CBRE

Valuation Statement

CITYCON OYJ
30 JUNE 2019

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EXECUTIVE SUMMARY

Citycon's investment portfolio being valued includes 38 properties, of which 33 are 100% owned by Citycon and 5 are partially owned. 36 of the assets are shopping centres, one is a shopping centre development project and one is a mixed-use retail/office/residential property. Additionally some properties include additional value for unbuilt but approved residential or retail area, or include a built residential or office component.

The portfolio is geographically divided into 5 countries; Finland, Norway, Sweden, Denmark and Estonia. The key figures of the portfolio are presented in the table below.

31 June 2019	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							
Finland and Estonia	13	1 834	5.4 %	5.5 %	5.8 %	30.3	6.8
Norway	15	1 348	5.4 %	5.4 %	5.8 %	22.9	5.3
Sweden and Denmark	10	934	5.2 %	5.3 %	5.6 %	25.1	6.2
Total	**38**	**4 117**	**5.4 %**	**5.4 %**	**5.8 %**	**26.5**	**6.1**

The total fair value of the portfolio as at 30 June 2019 was approximately 4,117 million Euros. Two properties were sold during Q2; Duo in Tampere and Arabia in Helsinki, Finland for a combined price of ca. 77 million, which is in line with their book value.

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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 2019. 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 recent 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 2017.

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 yield and market rent advice for Citycon's internal valuations in Q1 and Q3 since September 2017. There are no conflicts of interest to the valuation.

The principal signatories of this report have continuously been the signatories of the valuations for the same addressee and valuation purpose as this report since June 2017.

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 – January 2019.

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.

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MARKET OVERVIEW

FINLAND

Economic Overview

The Finnish economy reached its peak in 2018 and growth is slowing down in 2019, with a further slowdown expected in the coming years. Growth is still expected to remain positive in the short to medium term. GDP growth is expected to be 1.6% in 2019, before slowing down to 1.2% in 2020 and 1.1% in 2021, according to the Ministry of Finance. In 2018 the economy grew by 2.3%. The reason for the slower growth is mainly a decline in housing construction and exports. Global economic growth and internal trade are slowing down on a broad front, especially in Europe. Trade barriers started increasing last year, and a "trade war" is the largest threat to global economic growth. Finnish exports are still expected to grow by 2.3% in 2019, largely due to the delivery of ships.

Solid growth in private consumption is expected to continue in 2019, supported by higher disposable income, an improving employment rate and low inflation, although the forecast for the year has recently been downgraded. Private consumption is expected to grow by 1.5% in 2019, up from 1.4% in 2018. Public consumption is forecast to grow by 0.2% in 2019, and continue to grow at a similar rate in the short term.

Unemployment is reducing and the unemployment rate is expected to average at 6.6% in 2019, before falling further to 6.3% in 2020 and 6.2% in 2021, according to the Ministry of Finance. The employment rate for 2019 is expected to be 72.7%, and this rate is expected to rise in the future, with the working age population declining as people retire. Lifting the employment rate is one of the central goals of the newly elected government.

Retail Market Overview

According to Statistics Finland, workday adjusted retail sales index increased by 1.7% year on year in Q1 2019. Biggest improvements were in the sale of boats and boating equipment (17.7%), "other retail" (6.4%), sports equipment (5.6%) and pharmacies, health care and hygiene products (3.6%). Sales fell in the categories of books, newspapers and paper goods (-5.0%), furniture (-2.2%), jewelries and watches (-1.3%), and fuel (-0.6%). Fashion sales grew by 0.5%, after two consecutive quarters of declining sales.

Rental levels have generally continued quite stable in Q2 in the better quality centres. Rent pressures have continued in many centres outside the Helsinki Metropolitan area (HMA) and in secondary centres in the HMA, particularly when retail competition in the area has tightened.

Retail property transaction volume in Q2 was ca. EUR 232 million, according to preliminary information. This equates to 14% of transaction volume, which is below the 2018 share of 24%. There were three shopping centre sales in Finland in Q2, 2 of which were Citycon's, being the sale of Duo in Tampere and Arabia in Helsinki for a combined price of ca. 77 million. The purchaser was NREP. EVLI also bought the Kapteeni shopping centre in Oulu from Fennia and Ilmarinen for an undisclosed price.

The prime yield is estimated to be stable at 4.5% in Q2, although recent evidence of the prime yield level is lacking. Secondary yields continue to be under upward pressure.

NORWAY

Economic Overview

Five years after the oil prices collapsed, the evidence for an economic recovery in Norway have strengthened, even though the latest economic data are not as clearly optimistic as in early 2018. After having been near pre-Financial Crisis highs in H2 2017 and H1 2018, Opinion's Consumer Confidence Index has come down markedly, primarily driven by that people over the next 12 months expect rising unemployment and that people expect to spend less on major consumer goods, cars and homes. The sentiment shift is likely connected with the fact that Norges Bank has started to normalise monetary policy, hiking its key policy rate, in addition to the high power prices that was witnessed throughout the winter.

That said, the declining consumer sentiment is generally not shared by analysts and economists. Both Norges Bank and Statistics Norway are expecting accelerating wage growth in 2019, at the same time as the Mainland Norway GDP is forecasted continue expanding at a healthy pace. Unemployment is also expected to continue shrinking moderately in 2019. According to Statistics Norway's Labour Force Survey (LFS), national unemployment was at 3.5 percent in June. Statistics Norway expects that LFS unemployment will remain around this level in 2019, while wage growth is set to accelerate. Considering this, Consumer Confidence should continue to strengthen moving further into 2019.

Retail Market Overview

After starting to show a negative development in shopping centre footfall by the end of 2018, so far in 2019 the footfall has increased by 1.2 percent compared to the same period last year. The average basket size is standing at NOK 316 per visit, unchanged from the same period last year (Kvarud Analyse, 2019).

Shopping centre rents at some locations have come under pressure over the last twelve months, primarily driven by weak store sales, even though retail sales growth was up 2.6 percent in the period February-April, versus the same period last year, according to Statistics Norway. CPI inflation stands at 2.5 percent per June 2019, while core inflation (adjusted for tax changes and excluding energy products) stands at 2.3 percent (Statistics Norway, 2019). The shopping centre turnover index continues to underperform in this backdrop, with a decline of -0.4 percent in the period Jan-May 2019 (vs Jan-May 2018), when adjusted for GLA changes and trading day changes, according to Kvarud Analyse. Because of this, rents at a significant number of the larger shopping centres continue to be under pressure, with significant vacancies at many centres.

Retail transactions amount to around 14 percent of the preliminary transactions volume for Q2 2019. For comparison, the retail share was 19.1 percent for the full year 2018, which is in line with the normal. The preliminary retail investment volume is estimated to NOK 1.9 billion in Q2 2019. The prime shopping centre yield in Q2 2019 is estimated to have increased 25 bps to 4.50 percent, primarily as a result of the weak investor sentiment in the shopping centre segment. There also continues to be moderate upwards pressure on secondary yields.

There has been registered only a few shopping centre transactions in Q2 2019, namely Sofiemyr Senter in Kolbotn outside Oslo, CC Drammen in Drammen and Harebakken Senter in Arendal. Furthermore, it was recently announced that AMFI Brotorvet was sold in Q4 2018, which is the largest shopping centre transaction that has happened in Norway since Alna Senter in Q2 2018.

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SWEDEN

Economic Overview

The Swedish economy has been very strong over the last periods, but the boom is now predicted by many to fade out. Sweden's GDP growth was 2.4% during 2018 but is expected to slow down in 2019 and reach approx. 1.7%. The difference between GDP growth and GDP per capita has increased over time as a result of high population growth. This means that it is no longer enough to analyse aggregated GDP growth as a measure of a country's prosperity development. In 2018-2019, GDP growth per capita is expected to be weaker than its historical average in the 21st century.

Sweden is a member of the European Union, but not the Eurozone. The primary objective of the Swedish Central Bank "Riksbanken" is to maintain price stability. The operative target is to maintain CPI inflation around 2%. In January the Swedish Central Bank increased the repo rate from -0.5% to -0.25%.

The Swedish krona has fallen against other currencies (TCW-index) since 2013. A weak krona has helped to achieve a higher inflation and the currency is expected to remain weak during 2019. Swedish exporting companies are benefiting from a weak currency, even though the link between the exchange rate and export volumes has become less clear with increasingly integrated value chains.

The long-term trend is that the unemployment rate has decreased since 2010 and is expected to flatten out in 2019. The unemployment rate is however higher in certain groups. Amongst youth between 15 and 24 years, the rate is approx. 14.4%. Of the 84,000 unemployed youths, approximately 49,000 are full time students. In terms of new jobs, the sectors that are expected to increase the most by 2028 are administration, science and technology. These sectors require a highly skilled workforce, which is why integration and education will play a key role in meeting the future demand for skilled labour.

Retail Market Overview

The Swedish physical retail sector is struggling. Even though growth was 2.5% during 2018, the growth was mainly captured by the e-commerce channels and many physical stores are struggling.
The rental levels for big boxes are decreasing and the market is mainly dominated by players in the budget sector, putting pressure on rental levels. For shopping centres, many retailers have seen a decrease in turnover, leading to problems paying a higher rent. Property owners are instead prolonging leases on the same level as before.

So far during 2019, the retail transaction volume has reached approx. MSEK 6,600. Retail represents approx. 9.8% of the total volume, which is about the same as 2018's figure of 10%.

There have been only a few retail transactions in Sweden during 2019. In Q2, Savills purchased a shopping centre in central Helsingborg from Skandia at a yield level of 6.1% and a price at approx. SEK 33,300 per sq m. The shopping centre has well known tenants with Åhlens as anchor. Helsingborg is the 8th largest city in Sweden and the property is located in the best location. Also, in Q2 2019 Fastator purchased Valengallerian, a shopping centre in Trelleborg, from Skandia. The largest tenants are ICA, KappAhl and Clas Ohlson, and the centre also includes offices and residential accommodation. The price was approx. SEK 17,000 per sq m.

The prime yield for shopping centres in Sweden in Q2 2019 was 4.25%, unchanged from Q1. We continue to see a polarisation in the market, where prime assets continue to do well but other assets face more headwinds. The current uncertainty among investors is expected to persist for some time more, and many are selective in their choices.

DENMARK

Economic Overview

According to Statistics Denmark, real GDP growth increased by 0.2% in Q1 2019 (0.8% Q4 2018), when corrected for price trends and seasonal movements. Economic growth in the European Union was 0.5% in the first quarter - the EU thus seems to recover from the slow growth recorded in late 2018. Reflecting on previous experience, the uncertainty of GDP growth is generally assessed at a +/-0.5% point margin of error.
The annual growth in 2018 was 1.1%, which appears low. This is however mainly due to a technicality regarding a patent sale in the beginning of 2017, which alone decreases growth in 2018 by 0.4 percentage points. Looking at the growth since Q1 2018, GDP has increased by 2.2% according to Statistics Denmark. GDP growth in 2019 is expected to be 1.8%.

The Danish inflation dropped to 0.8% in 2018, from 1.2% in 2017, which was the highest recorded level since 2012. Inflation in Denmark continues to remain low compared to the EU average of 1.8% in 2018. The low inflation and record high employment are expected to support consumer spending going forward.

Retail Market Overview

According to Statistics Denmark, retail sales in April 2019 were 1.45% higher than in April 2018 when corrected for price trends, normal seasonal fluctuations and the effect of trading days. From March to April, the product group "Food and everyday commodities" increased by 1.21%, while "other consumer goods" decreased by 0.89% and "Clothing etc." decreased dramatically by 5.06%.

When comparing March 2019 with March 2018, after seasonal adjustments, the most significant change was seen in the retail sale of beverages in specialised stores, which experienced a sales fall of -21%. The best performing retail sector was retail sales of bicycles and mopeds at a sales growth at 32%, which was marked by the entrance of the much-publicised electric scooters.

Prime net shopping centre rents have been quite stable since Q3 2015 and currently stand at DKK 5,500 per sq m p.a. Thus, no changes to the rental level is seen in Q2 2019. Looking forward, we expect vacancy rates to remain unchanged in the best performing centres. Demand and rental levels are also expected to hold at levels previously achieved in the best performing centres, however there will be increases in economic incentives for re-letting. For secondary centres, challenges are expected.

In 2019 Q1, DKK 586 million of retail properties was transacted, a decrease of 49% Q1 on Q1. For Q1 2019, the general shopping centre yields were at 4.50% for prime shopping centres and at 6.00% for good secondary shopping centres following a 50 basis point adjustment over the last two quarters. The forecast trend for both yields is softening.

A single noteworthy retail transaction was seen in the first quarter, in March 2019, where DNP Ejendomme P/S (owned by Velliv and PensionDanmark) sold Hasseris Bymidte, a shopping strip and offices in Aalborg, to a private, local investor Keld Gregersen for a sale price of DKK 53.5 million and demonstrating a net initial yield of 4.57%. The property was established in the 1960's, is currently fully let with little vacancy in recent years, and accounts for 3,314 sq m with approximately 40% retail and the rest office. The property was marketed as being located in a popular area with high purchasing power.

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. This sentiment is also evident in large investors such as Danske Shopping Centre, which is currently increasing investment in renovation and strengthening of the assets to meet the challenges of increased competition from e-commerce and changes in customer behaviours.

ESTONIA

Economic Overview

During Q4 2018, economic growth in Estonia accelerated, with GDP growth of 4.2% year on year. The annual GDP increased by 3.9 in 2018. It is expected that GDP growth to slow to 3.0% in 2019 and 2.7% in 2020, somewhat below long-term expectations.

A strong factor for economic growth was strengthening private consumption. Private consumption increased by 4.7% in 2018, driven by the rise in disposable incomes. The private consumption is expected to slow to 3.7% by 2019. In the following two years, domestic demand is expected to be tempered by more moderate employment and wage growth. In 2018, wages increased by 7.3% year on year, while the unemployment rate in Estonia decreased by 40 basis points to 5.4%. Overall, external and domestic demand contributes to a balanced growth outlook.

In Q1 2019, inflation moderated to 2.3%. Changes in energy prices, as well as the diminishing effect of the increase of excise duty for alcohol and fuels last year, is lowering the inflation rate. In 2018 the inflation rate was 3.4%, and this year it is expected to be 2.5%.

Retail Market Overview

The shopping centre market in the Baltics is currently prospering due to the strong economy. In Q1 2019, the turnover of retail trade enterprises (except motor vehicles) increased by 5.5% year on year at constant prices. Retail turnover increased in most economic activities, lead by textiles, clothing, footwear, and leather sales (8.7%), computers, software, and telecommunications equipment (8.1%), household equipment and recreation goods (8.1), hardware, and household appliances (8.1%). Strong retail sales will be supported by growing employment, increasing household incomes, and moderate inflation rate.

Last year Tallinn was the only city in the Baltics, which observed a new opening of a major shopping centre. In November T1 Mall located next to Ulemiste shopping centre was opened, which supplied 55,000 sqm of new retail stock. According to Estonian property developer Pro Kapital Grupp, it has invested EUR 70 million into the project. However, despite this sizeable investment, the shopping centre maintains a relatively high vacancy. It is likely that it will take several years to generate a considerable flow of visitors and to reach its full potential.

One more shopping centre will be delivered next year. Porto Franco - a multi-functional development will add 32,000 sq m of retail space. Additionally, Tallinn will observe a further increase in retail space at existing locations. Two shopping centres, Ulemiste and Lasnamae, are expanding the retail premises. In 2019 and 2020, total new retail space in Tallinn will increase by 50,200 sq m.

In 2018, despite low vacancy rates and high demand retail rents did not change or observed only marginal increases. In Tallinn, prime shopping centre rents in Q2 2019 have remained stable on a quarterly basis. As the new opening of the T1 Mall of Tallinn coincided with strong growth of private consumption, the downward pressure on rents in the largest shopping centres in Tallinn is unlikely to be observed during 2019.

The prime shopping centre yield during Q2 2019 in Estonia was also stable at 6.25%. Owners willing to dispose of assets are not in a rush, thus limiting the number of transactions done. Notable transactions during Q2 2019 include the acquisition of Galerija Centrs shopping centre (ca. 20,000 sqm GLA) in Old Town of Riga, Latvia by Baltic Horizon Fund managed by Nothern Horizon for EUR 75 million and a yield of ca. 6.7%. Neighborhood shopping center Anninmuizas (5,200 sqm GLA) in Imanta district of Riga, Latvia was acquired by Estonian based Lumi Retail Property Fund managed by Lumi Capital for EUR 6,2 million and a yield slightly above 7% in Q1 2019.

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 type 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.

There is currently one development property in the valued portfolio, being Lippulaiva in Espoo, Finland. This centre has been valued by modelling the completed centre in the cashflow from the estimated completion date onwards, and allowing for development costs and holding income from the temporary Pikkulaiva shopping centre during the development period. The development costs were provided to us by Citycon.

VALUATION

Citycon's investment portfolio being valued includes 38 properties, of which 33 are 100% owned by Citycon and 5 are partially owned. 36 of the assets are shopping centres, one is a shopping centre development project and one is a mixed-use retail/office/residential property. Additionally some properties include additional value for unbuilt but approved residential or retail area, or include a built residential or office component.

The portfolio is geographically divided into 5 countries; Finland (11 properties), Norway (15 properties), Sweden (8 properties), Estonia (2 properties) and Denmark (2 properties). There are some very large shopping centres in the portfolio and the 5 largest assets account for 39% of the total value. The largest assets by value are Iso Omena in Finland, Oasen Kjøpesenter and Herkules in Norway, Liljeholmstorget in Sweden and Rocca al Mare in Estonia.

Eight of the property values include additional value for approved building area which has not yet been utilized and one property has been valued based on the value of its total building right, from which the cost of demolishing the existing building has been deducted.

The total fair value of the portfolio as at 30 June 2019 was approximately 4,117 million Euros. Two properties were sold this quarter; Duo in Tampere and Arabia in Helsinki, Finland for ca. 77 million, which is in line with their book value.

31 June 2019		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								
Finland and Estonia		13	1 834	5.4 %	5.5 %	5.8 %	30.3	6.8
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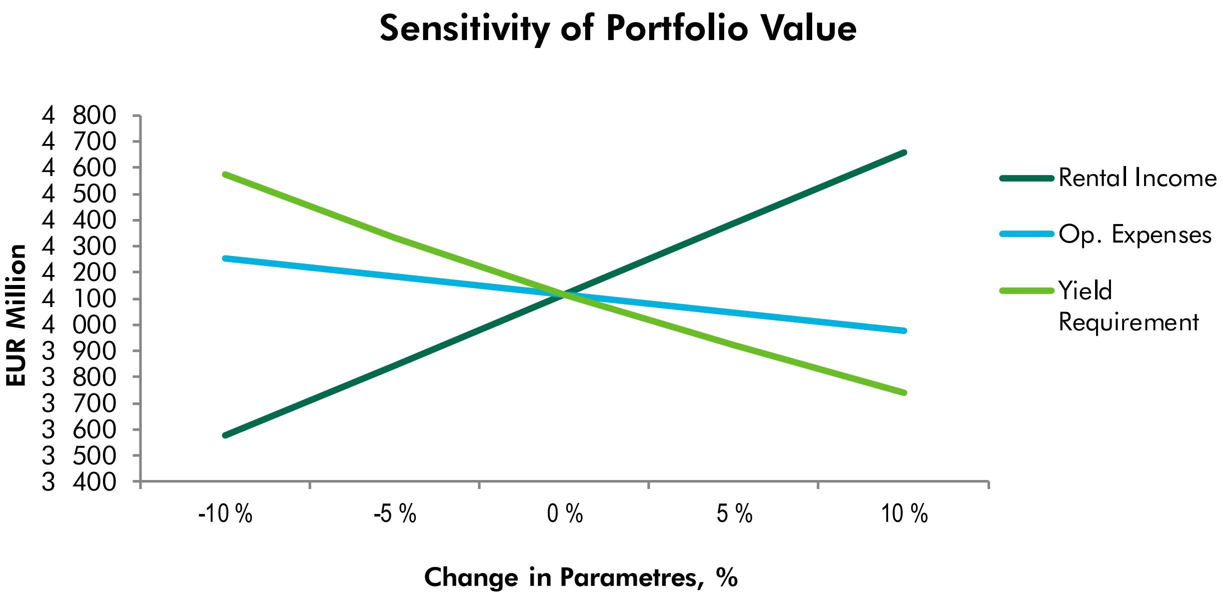
Total		**38**	**4 117**	**5.4 %**	**5.4 %**	**5.8 %**	**26.5**	**6.1**
Finland and Estonia								
Helsinki Metropolitan Area								
	All properties	7	1 196	4.8 %	4.7 %	5.0 %	34.3	8.0
Other parts of Finland								
	All Properties	4	326	6.5 %	6.3 %	7.2 %	26.4	6.5
Tallinn								
	Shopping Centres	2	313	6.5 %	7.2 %	7.0 %	21.0	3.1
Norway								
Greater Oslo Area								
	Shopping Centres	6	555	5.1 %	5.2 %	5.5 %	25.5	5.7
Other Areas in Norway								
	Shopping Centres	9	793	5.6 %	5.6 %	6.1 %	21.1	4.9
Sweden and Denmark								
Greater Stockholm Area and Umeå								
	Shopping Centres	6	628	5.0 %	5.1 %	5.3 %	26.7	7.1
Greater Gothenburg area								
	Shopping Centres	2	186	5.9 %	5.6 %	6.4 %	19.9	4.9
Denmark								
	Shopping Centres	2	121	5.7 %	5.9 %	6.1 %	20.6	3.0

The development property Lippulaiva is excluded from the weighted average initial yield, reversionary yield, market rent and operating costs calculations.

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 13% with the income level reducing or increasing by 10%. The next largest impact is made by changes in the yield, with a 10% reduction in the capitalisation rate resulting in an 11% increase in value and a 10% increase in the capitalisation rate causing a 9% reduction in value. A 10% change in operating expenses only has a 3.4% 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 2019 is approximately:

4 117 000 000 Euros

(Four Billion One Hundred Seventeen Million Euros)

In Helsinki and Stockholm 3 July 2019

Pia Pirhonen MRICS, AKA, CIS HypZert (MLV)
Associate Director
For and on behalf of CBRE Finland Oy

Olli Kantanen MRICS, AKA
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