CITYCON

Valuation Statement 30 June 2008

1. APPRAISAL METHOD

Realia Management Oy has made a valuation of Citycon's property portfolio as at 30th of June 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.

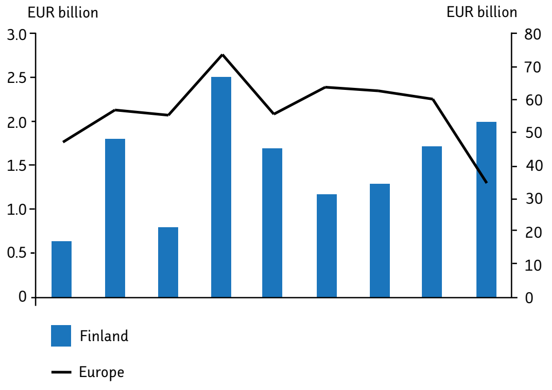
The total value of the property was calculated as the sum of the yearly discounted income stream, the discounted residual value at the end of the calculation period and any other value added assets such as unused building rights or unbuilt lots.

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: Transaction and Market Data

The Finnish property market has cooled down considerably in the second quarter. The brunt of the credit crunch, originated in the US, has finally reached Finland causing considerable problems in the property business. The available supply of funding has decreased and the loan terms have become stricter. These changes have a substantial effect on the property market which is highly dependent on current liabilities. The cost of foreign capital going up in conjunction with the lack of available credit results in higher yield requirements for new property acquisitions. As potential buyers have often purchased their properties at lower yields (higher price), the interests of the buyers and sellers no longer go hand in hand. The quarterly transaction volume in Q2 2008 will drop to the lowest in several years. The current estimates for the second quarter are well below one billion euro.

Quartely transaction volume in Finland and in Europe Q1 2006 - Q1 2008



Source: CB Richard Ellis and KTI

The change in the financing environment has affected in particular the transactions of large, single properties and portfolios consisting of several properties. These types of transactions had dominated Finland's property market in the years of strong growth in 2006 and 2007, forming the majority of the entire transaction volume. The rising uncertainty has now forced parties to patiently wait and, as long as there are no immediate needs for transactions, decisions are being put off until the end of 2008 or the beginning of 2009. In addition, the magnitude of change has been perceived differently by the buyers and sellers - typical to a market situation in change - resulting in offers that do not always meet the expectations of the seller party.

Changes in the yield requirements have based on changes in the finance situation and loan terms thus far, and not so much on market fundamentals; the demand and supply changes. This has meant that internationally the largest yield adjustments have happened in markets where net yields were the lowest (in Europe, Britain) and closest to risk-free interest rate. Correspondingly, in

Finland, the net yields have not been adjusted despite the marked changes to it that have been observed e.g. in London. On the other hand, one could assume that in less liquid markets changes may take time to properly sink in. Across Europe, the property markets are equity investor driven at the moment. In Finland, the parties most active in the market have been German property funds, certain domestic funds and domestic institutional investors.

The so called "Credit Crunch" phenomenon started off as mostly a financial market crisis. Nevertheless, the past months have proven the phenomenon to have an effect on the real economy as well. The slowdown of the American economy (a slowdown that could perhaps be considered a slump) has made its way into the European economy at an increasing pace. The effects of uncertainty in the economy on private consumption are quite clearly critical from the viewpoint of property markets and especially the business premises market. The consumer confidence that remained strong, low savings rate and a net income level growth has together bolstered the retail sector's strong growth for several years. All the relevant indicators for the business premises market - rent, returns, vacancy levels and construction - have seen positive development.

The worsening economic situation may, however, eat into the consumer confidence rapidly. The consumer confidence indicator is already below the long term average. Nevertheless, Finland is still clearly above the average of the Euro-zone. The increasing inflation, the end of strong positive employment development and an increasing interest in savings may reduce spending power and appeal. This sort of development would also have an effect on the situation in the retail market.

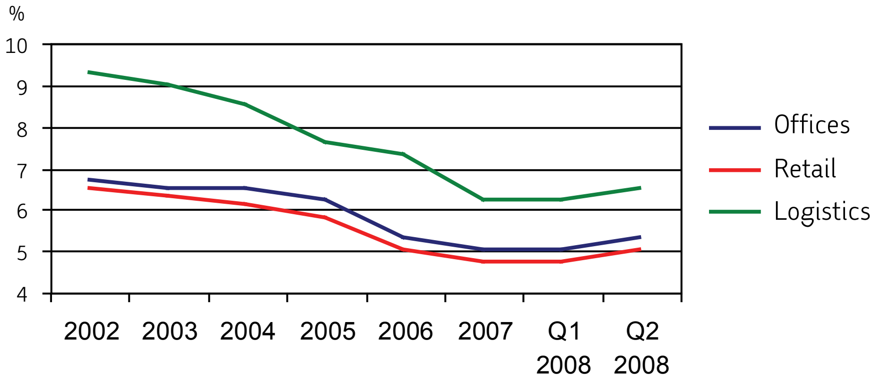
1.3 Yield determination

The Finnish market has seen the overall number of property transactions decline sharply during the second quarter of 2008, with the single, most prominent reason for this being the squeeze on the international finance and credit markets. The effects of uncertainty originating from the United States have unmistakably made their way into Finland. At the moment, there is a limited supply of loan financing, and the loan terms have become stricter since last autumn's quotations. This has resulted in financial arrangements and financing networks becoming a major competitive advantage in the property markets.

An additional challenge for the financial institutes in the current year is the migration from the Basel 1 over to the Basel 2 system - systems regulating the banks' capital requirements. The migration phase may very well affect the liquidity market adversely. The challenge in the financial arrangements is evident in the fact that over 50 million euro deals haven't been gone through in the last quarter. The financiers are very fastidious about investment opportunities and investors applying for them. The situation is expected to continue until the end of 2008. The completion of the migration process in 2009, on its part, will bring relief to the situation.

The changed market environment has already affected prime properties' yield levels. This can be explained, in part, by the stricter loan terms, but the competition for large deals has calmed down also due to the abore mentioned financing problems. In our view, the investors' yield requirements have risen by 0.2 - 0.4 percent in prime properties. In other properties, the change has been relatively larger and, depending on the property, the yield level requirements have risen 0.5 - 1.0 percent since 2007.

Helsinki Prime yields 2002 - Q2 2008



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 varying in 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 centres. 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 even with ca. 46 per cent of the Finnish portfolio value being located outside HMA.

Citycon has announced its strategic focus being the developing of existing property volume. Especially in HMA, Citycon owns several shopping centres and retail properties in suburbs. Such are, for example, Myllypuro, Martinlaakso and Laajasalo retail properties. In these properties, there are expected to be major development in the coming years. This often means the demolishing of old buildings and building new ones from the ground up. These properties are always evaluated on a case by case basis. In case a new town plan is enforced, and as a result the schedule for the development becomes clear, the valuation will take the building right into account, or if need be, the valuation will be done through the so called development model cash flow analysis.

The market value of the portfolio has decreased compared to the previous quarter due to increased yield requirements. On the whole, there has been a change of over 3 percent. Despite the general increase in yield requirements, the value of the properties has increased, and in certain properties, returns from let premises have increased to the extent that they more than compensate the increased yield requirements.

During the second quarter, no new properties were added to the portfolio to be valuated nor were any properties sold. In the valuation of two properties, Myllypuro retail centre and Kivensilmänkuja grocery store, a land use agreement with City of Helsinki was taken into account.

2.1 Total Property Portfolio

The overall number of properties has remained the same. A vast majority (72 %) of the portfolio value is located in Finland.

Weighted average yield requirement of the total portfolio has increased to 6.0 per cent (5.7 % in Q1 2008). The weighted averages in the table are weighted by the value of the property. Therefore properties with a higher value have a stronger influence on the on the average values than ones with a lower values. The 10 largest properties in the portfolio form over 56% of the entire portfolio value. Changes in these firms dominate the changes in the weighted averages. The largest property in the portfolio is Iso Omena in Espoo, which forms ca. 15% share of the entire portfolio value.

The ten most valuable properties are:

- Iso Omena, Espoo, Finland
- Myyrmanni, Vantaa, Finland
- Trio, Lahti, Finland
- Jakobsberg, Stockholm (Järnfalla), Sweden
- Koskikeskus, Tampere, Finland
- Columbus, Helsinki, Finland
- Liljeholmen, Tukholma, Sweden
- Rocca Al Mare, Tallinna, Estonia
- Tumba Centrum, Tukholma, Sweden
- Forum, Jyväskylä, Finland

Market Value Analysis, June 2008

June 30 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	6.0%	21.3	4.7	1,546.8
Sweden	5.7%	13.7	4.1	497.8
The Baltic Countries	6.9%	19.6	4.6	107.8
Total	**6.0%**	**19.4**	**4.5**	**2,152.4**
Finland				
Helsinki Metropolitan Area				
Shopping Centres	5.5%	25.5	5.8	702.3
Other retail properties	6.9%	14.4	3.2	139.3
HMA Total	**5.7%**	**23.7**	**5.4**	**841.6**
Other parts of Finland				
Shopping Centres	6.0%	20.6	4.4	531.6
Other retail properties	7.0%	11.5	2.2	173.6
Other total	**6.3%**	**18.3**	**3.8**	**705.2**
Sweden				
Greater Stockholm Area and Umeå				
Shopping Centres	5.6%	14.3	4.3	389.8
Other retail properties	5.8%	13.1	2.4	22.1
Total	**5.6%**	**14.3**	**4.2**	**411.9**
Greater Gothenburg Area				
Total	**6.2%**	**10.8**	**3.7**	**85.9**
The Baltic Countries				
Total	**6.9%**	**19.6**	**4.6**	**107.8**

2.2 Finland

The Finnish portfolio is efficient in its distribution over Helsinki Metropolitan Area and the rest of the country, with an assortment of differing property types. The yield requirements, especially in the B and C grade assets, have increased, but also the most valuable properties' yield requirements have began to increase. There haven't been noticeable changes in market rents and management expenses.

Especially in the HMA portfolio, the effect of larger shopping centres on the weighted averages can be observed. Elsewhere in Finland, the rents and management expenses are at a lower level and the yield requirements are a notch higher than in HMA.

2.3 Sweden

The Swedish portfolio consists of many development projects that are under way or under planning. Due to the ongoing development, rents have been steadily rising. When it comes to yield requirements, the situation is much like in Finland. The yield requirements have risen a little slower for the best properties and somewhat faster for other properties.

The overall weight of the Swedish portfolio is focused on Stockholm and Umeå regions, and more specifically, on the shopping centres in these regions. A speciality of the Swedish portfolio is the large share of apartments in many of the properties. The apartments also play a significant part in the relatively low yield requirements.

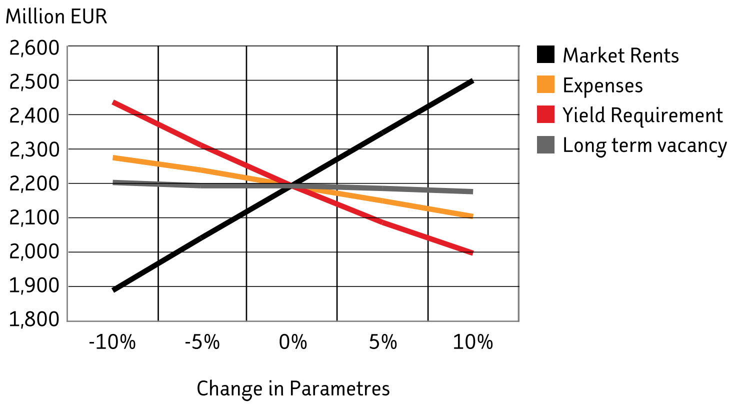
2.4 The Baltic Countries

When compared to the end of 2007, the yield requirements have increased the most in the Baltic Countries. This is partly due to the growing uncertainty in the local market. Rocca Al Mare is still valued as a development project, meaning that the future market rents and space allocations after construction and development phase are taken into consideration. The continuing development of the property has kept the yield requirement at a moderate level compared to other properties in the Baltic countries. Rocca Al Mare forms about two thirds of the Baltic portfolio value.

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.