Citycon Property Valuation Statement

30 June 2007

CITYCON

1. APPRAISAL METHOD

Realia Management has made a valuation of Citycon's property portfolio as of June 30 2007. The valuation was carried out mainly as a cash flow analysis on the net operating income for a period of 10-years.

1.1 Cash Flow Calculation Method

The year on year cash flow has been calculated on Citycon's existing leases, on expiration the contract rent has been replaced with Realia Management's view on the market rent. Potential Gross Rental Income (PGI) equals leased space with contract rents and vacant space with 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 for 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 right and lots.

1.2 Transaction and Market Data Methodology

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

1.3 Yield determination

The beginning of the year 2007 was extremely active in property investment sector in Finland. After a record year regarding transaction volume in 2006 the first quarter in 2007 created volume of some EUR 1.7 billion. All types of properties and both individual and especially portfolios were in focus by both international and domestic investors. Because of fierce competition yield compression went on in all property types and locations. Portfolio premium could be recognized in certain deals and to be at the level of 5-10% when existing.

The active phase in Finnish investment market has continued also during the second quarter in 2007. There are quite many large portfolios on the market which will reach closing phase after summer. Even though the demand continues to be on a high level and new foreign investors are investigating possibilities to enter our market the raise of interest levels has begun to affect on buyers pricing in certain sub-markets. The effect has focused to portfolios and individual bigger properties with long leases and low yields where the most potential buyers are investors who use highly leveraged financing structures. There is still room for yield compression in other categories with higher yield levels. The result of what mentioned above is that the yield gap between different categories is squeezing.

As a result of the market trend Realia Management has revised its input parameters to meet up the existing market characteristics. The Realia Management level describes a reasonable market level, where unhealthy and inappropriate market behavior has been eliminated.

1.4 Potential Development Projects

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

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

The project model were used in the valuation of two (2) properties: Salon Linjuri and shopping centre Lahden Trio.
All other potential development options where left out from the valuation. These properties were evaluated based on the current situation and current estimated rental value.

All undeveloped or under development lots 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 different levels of quality. The value of the total portfolio is calculated as the sum of the individual properties. In the sections below we present the result on the total and portfolio level. The different portfolios have further been grouped based on their geographical location.

In this valuation we have valued for the first time Shopping centre Tumba in Stockholm in Sweden and Shopping centre Hansa in Lahti in Finland, which both were new acquisitions during the first quarter in 2007. Hansa is a part of larger Shopping centre Trio which both are owned by Citycon and were valued as one property.

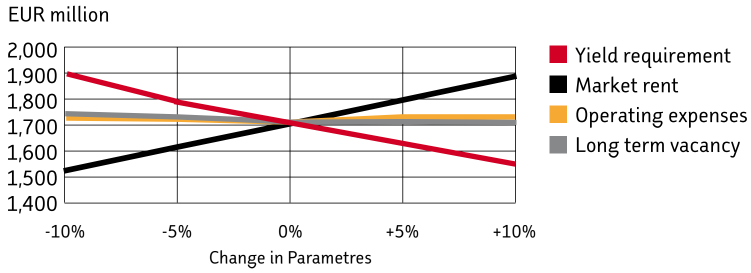
During the second quarter in 2007 Citycon has acquired four properties, namely Lillinkulma in Kaarina in Finland, Magistral in Tallinn in Estonia and Strömpilen and Länken in Umeå in Sweden. All these will be valued for the first time in third quarter 2007. Change in value of the portfolio is partly due to yield, lease agreement, and market rent changes and partly due to new acquisitions.

2.1 Market value analysis, 30 June 2007

	Weighted average yield requirement, %	Weighted average market rent, EUR/sq.m./month	Weighted average operating expenses, EUR/sq.m./month	Fair market value, EUR million
TOTAL PROPERTY PORTFOLIO				
Finland	5.9 %	18.5	4.5	1174.9
Sweden	5.5 %	12.8	4.2	450.2
The Baltic Countries	6.3 %	16.1	3.9	89.9
Total	**5.8 %**	**16.9**	**4.4**	**1715.0**
Finland				
Helsinki Metropolitan Area				
Shopping Centres	5.6 %	22.5	5.6	395.4
Other retail properties	6.2 %	14.3	3.2	135.7
HMA Total	**5.9 %**	**20.2**	**5.0**	**531.1**
Other parts of Finland				
Shopping Centres	5.9 %	19.0	4.7	493.6
Other retail properties	6.8 %	11.2	2.5	150.2
Other total	**6.1 %**	**17.2**	**4.2**	**643.8**
Sweden				
Greater Stockholm Area				
Shopping Centres	5.3 %	13.6	4.3	243.2
Other retail properties	5.8 %	10.9	3.9	113.0
Stockholm Total	**5.3 %**	**13.3**	**4.3**	**356.2**
Greater Gothenburg Area				
Gothenburg Total	**5.9 %**	**11.1**	**3.8**	**94.0**
Baltic Countries				
Total	**6.3 %**	**16.9**	**3.9**	**89.9**

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 are tested include the required yield, market rent level, operating expenses level and the residual vacancy rate. Starting point is the current market value of properties. The analysis is made by changing one parameter at a time all others being unchanged and calculating the corresponding market value of the total portfolio. The figure below shows the results of the analysis.



The results indicate that the market value is most sensitive to cash flow yield and market rent levels. 10 percent decrease in yield results in approximately 11 percent increase in value. Correspondingly, 10% increase in market rents increases the value approximately 10 percent. The value is not as sensitive to changes in operating expenses and residual vacancy levels. A ten percent change in these parameters affects the market value by less than one percent.