CITYCON
creating success for retailing

VALUATION STATEMENT
30 JUNE 2013

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 2013, to arrive at our opinion of Fair Value (no allowance was made for the typical purchaser's costs).

Fair value is defined by the International Accounting Standards Board (IASB) 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 the 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 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. We have also re-inspected 49 properties after the initial valuation as well as inspected all the properties acquired after the initial valuation. 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 Jones Lang LaSalle offices in Finland and Sweden. In Estonia, Lithuania 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.

PROPERTY MARKET

Finland

Q2 of year 2013 has not brought any big changes to retail property transaction volumes thus the market has stayed rather quiet. Retail transaction volume probably stays around EUR 50 million for the first half which is only one sixth of year 2012 comparable figure. The total transaction volume in H1 seems to remain under the last year's figures. There is a possibility that the second half of the year might be more active due to increasing number of properties coming to the market.

The polarisation of the market seems to be continuing. Demand for core assets remains strong, as equity rich investors keep looking for safe heavens, while tightening financing conditions are affecting the business logic of value added and opportunistic investors. Consequently, shopping centre prime yields have remained stable but the secondary yields are facing upward pressure.

Retail rents have also been increasing even though the softening outlook for retail sales is weakening the future prospects. However, rental growth has been focused on the prime locations except in retail warehouse sector where the rental growth overall seems currently to be over. At the same time, occupier demand is strongest in prime high street and shopping centre units.

Sweden

The retail property transaction volume in Q2 2013 was some SEK 2.5 billion (excluding Valutan 13 in Jönköping and a part of Hansa City in Kalmar where no price data was released.) This volume is higher than the SEK 1.6 billion of retail property which was transacted in Q1 2013 but significantly lower than Q4 2012 when some SEK 7.6 billion of retail property was transacted. However it is typical that the fourth quarter shows higher volumes. In Q2 2013, the majority of the retail transactions involved an international investor.

Investors' interest continues to be strong for retail property which has a good location and specification with relatively strong tenants and low vacancy rates. However retail property investments which do not meet some or all of these criteria will be more difficult to sell.

Yields for prime shopping centres are currently in the region of 5.50% and 6.25% for prime retail warehouse parks. These yields have remained generally stable since mid-2011, although the prime yield for retail warehouse parks moved out by 25bps at the end of 2012.

Recently, prime retail rental growth has been in line with or slightly in excess of inflation, while secondary retail rental growth has generally been flat or slightly negative. In recent months, shopping centre rental growth has tended to surpass rental growth in external retail warehouse parks. The combination of lower economic and retail sales growth as well as the development of more retail accommodation has meant that recent retail rental growth has been lower than what has often been used to in Sweden over the last decade.

Estonia

The confidence indicator of retail trade enterprises is above the long-term indicator average. Consumers' view concerning their own economy, as well as Estonia's economy has turned much brighter over the year. Demand for retail space is primarily strong in Tallinn downtown areas and professionally managed modern shopping centres. The average vacancy at Tallinn shopping centres is close to zero. The rent rates have remained rather stable and slightly improved due to index increments and fewer rental discounts.

The investment market has been active since the second half of 2012. Two larger shopping centre transactions in Q3 (EUR 21.5 million) and Q4 (EUR 21.8 million) were followed by several smaller transactions in super and hypermarket segment and one larger, EUR 14.9 million hypermarket transaction in the first half of 2013. As the market has strengthened, retail yields have dropped below 8%.

Development activity in retail sector is continually active throughout Estonia. In 2012 several developers announced about the start of the development of new regional shopping centres as well as shopping centre expansions and improvements in Tallinn. Approximately 100,000 sq m of new retail space will be added to Tallinn market by the year 2015. This volume includes the launch of two new centres – regional shopping centre Panorama (57,000 sq m) in East Tallinn and fashion centre Post House (7,100 sq m GLA) in the city centre plus expansion of existing shopping centre stock. While shopping centres are rebuilt and enlarged, several retailers and major grocery chains expand their businesses and modernize their concept. Also neighbourhood shopping has growth potential in residential areas.

Lithuania

Vilnius retail property market has shown some increase in activity from Q4 2012. The last quarter of 2012 brought along a EUR 25 million retail transaction as Swedish investment fund East Capital acquired Gedimino street 9, a 17,000 sq m high-street shopping mall in the centre of Vilnius. East Capital is also active in Latvia acquiring Prisma Hypermarket in Riga. The current year has begun with several large transactions. Lords LB Baltic Fund III acquired four shopping centres in Lithuanian secondary cities as part of a portfolio transaction covering also Latvia. The prime shopping centre yields have reached a 8.0% level and the increase in investment activity would probably have further downward pressure on the yields.

The average vacancy has been close to zero quite some time in professionally managed modern shopping centres. The rent rates are slowly increasing for small tenants and remaining stable for large ones, while some changes are expected in the second half of the year after H&M and IKEA openings.

About 60,000 sq m of new retail stock is under development within 2 years - besides a large IKEA store with GLA 30,000 sq m one retail park (ca. 11,000 sq m) and shopping centre (ca. 18,000 sq m) in the northern part of Vilnius are planned to be delivered in 2013-2014. The other realistic projects in the next two to three years would be some neighbourhood shopping centres in the outskirts of Vilnius.

Denmark

Investment activity in commercial real estate is still performing way below the long term average. The total transaction volume in 2012 was slightly higher than in 2011, and it is expected that the total volume will increase again in 2013. The primary focus is still on residential properties in Copenhagen whereas the pure commercial market is suffering more. The large companies have however no problem finding investors to large office domiciles on long leases and several large companies have taken advances of this situation.

The primary focus in 2012 in the retail investment market was high street properties in Copenhagen. There has been a growing interest from especially foreign investors for this type of asset and yield is down to 4.75% for prime assets in Copenhagen. In Q2 there have been no major transaction so the major story in the market is still that the largest shopping centres in Denmark was sold for close to DKK 3 billion in Q1. This is one of largest single asset deals in Danish history. The shopping centre market has been very illiquid for many years but hopefully this deal can give more activity in this market. The shopping centre in question was Rosengårdcentret located in Odense - the third largest city in Denmark. The centre was sold to ECE European Prime Shopping Centre Fund at a yield around 5.25%. The yield for prime shopping centres is around 5.0-5.5% and it has been flat for last 12 months.

VALUATION RATIONALE

We have adopted a 10-year cash flow model as a main valuation method. This 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 (incl. 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 an 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. Based on 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 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 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 2013, Citycon owned 76 properties of which Kista Galleria and Wavulintie are not included in this valuation. The property portfolio under valuation consists mainly of retail properties of which 57 are located in Finland, 12 in Sweden, 3 in Estonia, 1 in Lithuania and 1 in Denmark. The core of the portfolio consists of 37 shopping centre properties, which comprise 80% of the portfolio's leasable area and represent most of its value. In addition to the shopping centres, there are other retail properties and development properties.

Since the previous valuation, one property has been disposed; Lindome located in Mölndal, Sweden.

The total fair value of the portfolio in Q2 2013 was approximately EUR 2,709 million. Comparing the Q2 2013 fair value of the portfolio, the fair value decreased by EUR 22.4 million i.e. 0.8%. The weighted average yield requirement of the portfolio has stayed the same being 6.3%. The decrease in fair value is mainly driven by the weaker Swedish krona.

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

Properties in Finland

The fair value of the Finnish portfolio is EUR 1,667 million and it increased by EUR 15.2 million, when compared to the Q1 value. Compared to Q1 figures the weighted yield requirement (6.2%) has stayed the same, as well as the reversionary yield (6.8%) weighted. Initial yield (6.4%) has decreased by 10 bps. The change in the value of Finnish portfolio is mainly driven by committed investments, renewal of grocery store leases in eleven supermarket properties and change in operating costs.

Properties in Sweden

The fair value of the Swedish portfolio is EUR 719 million, meaning that the portfolio's value has decreased by 4,5% since Q1, when not including the sold property Lindome. The decrease in value is mainly due to the weakening of Swedish krona. The weighted average yield requirement for the Swedish portfolio has stayed the same being 6.0%. The weighted average initial yield has decreased by 30 bps (5.6%) and the weighted average reversionary yield (6.6%) remained unchanged.

Properties in Baltic countries and Denmark

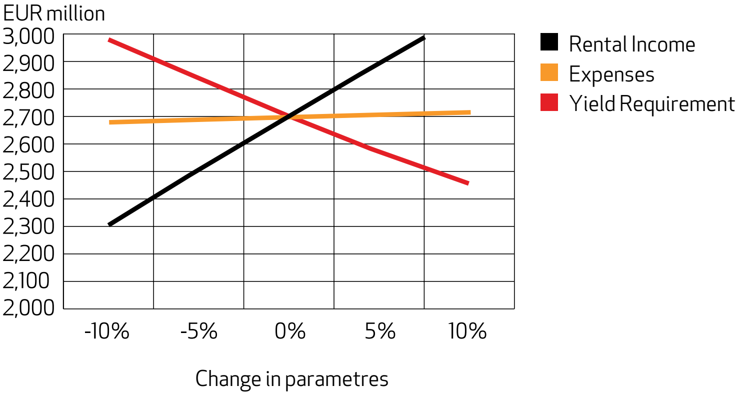
The value of the Baltic countries and Denmark portfolio is EUR 323 million. Compared to the Q1 value, this represents a 1.6% increase in value. The increase in value is mainly driven by the committed investments and lower operating expenses. The weighted average yield requirement of the portfolio has remained the same being 7.6%. The weighted average initial yield decreased by 10 bps being now 8.0% and the weighted average reversionary yield stayed the same being 8.1%.

30 June 2013	Number of Properties	Fair Market Value. EUR million	Wght. Average Net Yield Requirement. %	Wght. Average Initial Yield. %	Wght. Averag Reversionary Yield. %	Wght. Average Market Rent. EUR/sq.m./ month	Wght. Average Operating Costs EUR/ sq.m./month
TOTAL PROPERTY PORTFOLIO							
Finland	57	1,667	6.2%	6.4%	6.8%	26.1	6.1
Sweden	12	719	6.0%	5.6%	6.6%	25.2	7.1
Baltic Countries and Denmark	5	323	7.6%	8.0%	8.1%	20.2	3.3
Total	**74**	**2,709**	**6.3%**	**6.4%**	**6.9%**	**25.1**	**6.1**
Finland							
Helsinki Metropolitan Area							
Shopping Centres	11	866	5.8%	6.1%	6.2%	28.7	6.9
Other retail properties	17	82	7.5%	8.8%	8.8%	16.5	5.1
HMA Total	**28**	**948**	**5.9%**	**6.3%**	**6.4%**	**27.7**	**6.8**
Other parts of Finland							
Shopping Centres	12	601	6.3%	6.3%	6.8%	26.0	5.7
Other retail properties	17	119	7.6%	7.9%	9.2%	14.2	3.5
Other total	**29**	**720**	**6.6%**	**6.6%**	**7.2%**	**24.0**	**5.3**
Sweden							
Greater Stockholm Area and Umeå							
Shopping Centres	8	630	5.8%	5.5%	6.4%	26.5	7.4
Other retail properties	2	20	7.4%	7.6%	8.0%	15.6	4.0
Total	**10**	**650**	**5.9%**	**5.5%**	**6.5%**	**26.2**	**7.3**
Greater Gothenburg Area							
Total	**2**	**69**	**6.8%**	**6.2%**	**7.8%**	**15.6**	**5.0**
Baltic Countries and Denmark							
Total	**5**	**323**	**7.6%**	**8.0%**	**8.1%**	**20.2**	**3.3**

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 one's understanding of the value effect of different parameters on the valuation. The figure below gives the results of the analysis.

The Sensitivity of Portfolio Value



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 14% in value, while a 10% fall in the yield requirement causes an increase of around 11% in value. Changes in expenses have more modest effect on the value than other parameters.

Fair Value as at 30 June 2013

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 2013, is ca.

EUR 2,709,000,000
(Two Thousand Seven Hundred Nine Million Euros)

In Helsinki and Stockholm, 28 June 2013

Yours faithfully

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

Benjamin Rush
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