Valuation *Advisory*

Citycon Oyj

Market Valuation of the Investment Properties

30 June 2015

Executive summary

At the end of June 2015, Citycon owned 60 properties (including Kista Galleria). This valuation statement includes all properties except Kista Galleria which is valued separately, and two properties that have been moved outside the valuation because Citycon has entered into agreement to divest them. The portfolio is divided into three geographical areas; Finland, Sweden and Estonia and Denmark. Below we present the key figures of the evaluated portfolio:

30 June, 2015	Number of properties	Fair Market Value, EUR million	Wght. Average Net Yield Requirement	Wght. Average Initial Yield	Wght. Average Reversionary Yield	Wght. Average Market Rent, EUR/sq.m./ month	Wght. Average Operating Costs EUR/sq.m./ month
Total Property Portfolio							
Finland	43	1 709	6,1 %	6,1 %	6,1 %	27,5	6,5
Sweden	10	741	5,6 %	5,6 %	6,1 %	25,1	7,0
Estonia and Denmark	4	352	7,0 %	7,3 %	7,3 %	20,6	3,4
Total	**57**	**2 802**	**6,1 %**	**6,1 %**	**6,2 %**	**26,0**	**6,2**

Citycon's property portfolio includes a few relatively valuable properties compared to the rest of the portfolio. This means that the weighted averages are highly influenced by the changes in these properties. Iso Omena (located in Finland) is the most valuable property in the portfolio under valuation.

The total fair value of the portfolio in Q2 2015 was approximately €2,802 million. Compared to Q1 2015 the fair value increased by €23.5 million i.e. 0.8% when excluding the properties Kallhäll and Talvikkitie 7-9 (Tikkurilan Anttila) that have been moved outside the valuation. This increase is mainly driven by positive development of yields and rents in prime shopping centres.

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Scope of Instructions

In accordance with our instructions as the External Valuer of Citycon Oyj ("Company"), we have carried out a fair valuation of the properties held within the Company's investment property portfolio as at 30 June 2015, to arrive at our opinion of Fair Value.

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 Standards Board (IVSB) considers that definitions of Fair Value are generally consistent with Market Value and we confirm that the Fair Value reported is effectively the same as our opinion of Market Value.

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 prepared our valuation as external valuers and that we have no involvement with the subscriber or the properties valued which is likely to cause a conflict of interest in our provision of this advice.

We carried out inspections of each of the properties during September-December 2011 when the property portfolio was evaluated by us for the first time. Properties added to the portfolio after the initial valuation have been inspected when added to the portfolio. In addition, we have re-inspected 55 properties after the initial valuation. During Q2 2015 we have re-inspected shopping centres Iso Omena and Myyrmanni.

We have not measured the properties but have relied on the leasable areas supplied to us by the Company. We have not read copies of the leases or of other related documents, but have relied on the tenancy information provided by the Company, which reflects the latest available tenancy position.

The valuations were carried out by local JLL offices in Finland and Sweden. In Estonia and Denmark, we were supported in the delivery of our advice by local affiliates.

This report is addressed to and may be relied upon by the Company. It has no other purpose and should not be relied on by any other person or entity. No responsibility whatsoever is accepted on the part of 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.

Market overview

Finland

According to Statistics Finland's preliminary data in Q1 2015 GDP contracted 0.1% compared to the previous quarter and was at the same level as in Q1 2014. Forecasts for GDP growth in 2015 range from -0.1% to +1.0%, while in 2016 economists predict growth varying between +0.5% and +1.7%. The predicted recovery is driven by exports to the western markets (EU countries and the US), where the strengthening demand is believed to offset the effects of the downturn in Russia. Domestic demand remains weak as consumers' purchasing power is constrained by high rates of unemployment and companies delay investments due to ongoing uncertainty.

According to Statistics Finland's flash, in May 2015 retail sales decreased by 3.6% year-on-year. Over the same period, the volume of retail sales, from which the impact of prices has been eliminated, fell by 2.9%. For the full year 2015 forecasts expect a 0.3% decrease, and the growth is forecasted to remain moderate also in 2015-2017 being 1.1% p.a. (Oxford Economics, April 2015). Both figures are clearly below the Eurozone averages. Growth is limited by a persisting sluggish employment outlook, low consumer confidence and limited growth of purchasing power due to an increasing tax burden with stagnant salary growth.

Prime shopping centre rents remained stable compared to the previous quarter and decreased slightly year-on-year. The weak outlook for retail sales limits rental growth potential and has kept occupiers cautious, resulting in long lease negotiations and slow decision making. Also downsizing the coverage of store network has been seen among some retailers, which has narrowed down the pool of possible occupiers in the letting market. Particularly in secondary properties, in challenging locations inside the centre and in challenging local markets, the negative development has already been realised as lower rental levels and increasing vacancy rates. Prime rental forecast in 2015 assumes a slight decrease in rents.

The second quarter of 2015 continued the increased activity in investment market set in 2014, and the total transaction volume for H1 2015 was the highest since 2008. In retail sector the most notable deal was the formation of a joint venture partnership between the retail corporation Kesko, the pension company Ilmarinen and the Swedish life insurance company AMF to acquire 2 shopping centres, 15 hypermarkets, 17 supermarkets and 10 hardware stores (6 of them located in Sweden). The value of the transaction was approximately 435 million euros. Overall the demand for core assets remains strong, as equity rich investors keep looking for safe havens. However, an increase in investment demand outside prime properties has also been evident and this has been driven mainly by new funds and the return of international investors. Due to strong investment demand, shopping centre prime yields are expected to see a small compression this year.

Sweden

The Swedish economy continues to grow. In 2014, GDP growth was 2.1%, and forecasts for 2015 and 2016 predict growth of 3.1% and 3.3% respectively. The growth is driven by consumer spending and business investments. Inflation is forecast to continue to be at very low levels in 2015. Due to the low inflation, as well as the strengthening of the Swedish currency and the debt crisis in Greece, the Swedish Central Bank lowered the repo rate to an unprecedented level of -

0.35% in the beginning of July. Current forecasts suggest that the repo rate will continue to be negative until at least the end of 2016.

Like many other European countries, Sweden is struggling to decrease a relatively high unemployment rate. According to the National Institute of Economic Research (NIER) the unemployment rate was 8% in 2013, 7.9% in 2014 and is expected to have reduced nominally to 7.8% by the end of 2015.

Retail sales grew by 3.4% in 2014. The positive development has been assisted by factors such as low interest rates, low inflation and above average consumer confidence. HUI's current forecast for retail sales growth in 2015 is 4%, showing a slight revision from the forecast 3.5% in Q1 2015. The sales of specialty goods are expected to increase by 5% and daily goods by 3%.

In the period between January and April 2015, furniture, home electronics and clothes retail sales performed best with growth rates of 9.2%, 6.5% and 5.4% respectively, according to HUI statistics. Given the continued strong interest in improving the home environment and also good turnover in residential property sales, similar performance in the furniture and home electornics is also expected during the rest of 2015. Shoe and book sales showed the worst performance over the period, with sales declining by 5.5% and increasing by 0.7% respectively.

The overall positive development of retail sales has encouraged strong interest from international retailers to establish a presence in Sweden during the last year or so, with new retailers including Camper, River Island, Victoria's Secret, Boggi Milano, Starbucks, Disney and Chanel.

Prime shopping centre rents are increasing and in general terms are estimated to have increased nominally by around 2% to 3% over the last year with a similar rate of growth forecast for the forthcoming year. Generally, prime retail rents will perform better than secondary retail rents in terms of growth.

The transaction volume of Swedish retail properties for 2014 was approximately SEK 12 billion (excluding the transaction of properties in the Globen area of Stockholm which have a mix of uses including retail), which is comparable to the transaction volume of SEK 12.7 billion in 2013. In 2014, Sweden had the 6th highest retail transaction volume in Europe. Also the retail property transaction volume in the first half of 2015 was strong at around SEK 11 billion. Major transactions include the sales of Skärholmen Centrum in Stockholm, Nova Lund shopping centre in Lund and a portfolio of 7 shopping centres situated in regional town centres. The aforementioned deals account for nearly 60% of the transaction volume of H1 2015.

Prime shopping centre yields have moved in during the last 9 months to around 4.75%, given strong demand and low supply as well as continued low interest rates. Yields for secondary shopping centres have not decreased to the same extent as prime since the financial crisis. However, due to easier finance availability, lack of prime property investments and investors' willingness to take on more risk, there has been increasing interest for this property class over the last year or so. The amount of yield compression for secondary retail assets largely depends on an asset's particular characteristics. Moreover, investors seem to be willing to pay premiums of portfolios compared to if the assets were sold separately, a trend that for example the recent deal of 7 shopping centres in regional town centres between Niam and Agora illustrates. In general terms, market liquidity is relatively strong and this is expected to continue through 2015.

Estonia

According to Statistics Estonia, in Q1 2015 the GDP fell 0.3% compared to the previous quarter but increased 1.7% year-on-year. GDP growth was mostly driven by an increase in value added in manufacturing, driven mainly by the increased production of electronics and forest products. Similarly to the previous quarter, the Estonian economy was inhibited the most by the decrease in value added in transportation, especially in land transportation. The Bank of Estonia expects that the GDP will increase 2.2% in 2015 and 3.1% in 2016. Faster growth is limited by the decline in population, as well as the current structure of production, equipment and production technology. Inflation is expected to accelerate during the second half of 2015 due to increasing prices of food and energy. The CPI growth is forecasted to remain at 0% for the full year of 2015 but accelerate to 2.6% in 2016.

Retail sales growth accelerated to 8% year-on-year in May at constant prices. Sales increased in most economic activities; only retail sales in stores selling textiles, clothing and footwear were 1% lower than a year before. Retail sales via mail order or the Internet increased the most, with year-on-year growth of 57%. The average retail sales growth during the first 5 months of 2015 has been 7.6% year-on-year, supported by the increased disposable income of households. The Bank of Estonia forecasts that the growth will decelerate in 2016 due to the negative impact of higher inflation and increasing unemployment on real disposable income.

Prime shopping centre rents have remained more or less stable over the past quarters. However, downward pressure on rents has increased due to intensifying competition within the retail sector and even the long-term agreements are difficult to extend at current rental levels. While most rents are completely or partially linked to the consumer price index, rental growth is expected to remain flat in 2015.

The investment market showed somewhat lower activity in Q2 compared to Q1. There was only one larger transaction in the retail segment – the sale of Rimi property portfolio which consisted of 18 grocery stores in different parts of Estonia with a total GLA of 16,818 sq. m. The total volume of the portfolio transaction was 17.2 million euros. Some larger transactions in the retail/shopping centre segment are expected to take place during the second half of the year. Prime yields, which have slightly decreased over the past quarters driven by low interest rate expectations, are forecasted to remain more or less at their current level, i.e. at 6.7-7.0% in the second half of 2015.

Denmark

According to Statistics Denmark, the GDP growth in Q1 2015 was 0.5% compared to the previous quarter concluding a period of seven consecutive quarters with positive real growth in the Danish economy. In 2014, GDP grew by 1.1%, and the forecasts for 2015 and 2016 currently stand at 1.7% and 2.1% respectively, having recently been revised slightly upwards. GDP growth is primarily driven by improving exports, whereas lower expected levels of investment will have a negative impact in 2015. Private consumption increased by a mere 0.6% in 2014, but is expected to grow by 1.9% in both 2015 and 2016.

Retail sales gradually improved during 2014 showing a growth of 1.1% compared to 2013. Although the first four months of 2015 showed significant improvements in retail sales compared to the same period a year before, in May sales declined by 1.2% compared to the previous month and 3.8% year-on-year. The sales are however expected to stabilize in the following months showing no long-term effects.

Prime shopping centre rents have increased slightly throughout 2014 as consumers — and thereby retailers — continue to prefer attractive and well-assorted prime shopping. Outdated and non-optimised centres are in less demand. However, such centres, if well situated and with a strong catchment area, often have a substantial potential if subject to proper active asset management. Generally, prime and secondary shopping centre rents are expected to remain stable as private consumption growth, although positive due to real wage growth, is expected to remain at a moderate level.

Activity in the retail investment market has slowed a bit in terms of number of transactions in Q2 2015 compared to Q1 2015. On the other hand, the overall transaction volume grew, being just above 3 billion DKK compared to 1.8 billion in Q1 2015. The transaction volume in Q2 2015 was dominated by a single investment made by Central Group from Thailand. In May, they acquired the Illum building located on Oestergade (prime high street) in Copenhagen from Blackrock for an estimated sum of 2.5 billion DKK. Overall, investment demand for prime retail assets remains at the consecutive high level we saw in 2014 and the beginning of 2015. We have seen the yields on prime investments fall consecutively for quite some time, running as low as just above 3%. It is our assessment that investors will continue to demand prime retail real estate in Denmark and especially in the Copenhagen High Street area.

Valuation Rationale

We have adopted a 10-year cash flow as the main valuation method. The model was provided by the Company. Cash flows are calculated based on information from existing lease agreements. For the period after the expiry of these agreements, our market evaluation of the estimated rental value (ERV) 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 after the start of the assumed new lease, results in the Effective Gross Rental Income. Effective Gross Rental Income less operating expenses (including 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 income stream's present value.

The residual value at the end of the 10-year cash flow period is calculated by using the exit yield to capitalise the 11th year bottom-level cash flow. The value of the property is calculated as the 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 usable building right).

Development projects are included in the valuation of the portfolio in line with information received from representatives of the Company. Adopting the applied valuation model, future rental income is based on finalised rental agreements and rental projections for the valued development project. Correspondingly, the development period is considered as 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 a development project increases automatically as investments are committed and the opening day of the renewed premises approaches.

Valuation

Property Portfolio

At the end of June 2015, Citycon owned 60 properties (including Kista Galleria). This valuation statement includes all properties except Kista Galleria which is valued separately, and two properties that have been moved outside the valuation because Citycon has entered into agreement to divest them. The property portfolio under valuation consists mainly of retail properties, of which 43 are located in Finland, 10 in Sweden, three in Estonia and one in Denmark. The core of the portfolio consists of 34 shopping centre properties, which comprise 84% of the portfolio's leasable area and represent most of its value. The rest of the property portfolio consists of other retail properties such as supermarkets and shops.

The total fair value of the portfolio in Q2 2015 was approximately €2,802 million. Compared to Q1 2015 the fair value increased by €23.5 million i.e. 0.8% when excluding the properties Kallhäll and Talvikkitie 7-9 (Tikkurilan Anttila) that have been moved outside the valuation. This increase is mainly driven by positive development of yields and rents in prime shopping centres. The weighted average yield requirement of the portfolio remained at the same level as in the previous quarter, being 6.1%.

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

30 June, 2015	Number of properties	Fair Market Value, EUR million	Wght. Average Net Yield Requirement	Wght. Average Initial Yield	Wght. Average Reversionary Yield	Wght. Average Market Rent, EUR/sq.m./ month	Wght. Average Operating Costs EUR/sq.m./ month
Total Property Portfolio							
Finland	43	1 709	6,1 %	6,1 %	6,1 %	27,5	6,5
Sweden	10	741	5,6 %	5,6 %	6,1 %	25,1	7,0
Estonia and Denmark	4	352	7,0 %	7,3 %	7,3 %	20,6	3,4
Total	**57**	**2 802**	**6,1 %**	**6,1 %**	**6,2 %**	**26,0**	**6,2**
Finland							
Helsinki Metropolitan Area							
Shopping Centres	11	898	5,6 %	5,5 %	5,5 %	29,6	7,2
Other retail properties	8	72	7,1 %	7,8 %	7,9 %	17,3	4,7
HMA total	**19**	**970**	**5,8 %**	**5,7 %**	**5,7 %**	**28,7**	**7,0**
Other parts of Finland							
Shopping Centres	10	616	6,3 %	6,3 %	6,3 %	28,2	6,3
Other retail properties	14	124	7,3 %	7,5 %	7,4 %	14,9	3,2
Other total	**24**	**739**	**6,5 %**	**6,5 %**	**6,5 %**	**26,0**	**5,8**
Sweden							
Greater Stockholm Area and Umeå							
Shopping Centres	8	654	5,5 %	5,5 %	5,9 %	26,2	7,4
Other retail properties	1	14	7,2 %	8,0 %	11,7 %	14,3	2,6
Total	**9**	**668**	**5,5 %**	**5,5 %**	**6,0 %**	**26,0**	**7,3**
Greater Gothenburg area							
Shopping Centres	1	73	6,3 %	6,5 %	6,7 %	16,8	4,9
Total	**1**	**73**	**6,3 %**	**6,5 %**	**6,7 %**	**16,8**	**4,9**
Estonia and Denmark							
Total	**4**	**352**	**7,0 %**	**7,3 %**	**7,3 %**	**20,6**	**3,4**

Properties in Finland

The fair value of the Finnish portfolio is €1,709 million and it decreased by €0.8 million from Q1 2015 when excluding Talvikkitie 7-9 (Tikkurilan Anttila) that has been moved outside the valuation. Compared to the previous quarter, the weighted average yield requirement (6.1%) and the weighted initial yield (6.1%) have remained unchanged, while the weighted average reversionary yield decreased by 60bps to 6.1%. The change in the value of the Finnish portfolio is driven by negative development of rents and investments. In four properties yields have been moved in due to improvements in the properties and enhanced market conditions, whereas in one property the yield has been increased to reflect the recent development of local market conditions. In several properties market rents have been adjusted to reflect the changes in the local market.

Properties in Sweden

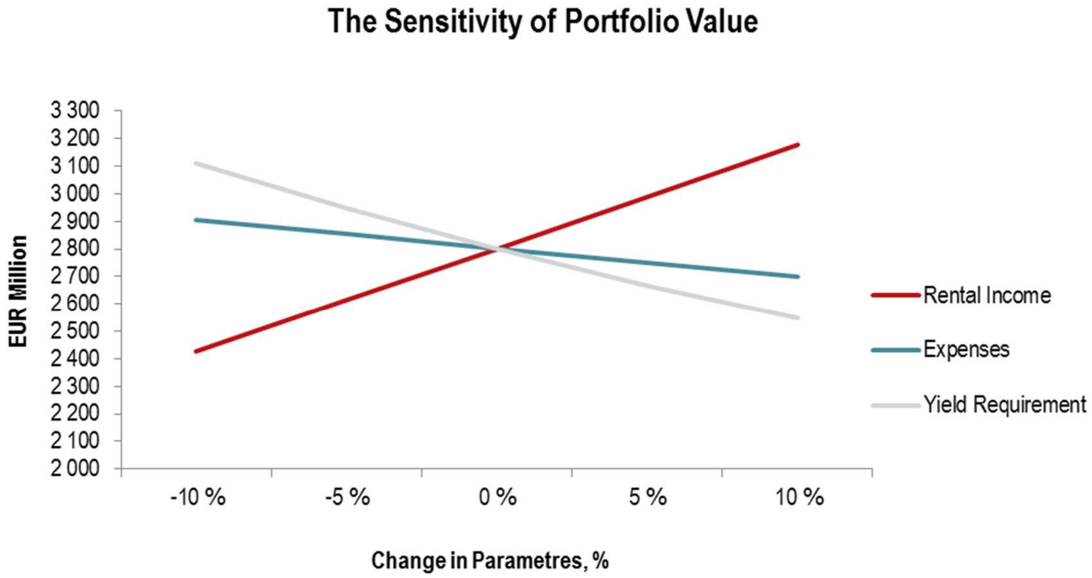
The fair value of the Swedish portfolio is €741 million, meaning that the portfolio's value has increased by 3.2% since Q1 2015 when excluding Kallhäll that has been moved outside the valuation. The increase in the value of the portfolio is mainly due to revised yields. The strengthening of the Swedish Crown also affects the value, and excluding this the value of the properties has increased by 2.4%. The weighted average yield requirement (5.6%), weighted average initial yield (5.6%) and weighted average reversionary yield (6.1%) have all decreased by 10bps from the previous quarter. In six properties the yields have been moved in due to enhancement in the properties and the market situation. In every property the market rents have been adjusted to reflect the changes in the local market.

Properties in Baltic countries and Denmark

The fair value of the Baltic countries and Denmark property portfolio is €352 million. Compared to the Q1 2015 value, this represents a 0.4% increase in value. The increase in value is mainly driven by the revised yields in two properties in Estonia and in the property in Denmark (all due to improved market conditions). The weighted average yield requirement of the portfolio standing at 7.0% and the weighted average initial yield (7.3%) have decreased by 20bps compared to the previous quarter. The weighted average reversionary yield (7.3%) has remained unchanged. In the property in Denmark the market rents have been slightly adjusted to reflect the changes in the market conditions, while in the properties in Estonia market rents are at the same level as in Q1 2015.

Sensitivity Analysis

A sensitivity analysis of the portfolio's fair value was carried out by creating a summary cash flow based on individual cash flow calculations. Changes in fair value were tested by modifying the key input parameters of the calculations. The parameters tested were yield requirement, estimated rental value and operating expenses. The current fair value of the properties was used as a starting point for the analysis, which was performed by changing one parameter at a time while all others remain unchanged and then calculating the corresponding fair value of the total portfolio. The sensitivity analysis is a simplified model intended to support the understanding of the value effect of different parameters on the valuation. The figure below represents the results of the analysis.



As seen in the figure above, the value of the portfolio is most sensitive to the changes in estimated rental value and yield requirement. A 10% increase in estimated rental value leads to change of around 13% in value, while a 10% fall in the yield requirement causes an increase of around 11% in value. Changes in expenses have a more modest effect on the value than other parameters.

Fair Value as at 30 June 2015

We are of the opinion that the aggregate of the Fair Values, free of liabilities and debt, of the properties in the subject portfolio as at 30 June 2015, is ca.

€2,802,000,000

(Two Thousand Eight Hundred and Two Million Euros)

In Helsinki and Stockholm 6th of July 2015

Yours faithfully

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

Benjamin Rush
Associate Director
For and on behalf of
Jones Lang LaSalle AB

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

Laura Korhonen
Analyst
For and on behalf of
Jones Lang LaSalle Finland Oy