Valuation *Advisory*

Citycon Oyj

Market Valuation of the Investment Properties

30 September 2014

Executive summary

At the end of September 2014, Citycon owned 67 properties (including Kista Galleria). This valuation statement includes all properties except Kista Galleria which is valued separately. The portfolio is divided into three geographical areas; Finland, Sweden and The Baltic Countries and Denmark. Below we present the key figures of the evaluated portfolio:

30 September, 2014	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	50	1,687	6.1 %	6.2 %	6.4 %	26.6	6.6
Sweden	11	710	5.8 %	5.8 %	6.4 %	24.9	6.8
The Baltic Countries and Denmark	5	355	7.3 %	7.8 %	7.5 %	20.4	3.4
Total	**66**	**2,752**	**6.2 %**	**6.3 %**	**6.6 %**	**25.4**	**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 Q3 2014 was approximately €2,752 million. Compared to Q2 2014 the fair value increased by €20.9 million i.e. 0.8% when excluding the properties moved outside the valuation (Laajasalon Liikekeskus Oy, Kuvernöörintie 8 and Soukan Itäinentorni). This increase is mainly driven by the committed investments, revision of yields and the positive development of prime shopping centre rents.

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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 September 2014, 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. We have also re-inspected 63 properties after the initial valuation, as well as inspected all the properties acquired after the initial valuation. During Q3 2014 we have re-inspected seven properties in Finland (Columbus, IsoKarhu, Karjaan Ratakatu, Kotkan Keskuskatu 11, Kuopion Kauppakatu, Porin Isolinnankatu 18 and Varkauden Relanderinkatu 30) and two properties in Sweden (Strömpilen and Länken).

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, 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.

Market overview

Finland

According to Statistics Finland the GDP growth in Q2 2014 was 0.2% compared to the previous quarter and −0.1% compared to Q2 2013. GDP growth for the whole year 2013 was −0.4% and for the year 2014 the forecasts vary from −0.5% up to 0.0%. Forecasts have been revised downwards since the first half of the year and not least due to the situation in Russia affecting the overall atmosphere in Finland. Investments and consumer spending are forecast to remain subdued or decrease thus domestic demand will not speed up growth.

Retail sales decreased, according to Statistics Finland's flash, by 1.6% in August (year-on-year). Sales volumes contracted respectively by 1.7%. Also the forecast for retail sales growth in 2014–2016 is moderate being 1.3% p.a. (Oxford Economics, July 2014). This development is mainly driven by decreasing consumer confidence, a persisting sluggish employment outlook 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 year-on-year. The weak outlook for retail sales limits the rental growth potential and has already made occupiers more cautious which has lengthened leasing negotiations and slowed down decision making. In weaker properties or challenging locations inside the centre the situation might reflect as lower rental levels. Prime rental forecast in 2014 assumes that rents stay unchanged.

Investment activity in the third quarter has been still showing the positive trend set during the first half of the year even though compared by volumes Q3 remained on slightly lower levels than previous quarters. In retail sector the overall atmosphere continues to be active despite the fact that only two bigger transactions to mention were made in this quarter. Demand for core assets remains strong, as equity rich investors keep looking for safe havens, but investors are also starting to diversify their portfolios, both in terms of risk and geography, by looking for more value added and secondary opportunities. However, the uncertainty related to economic outlook keeps potential buyers still relatively cautious. Due to strong investment demand, shopping centre prime yields have remained stable both quarter-on-quarter and year-on-year and no significant change is expected in 2014.

Sweden

The Swedish economy continues to grow, although over the quarter forecast GDP growth for 2014 has been revised down to 2.0% from 2.4% according to HUI Research. Consumer spending continues to drive GDP growth. Inflation is forecast to continue to be at very low level in 2014. Weak economic growth in Sweden and other countries has meant that inflation has been low over recent years. Low inflation expectations were the main reason that the Swedish Central Bank lowered the repo rate in July from 0.75% to 0.25%. The current forecast is that the repo rate will be 0.5% by the end of 2015. Sweden, like many other European countries is struggling with a relatively high rate of unemployment. According to National Institute of Economic Researchin (NIER) the unemployment rate in 2013 reached 8% and is expected to have reduced nominally to 7.9% at the end of 2014. In 2015 higher inflation together with GDP growth, is expected to reduce the unemployment rate to 7.6%.

Positive retail sales growth in Sweden has been assisted by factors such as low interest rates, low inflation and above average consumer confidence. The forecast from previous quarters of 3% growth for retail sales during 2014 also remains the same in the third quarter. Non-daily goods have outperformed daily goods during the first three quarters of 2014, and like the forecast for second quarter, the forecast released in Q3 shows that non-daily goods are expected to grow by 3% in 2014. Daily goods growth is expected to be 2.5% in 2014. Like the period January to April 2014, during the period January to August 2014, furniture and home interiors are the two retail sub-sectors that showed the greatest growth in retail sales. Toy sales continued to show negative growth even in the period January to August 2014 of -2.4% but jewellery performed worse at -3.5%.

Prime shopping centre rents are increasing slowly and in general terms are estimated to have increased by around 1.5% over the last year. Relatively subdued retail turnover growth and competition limits rental growth. In 2014, prime rents are forecast to increase by 2.0–2.5% as retail turnover growth improves. Generally, prime retail rents will perform better than secondary retail rents in terms of growth.

The transaction volume of Swedish retail property for the period Q1 to Q3 2014 was approximately SEK 9.2 billion which is a 24% increase compared with the same period in 2013. The largest transaction of the year to date continues to be the retail portfolio containing 5 shopping centres which Steen & Ström sold to Olaf Thon for SEK 3.25 billion (SEK 26,423 / sqm). Prime shopping centre yields remain stable quarter-on-quarter as well as year-on-year and no significant change is expected in 2014.

Estonia

According to Statistics Estonia, in Q2 GDP increased 1.1% quarter-on-quarter and 2.9% year-on year. Due to implementation of the new European System of National and Regional Accounts (ESA 2010), national accounts were revised by the Statistical Office. Consequently, GDP growth for Q1 was corrected upwards to 0.6% year-on-year (there was no decline in economic activity as was reported earlier). The corrected figure for GDP is more in line with other economic indicators, i.e., the fast growth in wages, retail sales and real estate prices. In Q2, the GDP growth was influenced the most by a rise in the value added in professional, scientific and technical activities, trade and energy, but also by increased receipts of excise taxes and value added tax. The value added in construction slowed the Estonian economy down the most, mainly due to decreased construction volumes. The Bank of Estonia has revised its figure for economic growth 2014 upwards to 2.1%, but reduced its figure for 2015 to 2.5%. The continuing conflict between Russia and Ukraine still has an effect on growth expectations in global economy.

Retail sales increased 7% year-on-year in August at constant prices. The average growth in the first 8 months of 2014 has been 6.4%. Sales increased in most economic activities. Only the retail sales in non-specialised stores selling predominantly consumer goods (e.g. department stores) were smaller compared to the previous year. The retail sales in stores selling textiles, clothing and footwear and retail sales via mail order or the Internet increased the most. The Bank of Estonia forecasts that private consumption growth will be 3.6% in 2014 and slow to 2.5% in 2015 as wage growth declines.

Prime shopping centre rents remained stable compared to the previous quarter, but increased around 1.5-3.0% year-on-year. The growth was related with indexation and increase in turnover rents. The ongoing renovation of larger centres and improved quality of tenant base have had a positive effect on rental income. Further rental growth will continue at a moderate pace around 2%.

The investment market has remained active and some above average size transactions were closed in Q3 in logistics, hotel and office segment. The largest transaction in retail segment was the acquisition of the property of Prisma Annelinna (13,742 sq m) in Tartu by the real estate fund Russian and Baltics Retail Properties. The prime yields have remained around 7.3% and no changes are expected in 2014.

Lithuania

According to Statistics Lithuania, in Q2 GDP increased 0.8% quarter-on-quarter and 3.1% year-on-year. Positive change in the value added was observed in almost all activities, except agriculture, forestry and fishing. The fastest growth was observed in construction which is related to the continued rise in investment: spending on residential buildings, infrastructure objects and other buildings is significantly increasing. Lithuania's economic development is still stable, but the restrictions of foreign trade and deteriorated expectations in regards to the further international environment have led to lower economic growth projections for Lithuania. The Bank of Lithuania has lowered its GDP growth forecast to 2.9% for 2014 and to 3.3% for 2015.

Retail sales increased 3.6% year-on-year in August at constant prices while the average growth in the first 8 months of 2014 has been 5.4%. The turnover of enterprises trading in food products increased by 1.9%, of those engaged in retail trade in non-food products 5.7%. The Bank of Lithuania forecasts private consumption to grow by 4.7% in 2014 and by 3.6% in 2015.

Prime shopping centre rents increased by 0.5% quarter-on-quarter and around 2-3% year-on-year. The growth has been supported by the increase in the private consumption. A slight growth of 2-3% is expected to continue during 2014 in successfully operating shopping centres.

The investment market volumes increased in Q3 while two larger transactions were carried out in Vilnius - an office complex TRIO (20,500 sq m) was acquired by Swedish private investor Nordic and Baltic Property Group (NBP) from Austrian investor ECE European City Estates and the 21-storey Grand Office building (10,000 sq m) was acquired by an Estonian asset manager Capital Mill from YIT. The prime yield has remained around 7.5% and is as well expected to remain stable in 2014. Lithuania is adopting Euro starting from January 2015 and this has lowered the financing hedge costs and increased attractiveness of Lithuania as an investment destination among investors investing into Eurozone.

Denmark

According to Statistics Denmark, the GDP growth in Q2 2014 was 0.2% compared to the previous quarter and 1.1% compared to Q2 2013. For year 2013 the total growth ended at 0.4%. For year 2014 forecasts are overall more positive, varying from 0.5% up to 1.5% growth. Exports and private consumption are expected to be the primary drivers to the growth in 2014 while public consumption and investments drove the growth in 2013.

Retail sales were stable in July and increased slightly in August on a year-on-year basis. Total retail sales were up by 0.4% measured on value and up by 0.1% measured on volume in July and up by 0.8% measured on value and up by 0.5% on volume in August. This is believed to be a result of increasing real household income and the highest consumer confidence in seven years.

Thus, private consumption is expected to increase in both 2014 and 2015 by 0.8 and 1.5% respectively.

Prime shopping centre rents have experienced an upward pressure throughout 2014 as consumers — and thereby retailers — continue to prefer attractive and well-assorted prime shopping centres. 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 — is expected to remain at a moderate level.

Activity in the retail investment market has been significant again in Q3 2014 as the high international demand for prime retail has materialised into several prime high street transactions. Cordea Savills continued their entrance in the Danish high street market with another acquisition of a high street property. This time it was Østergade 33-35 which they acquired for DKK 215 million. Also for more secondary shopping centres there was increased activity with NREP acquisition of Trøjborg Centeret in Aarhus. NREP has now acquired several shopping centres for their retail fund. Due to the strong investment demand for prime assets, shopping centre prime yields have dropped 25bps to 4.75% and no further significant change is expected in 2014. Prime high street yield remains at 4.50%.

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 September 2014, Citycon owned 67 properties (including Kista Galleria). This valuation statement includes all properties except Kista Galleria which is valued separately. The property portfolio under valuation consists mainly of retail properties, of which 50 are located in Finland, 11 in Sweden, three in Estonia, one in Lithuania and one in Denmark. The core of the portfolio consists of 35 shopping centre properties, which comprise 83% 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 Q3 2014 was approximately €2,752 million. Compared to Q2 2014 the fair value increased by €20.9 million i.e. 0.8% when excluding the properties moved outside the valuation (Laajasalon Liikekeskus Oy, Kuvernöörintie 8 and Soukan Itäinentorni). This increase is mainly driven by the committed investments, revision of yields and the positive development of prime shopping centre rents. The weighted average yield requirement of the portfolio stayed unchanged being 6.2%.

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 September, 2014	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	50	1,687	6.1 %	6.2 %	6.4 %	26.6	6.6
Sweden	11	710	5.8 %	5.8 %	6.4 %	24.9	6.8
The Baltic Countries and Denmark	5	355	7.3 %	7.8 %	7.5 %	20.4	3.4
Total	**66**	**2,752**	**6.2 %**	**6.3 %**	**6.6 %**	**25.4**	**6.2**
Finland							
Helsinki Metropolitan Area							
Shopping Centres	11	883	5.8 %	6.0 %	6.1 %	29.6	7.3
Other retail properties	13	83	7.1 %	7.3 %	8.0 %	16.7	4.5
HMA total	**24**	**965**	**5.9 %**	**6.1 %**	**6.3 %**	**28.5**	**7.1**
Other parts of Finland							
Shopping Centres	10	606	6.3 %	6.1 %	6.1 %	25.9	6.3
Other retail properties	16	116	7.5 %	8.1 %	9.4 %	14.3	3.7
Other total	**26**	**722**	**6.5 %**	**6.4 %**	**6.6 %**	**24.1**	**5.9**
Sweden							
Greater Stockholm Area and Umeå							
Shopping Centres	8	626	5.7 %	5.7 %	6.2 %	26.0	7.1
Other retail properties	2	19	7.4 %	7.2 %	8.0 %	15.4	3.9
Total	**10**	**646**	**5.8 %**	**5.8 %**	**6.3 %**	**25.7**	**7.0**
Greater Gothenburg area							
Shopping Centres	1	64	6.4 %	6.2 %	7.9 %	16.8	4.5
Total	**1**	**64**	**6.4 %**	**6.2 %**	**7.9 %**	**16.8**	**4.5**
The Baltic Countries and Denmark							
Total	**5**	**355**	**7.3 %**	**7.8 %**	**7.5 %**	**20.4**	**3.4**

Properties in Finland

The fair value of the Finnish portfolio is €1,687 million and it increased by €5.4 million from Q2 2014 when excluding disposed properties (Laajasalon Liikekeskus Oy, Kuvernöörintie 8 and Soukan Itäinentorni). Compared to previous quarter the weighted average yield requirement (6.1%) and the weighted reversionary yield (6.4%) have decreased by 10bps due to disposal of the three properties and decrease of market rents. The weighted initial yield (6.2%) has remained unchanged. The change in the value of the Finnish portfolio is driven by committed investments. In three properties yield has been revised due to changes in the property. In most of the properties, market rents have been adjusted to reflect the changes in the local market.

Properties in Sweden

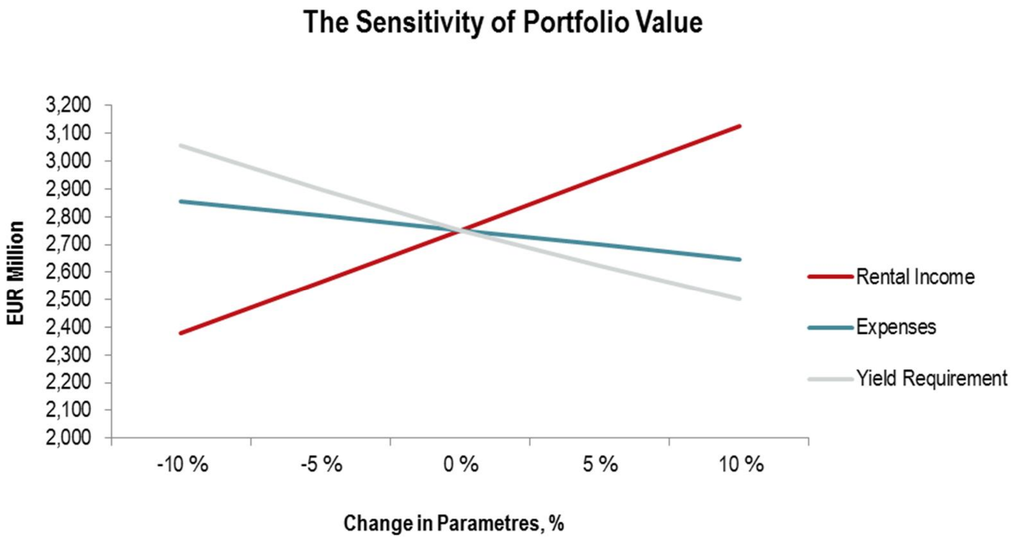
The fair value of the Swedish portfolio is €710 million, meaning that the portfolio's value has increased by 1.6% since Q2 2014. The increase in the value of the portfolio is due to committed investments and revision of yields. The weighted average yield requirement (5.8%), the weighted average reversionary yield (6.4%) and weighted average initial yield (5.8%) have decreased by 10bps. In seven properties the yield has been moved in due to enhancement in the property 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 €355 million. Compared to the Q2 2014 value, this represents a 1.2% increase in value. The increase in value is mainly driven by increase of contract rents and the revised yield in one property (in Denmark due to improved market conditions). The weighted average yield requirement of the portfolio has remained same at 7.3% as has the weighted average initial yield standing at 7.8% and the weighted average reversionary yield standing at 7.5%. In almost every property there has been very slight upwards movement in market rents and in three properties expenses have been checked downwards according to budget figures and forecast.

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 14% 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 September 2014

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 September 2014, is ca.

€2,752,000,000

(Two Thousand Seven Hundred and Fifty-Two Million Euros)

In Helsinki and Stockholm 10th of October 2014

Yours faithfully

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For and on behalf of
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