increasing by 10%. The next largest impact is made by changes in the yield, where a 10% reduction in the capitalisation rate results in an 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 2022 is approximately:

1,634,350,000 Euros

(ONE BILLION SIX HUNDRED THIRTY-FOUR MILLION THREE HUNDRED FIFTY THOUSAND Euros)

In Copenhagen and Riga 9th February 2023

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)