Citycon Valuation Statement

30 September 2007

CITYCON

1. APPRAISAL METHOD

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

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 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

After a very active first half of the year 2007 the real estate market was dampened slightly during the third quarter by to rising interest rate levels and global uncertainty in the financial markets. The market is still active, but it is likely that the competitiveness of leverage investors will decline and equity investors will increase their market shares. This is likely to lead to raising yield levels in certain property sectors. On the other hand many international investors have set their sights outside the Helsinki Metropolitan Area in search of higher yields. Additional demand has led to yield compression especially in the growth centres around Finland. All in all recent development has led to a greater diversification between different asset classes. The same message can be heard from the financing sector; good properties will still be financed with favourable loan terms but B and C grade properties combined with inexperienced investors will have greater loan margins, meaning higher yields.

Despite a plateauing investment environment the market has continued to perform quite actively. There are many portfolios on the market - both those that came to market already last spring and new candidates. It will be very interesting to see how the market as a whole and its sub-markets will perform during the autumn and next spring. Although the financing situation changed during the summer the latest news have indicated lowering pressure to raise interest rates. It is more or less up to vendors whether they accept prices based on more stable yields than demand from the investors´ side which seems to be remaining at a very high level.

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: retail centre Salon Linjuri and shopping centre Lahden Trio.

All other potential development options where left out of 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 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 been further grouped based on their geographical locations.

In this valuation we have valued the following for the first time Shopping centre Strömpilen and retail property Länken in Umeå, Sweden and the retail property Lillinkulma in Kaarina, Finland, which were all new acquisitions during the second quarter of 2007.

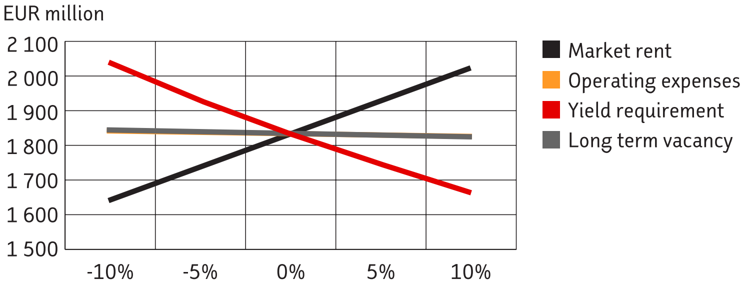
During the third quarter of 2007 Citycon has acquired the Iso Omena shopping centre in Espoo Finland and the retail property Magistral in Tallinn Estonia. These will be valued for the first time in the fourth quarter of 2007. Changes in the total value of the portfolio are mainly due to minor changes in yield requirement levels, lease agreements, and operational cost changes in addition to the new acquisitions named above.

2.1 Market value analysis, 30 September 2007

	Wght. Average Net Yield Requirement, %	Wght. Average Market Rent, EUR/sq.m./month	Wght. Average Operating Expenses, EUR/sq.m./month	Fair Market Value, EUR million
TOTAL PROPERTY PORTFOLIO				
Finland	5.8%	18.8	4.4	1213.4
Sweden	5.4%	13.1	4.1	524.3
The Baltic Countries	6.3%	16.3	3.8	92.5
Total	**5.7%**	**17.1**	**4.3**	**1,830.2**
Finland				
Helsinki Metropolitan Area				
Shopping Centres	5.5%	22.7	5.6	398.6
Other retail properties	6.5%	13.8	3.0	139.4
HMA Total	**5.7%**	**20.7**	**5.0**	**538**
Other parts of Finland				
Shopping Centres	5.8%	19.8	4.7	491.3
Other retail properties	6.6%	11.8	2.6	184.1
Other total	**6.0%**	**17.6**	**4.1**	**675.4**
Sweden				
Greater Stockholm Area and Umeå				
Shopping Centres	5.3%	13.8	4.2	379.9
Other retail properties	5.6%	11.9	3.8	50.3
Stockholm Total	**5.3%**	**13.6**	**4.1**	**430.2**
Greater Gothenburg Area				
Gothenburg Total	**5.8%**	**11.2**	**3.8**	**94.3**
The Baltic Countries				
Total	**6.3%**	**16.3**	**3.8**	**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 were tested are required yield, market rent level, operating expenses level and the residual 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 results indicate that the market value is most sensitive to yield requirement and market rent levels. A 10 percent decrease in yield results in an approximately 11 percent increase in value. Correspondingly, a 10% increase in market rents increases the value by 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 alters the market value by less than one percent.