Valuation Statement

CITYCON OYJ

30 JUNE 2021

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EXECUTIVE SUMMARY

The investment portfolio being valued includes 21 properties, all 100% owned by Citycon. All assets are shopping centres, but some of the properties include additional value for unbuilt but approved residential/retail area or value related to a built residential or office component.

The portfolio is geographically divided into three countries; Denmark, Estonia and Norway. The key figures of the portfolio are presented in the table below.

30 June 2021	Number of properties	Fair Market Value, EUR million	Wght. Average Net Yield Requirement	Wght. Average Initial Yield	Wght. Average Reversionary Yield	Wght. Average Market Rent, EUR/sq.m./ month	Wght. Average Operating Costs EUR/sq.m./ month
Total Property Portfolio							
Estonia	2	309	6,7 %	7,3 %	7,1 %	21,3	3,4
Norway	17	1.476	5,5 %	5,1 %	6,0 %	22,3	5,2
Denmark	2	115	5,9 %	5,7 %	6,4 %	20,0	2,9
Total	21	1.900	5,7 %	5,5 %	6,2 %	22,0	4,7

The total fair value of the portfolio as at 30 June 2021 was approximately 1,900 million Euros.

INSTRUCTIONS

Our instruction from Citycon Oyj was to carry out a fair valuation of the properties held in Citycon's investment portfolio as at 30 June 2021. The purpose of the valuation is financial reporting and performance measurement by Citycon.

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 Standard Board (IVSB) considers that the IFRS 13 definition of Fair Value is generally consistent with the concept of Market Value and therefore the reported Fair Value is effectively the same as our opinion of Market Value. We confirm that the valuations are fully compliant with IFRS standards and IVSC's valuation standards. Our opinion of Fair Value (IFRS 13) is based upon the Scope of Work and Valuation Assumptions listed below and has been primarily derived using comparable market transactions on arm's length terms.

The stated values do not include transaction costs, in accordance with normal valuation practice in the subject markets.

SCOPE OF WORK AND ASSUMPTIONS

We have valued the properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

The values reported represent 100% of the market values of the company shares owned by Citycon.

This report is for the use only of the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents. Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

The values stated in this report represent our objective opinion of Fair Value in accordance with the definition set out above as of the date of valuation. Amongst other things, this assumes that the properties had been properly marketed and that exchange of contracts took place on this date.

The Properties have been valued by valuers who are qualified for the purpose of the valuation in accordance with the RICS Valuation – Global Standards 2020.

This Valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject properties. Other valuers may reach different conclusions as to the value of the subject properties. This Valuation is for the sole purpose of providing the intended user with the Valuer's independent professional opinion of the value of the subject properties as at the valuation date.

We confirm that we have been valuing the subject portfolio since June 2017 and provided advice for Citycon's internal valuations in Q1 and Q3 since September 2017. We are of the opinion that there are no conflicts of interest present.

We have carried out our work based upon information supplied to us by Citycon, which we have assumed to be correct and comprehensive.

We inspected the properties internally between May 2017 – June 2021.

We have not measured the properties but have relied upon the floor areas provided to us by Citycon, which we have assumed to be correct and comprehensive.

We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the properties and which may draw attention to any contamination or the possibility of any such contamination. In the absence of information to the contrary, we have assumed that the properties are not contaminated or adversely affected by any existing or proposed environmental law.

We have not carried out any building surveys or been provided with a building survey from an external party. In the absence of information to the contrary, we have assumed that the properties are free from rot, infestation, structural or latent defect and that the services are in working order and free of defect. We have otherwise had regard to the age and apparent general condition of the Properties.

We have investigated town planning on the Council's websites. We have assumed that all buildings have been erected in accordance with or prior to planning control and have the benefit of permanent planning consents or existing use rights for their current use.

Details of title/tenure under which the Property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto.

Important Warning - The effect of Novel Coronavirus on the real estate market

The outbreak of Novel Coronavirus (COVID-19), which was declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, continues to affect economies and real estate markets globally. Nevertheless, as at the valuation date, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value. Accordingly – and for the avoidance of doubt – our valuation is not reported as being subject to 'material valuation uncertainty', as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

This explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, we highlight the importance of the valuation date.

CBRE

MARKET OVERVIEW

DENMARK

Economic Overview

The Danish government reacted swiftly to encounter the economic impact caused by the outbreak of Covid-19 in the Spring last year, and there is no doubt that the retail sector has faced an unprecedent disruption of commerce. Concurrently with the launch of the vaccine program in Denmark, restrictions have gradually been lifted and the retail sector is now fully reopened. Additionally, consumer confidence is on the rise. According to Statistics Denmark, the consumer confidence indicator was positive in the beginning of June 2021, thus following the positive trend from May. According to Statistics Denmark, retail sales increased by 16% from end of Q4 2020 to end of May 2021 when corrected for price trends, seasonal fluctuations, and the effect of trading days. The product group Food and Everyday Commodities decreased by 4%, the product group Clothing etc increased by 141% and Other Consumer Goods increased by 29%. The positive development in retail sales indicate that the gradual lifting of restrictions pertained to the retail sector in the first half of 2021 has had a positive effect on retail sales. When comparing May 2021 sales with end of Q1 2020, where the first lockdown measures were enforced, total retail sales has increased with 14%.

Retail sales via internet have performed particular well in the last couple of years as more retail sale has shifted online. This trend has been further amplified during Covid-19, why all categories of retail sale via internet have increased considerably since March 2020. Zooming in on the latest available data from end of April 2021 reveals that the category, flowers, plants and seeds have experienced strong growth, with an increase in sales of 246% compared to Q4 2020 and 41% compared to last month. The positive development in this category can largely be attributed to Spring being a popular season for gardening. Additionally, the category DIY centres and tool stores have performed well recently, with increase in sales equal to 78% from end of Q4 2020 to end of April 2021, and 15% compared to previous month.

Prime net shopping centre rents remained unchanged in Q1 2021 at DKK 5,250 per sq m p.a. Looking forward, the pent-up demand caused by the long lockdown of the retail sector, the positive trend in consumer confidence and the reopening of the last part of the retail sector in April 2021, are all expected to increase sales in the coming months. Covid-19 is still expected to be the ultimate trigger for already dwindling retailers and F&B to close their business, why higher vacancy on the medium/longer term is expected, also the public help packages are being faced out, which during the pandemic have been a safety net for the retailers.

Retail Market Overview

The end of Q4 2018 showed a change in investor sentiment. The shopping centres are experiencing challenges regarding e-commerce and in addition, as a result of weaker investment demand and confidence, market players have been withdrawing their sales from the market due to difficulties in achieving expected pricing. Additionally, the disruption caused by regional periodic lockdowns and prolonged social distancing measures in most of 2020, has further accentuated the already existing pressure on brick-and-mortar retail caused by the rapid growth of e-commerce.

Total retail investments were reported at DKK5.9bn in 2020, an increase equal to 106% compared to 2019. In Q1 2021, retail investments were DKK 587m, a decrease of 84% compared to Q4 2020, and -68% compared to Q1 2020. The retail investment volume in Q1 consists mostly of retail boxes, but also one transaction of a nation-wide supermarket portfolio of 3 properties at a reported price equal to DKK 123m. The 3 properties are located in Frederikshavn, Vordingborg and Egedal. The purchaser was Blue Capital. The general shopping centre yield has been revised slightly upwards in May 2021 at 5.05% for prime shopping centres and at 7.05% for good secondary shopping centres. The trend for both yields is softening, as vacancy is increasing.

CBRE

ESTONIA

Economic Overview

In 2020 the economy shrank 2.7%, marking the first downturn in Estonia since the 2009 global financial crisis. In the summer, when restrictions were removed, the economy recovered somewhat, with retail sales and exports rebounding to their 2019 levels. However, it is expected that the economy will probably recover to its pre-crisis level by 2022. GDP is seen rebounding solidly this year, after last year's Covid-19-induced recession, keeping the budget deficit at an elevated level, although Estonia's public debt burden is forecast to remain the lowest in the European Union. Strengthening foreign demand should sustain the external sector, while households and businesses are set to resume spending as the economy reopens and sentiment recovers.

Estonia's public and private sectors are innovative and efficient and foreign investors have remained attracted to Estonia due to its openness, efficient government, strong rule of law and business-friendly environment. Estonia is in the top 20 or top 30 countries around the world in various reputable international indexes of competitiveness, and its position has improved consistently. The country is ranked 18th globally in the World Bank's Doing business rating. Estonia's real GDP dropped in 2020 but is set to recover and should return to its 2019 level by the end of 2022. The real GDP per capita in 2020 is estimated at EUR 15,250 by Eurostat, decreasing by 3% compared to 2019. The decline in economic activity was softened by sustained public expenditure and by a large reduction in imports.

As COVID-19 restrictions are assumed to be lifted gradually, Oxford Economics forecast GDP to grow by 3.8% in 2021, with growth expected to strengthen towards the second half of the year. Growth momentum is forecast to drive annual GDP up by 5.7% in 2022. In both years, economic increase is expected to be driven mainly by private consumption and a gradual resumption of private investment.

Consumer price index decreased by 0.6% in 2020. Deflation reflects significant falls in energy and tourism-related prices. The drop in fuel prices followed the fall in global commodity markets and was amplified by the temporary lowering of excise duties on diesel fuel from 1 May 2020 for next two years. Starting from 2021 inflation according to Oxford Economics predictions is expected to remain at healthy level of 2% in foreseeable future. However European Commission forecast inflation to increase to just over 1% in 2021, dampened by the persisting slack in the labour market and the economy following the 2020 crisis. As private consumption picks up and the excise taxes on diesel return to their previous rates, inflation is forecast to rise above 2% only in 2022.

Retail Market Overview

The reopening of shopping centres and stores selling building materials in early May helped to boost the turnover of stores selling manufactured goods. According to Statistics Estonia, in May 2021, the turnover of retail trade enterprises was 778 million euros. Compared to May 2020, turnover increased by 18% at constant prices.

Due to the uncertainty in the economy caused by the Covid-19 pandemic, the shopping centers and retail trade suffered in most of Europe, especially clothing and footwear market as restrictions for Shopping Centers and Retail markets were in place. On the other hand, total retail turnover in Estonia still rose by 3.6% in 2020 compared to 2019 and e-commerce experienced an increase by 50%, around 90% of grown-ups in Estonia made at least one online purchase.

Modern retail stock at the end of 2020 was 1,105,500 sq m staying the same as previous year and no significant deliveries are expected in the market until 2023. Shopping centre density in Tallinn at the beginning of 2021 was around 1,040 sq m per 1,000 inhabitants and is going to remain at this level.

Prime shopping centre rent has decreased slightly during Pandemics but is remaining high all over Europe. In Estonia has been slight decrease comparing beginning of 2020 when and Q1 2021, settling at 45 EUR/sqm/month in prime shopping centres.

No major shopping centre transactions have been evident during the 2020/2021 in Tallinn. Comparing to the previous quarter, prime shopping center yield in Estonia for the large regional multi-tenancy traditional formats has not moved by an evidence. To our knowledge several such shopping centers are available off-market for bids, but no transaction has really come to the closure mainly because the potential buyers are cautious regarding the short-term future of the physical retail to adjust. On the one hand the landlords are not ready to sell the asset with a discount, on the other hand potential investors are not ready to pay the price which doesn't take into account all possible short- and medium-term risks in the retail real estate. In combination the situation suggests slightly decreasing sentiment into the shopping center segment with a slightly increasing yield perspective for the prime and high likelihood of markedly increasing for the secondary assets in particular.

Currently the Estonian remains prime retail yield is estimated at 7.0%, compared 7.25% in Latvia and 7% in Lithuania. In the first half of 2021, the Estonian market was absent from shopping mall investment transactions.

Porto-Franco - a multi-functional development is expected to be delivered in Tallinn in 2022 and add 32,000 sqm of retail space.

NORWAY

Economic Overview

The COVID-19 pandemic has led Norges Bank to cut the key policy rate to zero for the first time ever, in a move to support the economy. However, the ongoing vaccination programme is well underway and has now reached a point that is triggering an economic recovery. This in turn is expected to allow Norges Bank to start hiking rates again at its September meeting. Currently, the central bank guides that the September hike will be the first of five consecutive rate hikes over the coming quarters.

After contracting 3.1 percent in 2020, CBRE predicts that Norway's mainland GDP will expand aggressively in the latter half of 2021, driving mainland GDP growth up to 4.3 percent this year. The NOK is expected to start strengthening moderately against the major currencies, which should result in somewhat more favourable trading conditions for importers from the end of the year and into 2022, i.e. a majority of retailers.

Across Norway lockdowns have now been fully reversed, with all shops and F&B outlets having reopened again. Per the end of May, both the F&B and fashion & footwear sectors at Norwegian shopping centres were still significantly down in terms of revenue year-to-date however, with -9.0 percent and -7.2 percent, respectively. Yet, the entire shopping centre industry was up 1.7 percent year on year, according to Kvarud Analyse.

Average basket size was NOK 428 in May 2021, while the YTD average basket size is NOK 403, up 11.9 percent compared to the same period last year.

Retail Market Overview

Retail transactions amounted to NOK 6.8 billion in Q2 2021, up 197 percent YoY, amounting to 12 percent of the total transaction volume for the quarter. Q2 was the strongest single quarter for retail investments since pre-pandemic, largely driven by the newly established Aurora Eiendom purchasing five shopping centres totalling some NOK 4.8 bn. The prime shopping centre yield per the end of Q2 2021 is estimated at 4.90 percent, unchanged both YoY and QoQ, but up 40 bps vs pre-COVID. Due to the increasingly fierce competition from ecommerce and with interest rates on the rise again, we do not expect prime yield to revert to pre-COVID levels despite the ongoing coming economic recovery, but do expect yield levels to edge downwards starting around year-end 2021. It is worh noting that investors have become more selective within the retail space since the onset of the pandemic, and that it primarily is the good assets that are seeing solid investment demand.

We have registered seven shopping centre transactions in Q2 2021, the 28,000 sqm Farmandstredet in Tønsberg being the most significant, the largest of the five centres Aurora Eiendom purchased. Farmandstredet was sold by Klépierre to Aurora Eiendom for NOK 1.8 bn.

VALUATION METHODOLOGY

We have assessed the fair values primarily by using the income approach by undertaking 10-year discounted cashflow analyses. The cashflow model used was provided to us by Citycon and has been developed by an external service provider. This model was used for Citycon's valuations for the first time in Q2 2017.

The calculation uses the current contract rents until lease expiry and the market rents assessed by CBRE after lease expiry. The lease expiry dates adopted are the earliest possible lease break dates for fixed term leases, and for leases that are valid until further notice, a certain number of lease renewals have been assumed and adopted. The rents under the current leases and assessed market rents for the vacant tenancies and after lease expiries form the potential gross income.

The model utilises a long-term vacancy rate for each tenancy after the adopted lease expiry date, and rent voids have also been applied after the initial lease expiries. Any rent discounts under the current leases and leases starting after the valuation date are also adjusted for in the calculation.

Other income, such as car parking, casual mall leasing, advertising etc. is then added to the rent cashflow to arrive at the forecast gross income. Operating expenses have then been deducted from the forecast gross income to arrive at a net income. This is the income used to calculate the initial yields at the valuation date.

Furthermore, deductions have been made for anticipated capital expenditure, tenant improvement costs to occur after lease expiry and other project investments. We have not been provided with long term capital expenditure forecasts by Citycon, only the immediate investments, and the capital expenditure allowances made are based on our general knowledge of costs for these types of properties and are estimates only.

The values of the properties are based on the sum of the discounted 10-year cashflow and present value of the terminal value. Any possible additional value, such as the value of unutilised approved building area which is considered to be usable, has been added as well.

The discount rates used are based on acceptable yields escalated by the average projected inflation during the 10-year cashflow period. The yields are derived from sales evidence and utilising our general market knowledge.

CBRE

VALUATION

The investment portfolio being valued includes 21 properties, all 100% owned by Citycon. All assets are shopping centres, but some of the properties include additional value for unbuilt but approved residential/retail area or value related to a built residential or office component.

The portfolio is geographically divided into three countries: Denmark (2 properties), Estonia (2 properties) and Norway (17 properties). The key figures of the portfolio are presented in the table below. There are some very large shopping centres in the portfolio and the 5 largest assets account for circa 43% of the total value. The largest assets by value are Oasen (Norway) Rocca al Mare (Estonia), Herkules (Norway), Trekanten (Norway) and Stovner (Norway).

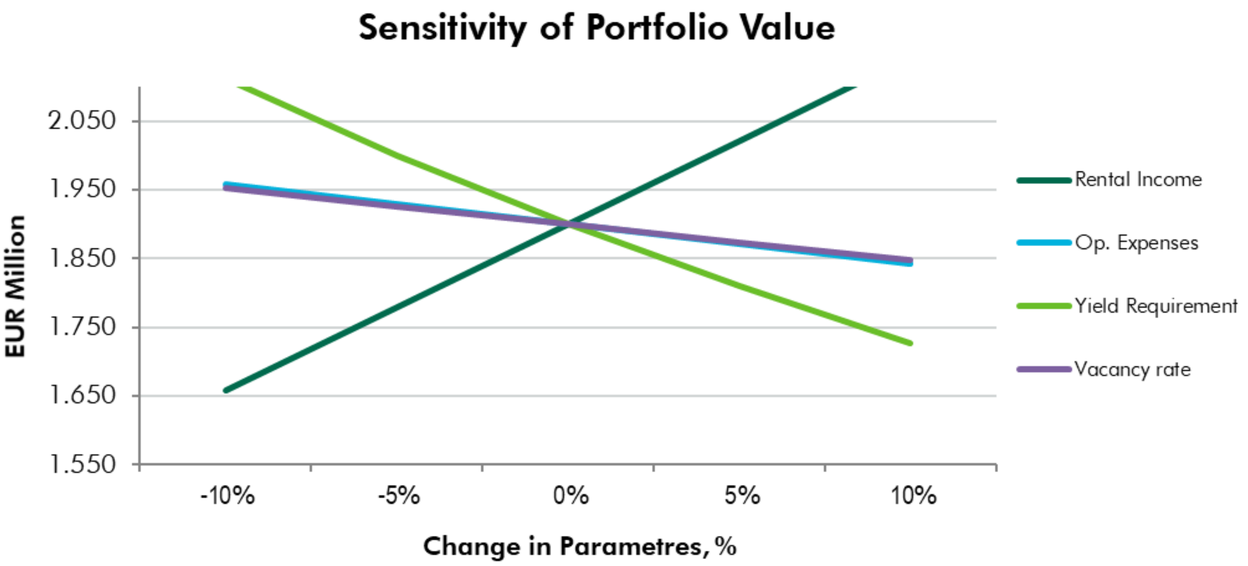
Six of the property values include additional value for approved building area which has not yet been utilized.

The total fair value of the portfolio as at 30 June 2021 was approximately 1,900 million Euros.

30 June 2021	Number of properties	Fair Market Value, EUR million	Wght. Average Net Yield Requirement	Wght. Average Initial Yield	Wght. Average Reversionary Yield	Wght. Average Market Rent, EUR/sq.m./ month	Wght. Average Operating Costs EUR/sq.m./ month
Total Property Portfolio							
Estonia	2	309	6,7 %	7,3 %	7,1 %	21,3	3,4
Norway	17	1.476	5,5 %	5,1 %	6,0 %	22,3	5,2
Denmark	2	115	5,9 %	5,7 %	6,4 %	20,0	2,9
Total	**21**	**1.900**	**5,7 %**	**5,5 %**	**6,2 %**	**22,0**	**4,7**
Estonia							
Tallinn	2	309	6,7 %	7,3 %	7,1 %	21,3	3,4
Total	**2**	**309**	**6,7 %**	**7,3 %**	**7,1 %**	**21,3**	**3,4**
Norway							
Greater Oslo Area	7	671	5,2 %	5,1 %	5,7 %	23,8	5,7
Other Areas in Norway	10	805	5,8 %	5,1 %	6,3 %	21,0	4,7
Total	**17**	**1476**	**5,5 %**	**5,1 %**	**6,0 %**	**22,3**	**5,2**
Denmark							
Greater Copenhagen Area	2	115	5,9 %	5,7 %	6,4 %	20,0	2,9
Total	**2**	**115**	**5,9 %**	**5,7 %**	**6,4 %**	**20,0**	**2,9**

SENSITIVITY ANALYSIS

A sensitivity analysis has been undertaken for the portfolio based on a portfolio summary, by changing the main parameters of the valuation calculation and examining its impact on the portfolio value. The valuation calculation parameters in the analysis are the yield, rental income and operating expenses, which have been adjusted one at a time, and the impact on value compared to the current situation. The analysis is a simplified model of the actual valuation calculations and the results are indicative only. The results of the sensitivity analysis are illustrated in the following figure.



The value is the most sensitive to changes in rents, with the value changing by approx. 13% with the income level reducing or increasing by 10%. The next largest impact is made by changes in the yield, where a 10% reduction in the capitalisation rate results in an 11% increase in value and a 10% increase in the capitalisation rate results in a 9% reduction in value. A 10% change in operating expenses only has a 3% impact on value, both up and down.

VALUATION ASSESSMENT

We are of the opinion that the aggregate of the Fair Values of Citycon Oyj's investment property portfolio, free of liabilities and debt, as at 30 June 2021 is approximately:

1 900 000 000 Euros

(One Billion Nine Hundred Million Euros)

In Copenhagen, Riga and Oslo 21st July 2021

Roberts Ardavs, MRICS

For and on behalf of
CBRE Baltics

Christopher Bailey, MRICS, Hypzert (MLV)
CIS, REV
Executive Director

For and on behalf of
CBRE A/S (Denmark)

Erik Myklebust, MRICS
Senior Director

For and on behalf of
CBRE AS (Norway)