Citycon Valuation Statement

31 December 2007

CITYCON

1. APPRAISAL METHOD

Realia Management Oy has made a valuation of Citycon's property portfolio as of 31 December 2007. The valuation was carried out as a cash flow analysis of the net operating income for a period of 10 years. When valuing unbuilt lots and properties that are affected by city plan alterations the market value is determined by the value of unused building right.

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 (NOI2) that has been discounted to reach the present value of the income stream.

The exit value at the end of the valuation period was calculated by capitalising 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 construction rights and lots.

1.2 Transaction and Market Data Methodology

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.

1.3 Yield Determination

There have been no significant changes in the real estate market since Q3 of 2007. After a very active first half of the year 2007, the real estate market dampened slightly during the second half due to rising interest rate levels and uncertainty in the global financial markets. The market is still active, but there has been a change in the market participants in favour of higher equity investors. Moreover, the competitiveness of leverage investors has declined due to rising interest rate levels and overall uncertainty in the financial sector. This is likely to lead to rising yield levels in certain property sectors. All in all, recent developments have led to greater diversification between asset classes. The same message can be heard from the financing sector; good properties will still be financed on favourable loan terms, but B and C grade properties combined with inexperienced investors will have greater loan margins, meaning higher yields.

Despite a leveling investment environment the market continued to perform quite actively during the closing stages of 2007. The overall volume in Finland for 2007 is likely to reach some 5.2 billion euros, representing a slight decline on 2006's level of 5.5 billion. It will be very interesting to see how the market as a whole, and its submarkets, perform during the spring of 2008. The latest news has indicated mounting uncertainty in the US economy, especially on the financial market. On the other hand, the rest of the world is still going strong. The future interest rate trend in Europe remains uncertain, with opinions forecasting both increases and cuts in the coming year. The ECB would be forced to act against rising inflation rates, but recent figures have indicated smaller levels of inflation and therefore declining pressure for interest rate hikes.

Overall, the Finnish real estate market has matured a great deal in recent years and we believe the market will remain on a healthy level, even in less favourable market conditions. As a result of the market trend, Realia Management has revised its input parameters to cohere with 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 using a separate project model. This model is only used in projects accompanied by: 1) a Citycon board decision, and 2) sufficient 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 this model. The project model is a 10year cash flow model, which 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 one (1) property: Trio shopping centre in Lahti.

All other potential development options were omitted from the valuation. These properties were evaluated based on the current situation and current estimated rental value. All undeveloped lots or those under development were evaluated based on their current zoning. The value in each case was set based on market observations.

2. RESULT

The portfolio consists of a wide range of properties with different market values and levels of quality, and its total value is calculated as the sum of the individual properties.

In this valuation, we have valued the following properties for the first time; the Magistral shopping centre in Tallinn, Estonia, the Iso Omena shopping centre in Espoo, Finland and the Asemakuja retail and office property in Espoo, Finland, which were all new acquisitions during the third quarter of 2007. During the last quarter Citycon did not divest any of its properties.

Changes in the total value of the portfolio are mainly due to new, significantly higher lease agreements in some properties (especially Koskikeskus and Jyväskylä Forum) and more precise information on operational cost levels in addition to the new acquisitions named above. Iso Omena represented a significant addition to the portfolio, comprising some 15 per cent of the total portfolio value in Q4. At the same it has had a significant effect on the weighted average yields (and other figures). Weighted averages are calculated in proportion to market value and Iso Omena having the highest market value has also the biggest impact on the weighted averages. The addition of Iso Omena alone has caused the weighted average yield of the portfolio to drop compared to 2007 Q3.

2.1 Market value analysis, 31 December 2007

	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	1,569.6
Sweden	5.4%	13.2	4.0	513.9
The Baltic Countries	6.4%	16.4	4.1	111.3
Tota l	**5.6 %**	**19.0**	**4.5**	**2,194.8**
Finland				
Helsinki Metropolitan Area				
Shopping Centres	5.2%	25.4	5.8	728.6
Other retail properties	6.5%	14.4	3.3	148.9
HMA Total	**5.4%**	**23.6**	**5.4**	**877.5**
Other parts of Finland				
Shopping Centres	5.8%	19.9	4.4	525.3
Other retail properties	6.7%	11.7	2.4	166.8
Other total	**6.0%**	**17.9**	**3.9**	**692.1**
Sweden				
Greater Stockholm Area and Umeå				
Shopping Centres	5.3%	13.7	4.2	400.2
Other retail properties	5.5%	12.7	2.7	21.8
Total	**5.3%**	**13.7**	**4.1**	**422.0**
Greater Gothenburg Area				
Total	**5.9%**	**10.9**	**3.6**	**91.9**
The Baltic Countries				
Total	**6.4%**	**16.4**	**4.1**	**111.3**

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 tested were required yield, gross income, total expenses (including operational costs and repair costs) and the estimated long-term vacancy rate. For testing, the starting point was the current market value of properties. Moreover, the analysis was performed by changing one parameter at a time, while all others remained unchanged, and calculating the corresponding market value of the total portfolio. The results indicate that the market value is most sensitive to the yield requirement and gross income levels. A 10 percent decrease in the yield requirement results in an approximately 11 percent increase in total value. Correspondingly, a 10% increase in gross income increases the value by approximately 14 percent. Furthermore, a 10 percent increase in total expenses decreases the portfolio value by 4 percent. However, 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.

The sensitivity of portfolio value