CITYCON

Valuation Statement 31 March 2008

1. APPRAISAL METHOD

Realia Management Oy has made a valuation of Citycon's property portfolio as at 31th of March 2008. The valuation was carried out as a cash flow analysis of the net operating income for a period of 10-years. For unbuilt lots and for properties affected by significant town plan alterations the market value is defined by the amount of building right in the existing town plan.

1.1 Cash Flow Calculation Method

The year-on-year cash flow was calculated on Citycon's existing leases, upon the expiry of which, the contract rent has been replaced with Realia Management's view of the market rent. Potential Gross Rental Income (PGI) equals leased space with respect to contract rents and vacant space with respect to market rents. Deducting both the market rent for the idle time between the expired contract and assumed new contract, and the assumed general vacancy level, results in the Effective Gross Rental Income. Effective Gross Rental Income less operating expenses (incl. repairs and tenant improvements) equals the Net Operating Income (NOI). NOI less any investment type of repairs (CAPEX) equals the bottom level cash flow that has been discounted (IRR) to reach the present value of the income stream.

The exit value at the end of the valuation period was calculated by capitalizing the 11th year cash flow (base year) with an exit yield.

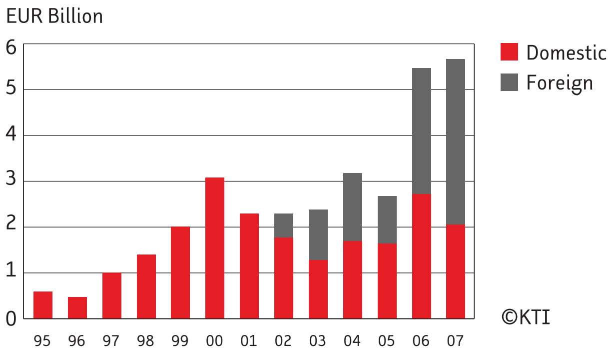
The total value of the property was calculated as the sum of the yearly discounted income stream, the discounted residual value at the end of the calculation period and any other value added assets such as unused building rights or unbuilt lots.

All variables were estimated based on Realia Management's market observations, such as transactions, rental levels and other observations. All of this was done in close cooperation with Citycon's property management, where Realia Management used its objective veto on the data provided.

1.2 Realia Management: Transactions and Market Data

The total transaction volume in the Finnish property market in the first quarter of 2008 will most likely end up in the region of 2 billion euros, which is more than in the previous two years. Last year (Q1/2007) total volume was ca. 1.7 billion euros and in 2006 (Q1/2006) only 0.6 billion euros. The most significant transactions in Q1/2008 have been the hotel portfolio acquired by CapMan (805 million) and the sale of Kamppi shopping center to Protego Investors (452 million). Other significant deals included an office portfolio acquired by Carlyle from Tapiola (216 million) and the deal in which Citycon sold a 40 % share of shopping centre Iso Omena to GIC Real Estate (132 million).

Transaction Volume of Commercial Properties in Finland 1995-2007



On a European level the overall trend was similar than that in Finland. The turnover of the European commercial investment market reached Đ246 billion in 2007. A 6.3% increase on the 2006 level was registered despite the "credit crunch" environment and weaker market sentiment. There has been a strong divergence between the evolution of the UK and the other European markets. Turbulence in the financial sector triggered investors to call the top of the market in the UK. As a result, investment activity slowed to EUR 77.2 billion for 2007, that is a 9 % downturn year-on-year. The other European markets have continued to be fairly upbeat, with investment activity increasing 15% over 2006. In fact, vast majority of the individual markets registered record high investment levels in 2007.

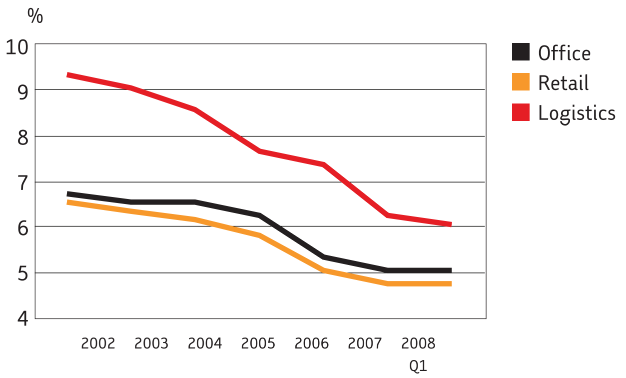
Cross-border activity continued to play a key role across the European market, accounting for 55% of all deals by value. Although the Americans remain the largest single group of cross-border buyers, intra-European activity is growing most rapidly. Of the European countries, British and German investors were the most active ones outside their home markets. As for non-European investors, a significant change in 2007 was the growing interest from Far Eastern buyers, who doubled their activity year-on-year, with 3.0 billion invested in 2007. GIC, the Singaporean sovereign fund (which also acquired a 40 per cent share of shopping centre Iso Omena from Citycon) accounted for Đ2.0 billion of purchases. This is a trend we expect to strengthen going forward, with Sovereign Wealth Funds increasing their allocations to real estate sector. Other equity players that we expect to be active in 2008 are the German Open-ended Funds.

So far the UK has been affected most, with prices in Continental Europe and Scandinavia shifting only slightly. The move from leveraged to equity buyers will affect prices, but we do not see capital values on the Continent falling by anything like as much as they have done in the UK. The underlying economy will play the key role for real estate in the short-term as investors are returning to fundamentals - rental growth and income return - to drive the investment decisions.

1.3 Yield determination

In the early parts of 2008 the Finnish property market has been characterized by large, single deals. At the same, the overall number of transactions has declined. This describes the overall market situation where uncertainty has increased, but demand for good, large properties is still on a high level. Both investors and financier institutions have valued the individual property risks more carefully due to overall uncertainty in the financial markets. This has caused the competition and offer levels for class B and C properties to decline and sellers have had to adjust their expectations of possible selling prices. In many cases this has delayed or even cancelled intended transactions. At the same the demand for prime properties has remained high as financiers are still willing to finance low risk assets. Recent market evidence (Kamppi shopping centre) shows that values in prime properties have remained on a high level.

Helsinki Prime Yields



The number of international investors in Finnish property market has exceeded 70 and the value of foreign investments accounts for 64 per cent of total transaction volume. However the market share of foreign investments began to decline in 2007 and this trend is expected to continue in 2008. Domestic institutional investors (such as mutual insurance companies) and domestic funds in addition with German and Nordic based funds have increased their competitiveness and shares of transactions. Equally investors using high levels of leverage have been losing their market positions. The first exits of foreign investors were seen in 2007 and the number of exits is forecasted to increase in 2008. Deals in which both buyer and seller were foreign became common in 2007. In 2008 we are expecting to see increasing amount of deals where the seller is foreign and buyer domestic market participant.

In the Finnish retail market there is a brisk demand for good retail locations and premises in the biggest cities. European retail chains and investors have greatly increased the overall activity in this property branch. The retail market in Finland is dominated by the shopping centre and supermarket format, with high street properties playing a less important role when compared to many other European countries. Further on, the Finnish retail market is characterized by the strong presence of domestic retail groups Kesko, S-Group and Tradeka. Finland is among many Eastern European countries like Slovakia, Ukraine and Bulgaria in the latter part of European countries when compared the presence of international retailers in each market. One could say that there is an under-representation of international retailers in Nordic countries suggesting that these retailers may benefit from reconsidering opportunities in the region and possible gaps in the market.

As a result of the market trend Realia Management has revised its input parameters to cohere with the existing market characteristics. The Realia Management level describes a reasonable market level, from which unhealthy and inappropriate market behaviour has been eliminated.

1.4 Potential Development Projects

Some development projects were valued by using a separate project model. This model is only used in a project accompanied by: 1) a Citycon's board decision, and 2) enough information for a reliable valuation. Such information includes e.g. an extensive project plan, several new rental agreements, future investments, etc. The appraiser makes the final decision on the use of the model.

The project model is a 10 year cash flow model which also takes the projects' future investments and changing cash flows into consideration. It includes present cash flows up to the end of the development phase and future cash flows after the development.

The project model was used in the valuation of two (2) properties in Q1 2008: shopping centre Trio and shopping centre Rocca Al Mare.

All other potential development options were left out of the valuation and properties were evaluated based on the current rental situation and current allocation of premises.

All undeveloped lots or those under development were evaluated based on their current zoning and the amount of unused building right. The value in each case was set based on market observations of similar lots.

2. RESULT

The portfolio consists of a wide range of properties with different market values and different levels of quality. The value of the total portfolio is calculated as the sum of the individual properties. In the sections below we have presented the valuation result on a total and portfolio level. The different portfolios have been further grouped based on their geographical locations.

A large majority of portfolio value is in shopping centers. Especially in Finland Citycon has a strong position in the shopping centre market by owning five of the 20 largest shopping centres. Also geographical allocation is efficient with ca. 44 per cent of the Finnish portfolio value being located outside HMA.

In this valuation we have valued for the first time the Lentola retail centre in Kangasala, Finland, which was a completed development project during the fourth quarter of 2007.

There haven´t been significant changes in the total value of portfolio compared to Q4 2007. Yield requirements have partly increased, but that is compensated by turn of the year rental indexations in many of the properties. Overall the total value of the portfolio has increased by less than one per cent if new addition Lentola is excluded.

2.1 Total Property Portfolio

The overall number of properties has remained the same. Lentola is valued for the first time and Pukinmäen Liikekeskus has been divested. A vast majority (71 %) of the portfolio value is located in Finland.

There haven't been any major changes in valuation parameters in Finland. In the Swedish portfolio there are many development projects under way or under planning. This has caused the market rents to increase slightly, but steadily in last valuations. In the Baltic Countries, the yield requirements have increased the most compared to last quarter. This is partly due to the growing uncertainty in the local market and partly to the change in the valuation method of Rocca Al Mare shopping centre in Tallinn. Rocca Al Mare has been valued for the first time as a development projects, meaning that the future market rents and space allocations after construction and development phase are taken into consideration.

Weighted average yield requirement of the total portfolio has slightly increased to 5.7 per cent (5.6 % in Q4 2007). Average market rents have increased by 0.2 EUR/sq.m./month and costs by 0.1 EUR/sq.m./month when compared to situation three months ago.

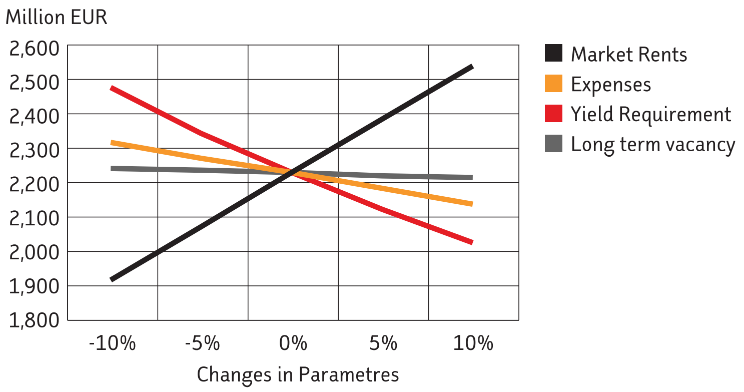
Market Value Analysis, March 2008

March 31 2008	Wght. Average Net Yield Requirement, %	Wght. Average Market Rent EUR/sq.m./month	Wght. Average Operating Costs EUR/sq.m./month	Fair Market Value, EUR million
TOTAL PROPERTY PORTFOLIO				
Finland	5.7%	21.1	4.7	1,588.2
Sweden	5.4%	13.5	4.1	523.0
The Baltic Countries	6.6%	19.5	4.6	112.0
Total	**5.7%**	**19.2**	**4.6**	**2,223.4**
Finland				
Helsinki Metropolitan Area				
Shopping Centres	5.2%	25.4	5.8	730.7
Other retail properties	6.6%	14.4	3.2	141.2
HMA Total	**5.4%**	**23.7**	**5.4**	**871.9**
Other parts of Finland				
Shopping Centres	5.8%	20.2	4.5	535.8
Other retail properties	6.7%	11.4	2.3	180.5
Other total	**6.0%**	**18.0**	**3.9**	**716.3**
Sweden				
Greater Stockholm Area and Umeå				
Shopping Centres	5.3%	14.1	4.2	408.1
Other retail properties	5.5%	12.9	2.3	22.9
Total	**5.3%**	**14.1**	**4.1**	**431.0**
Greater Gothenburg Area				
Total	**5.9%**	**11.0**	**3.7**	**92.0**
The Baltic Countries				
Total	**6.6%**	**19.5**	**4.6**	**112.2**

3. SENSITIVITY ANALYSIS

The sensitivity of the fair value of the portfolio was tested by changing the key input parameters of the calculations. The parameters that were tested are required yield, market rent level, total expenses level (including operational costs and repair costs) and the estimated long term vacancy rate. For testing the starting point is the current market value of properties. The analysis is performed by changing one parameter at a time while all others remained unchanged and calculating the corresponding market value of the total portfolio. The figure below shows the results of the analysis.

The Sensitivity of Portfolio Value



The results indicate that the market value is most sensitive to yield requirement and market rent levels. A 10 percent decrease in yield requirement results in an approximately 11 percent increase in value. Correspondingly, a 10% increase in market rents increases the value by approximately 14 percent. A 10 percent increase in total expenses decreases the portfolio value by 4 percent. The value is not as sensitive to long term vacancy levels. A ten percent change in this parameter alters the market value by less than one percent.