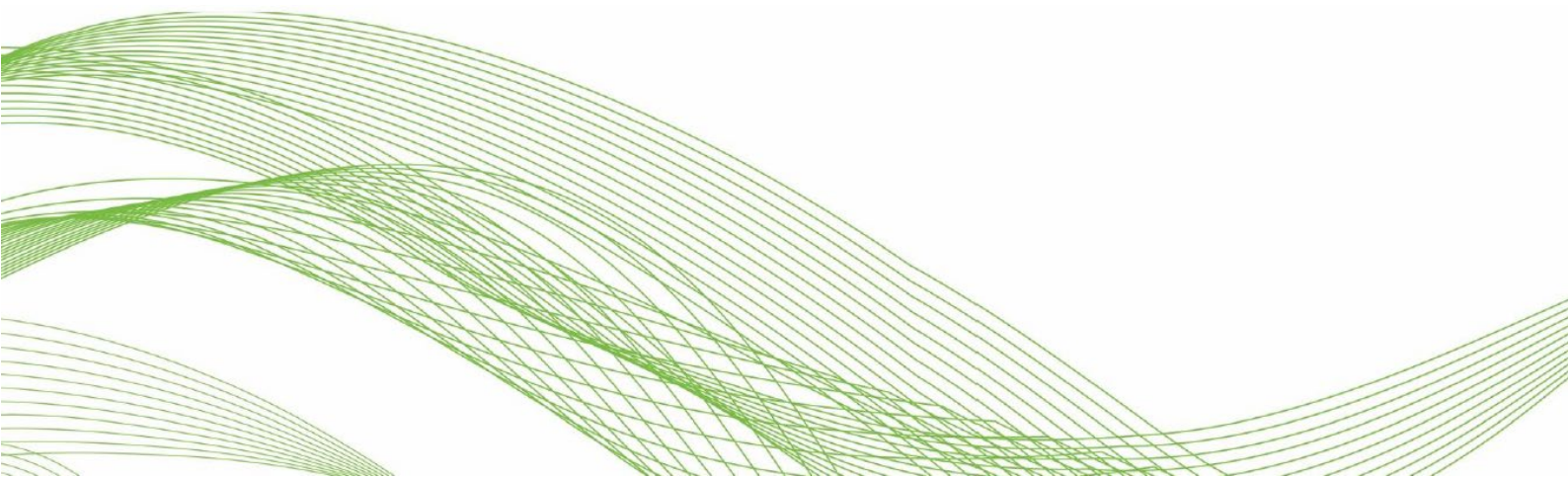




Valuation Statement

CITYCON OYJ

31 DECEMBER 2021



CONTENTS

- 1. EXECUTIVE SUMMARY3
- 2. INSTRUCTIONS.....4
- 3. MARKET OVERVIEW.....6
- 4. VALUATION METHODOLOGY9
- 5. VALUATION.....10

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 December 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	323.0	6.7%	7.1 %	6.3 %	19.6	3.6
Norway	17	1,529.8	5.4%	5.0 %	5.9 %	21.8	5.4
Denmark	2	118.5	5.8%	5.3 %	6.1 %	19.0	3.1
Total	21	1,971.3	5.7%	5.3 %	5.9 %	21.3	5.0

The total fair value of the portfolio as at 31 December 2021 was approximately 1,971.3 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 31 December 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 – January 2022.

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.

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 unprecedented 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 has again fallen under zero due to new restrictions following the omicron-outbreak. According to Statistics Denmark, the consumer confidence indicator was negative -2.0 in the beginning of November 2021, which is a sharp decline since September where the indicator was 8.2.

According to Statistics Denmark, retail sales increased by 19% from end of January 2021 to end of September 2021 when corrected for price trends, seasonal fluctuations, and the effect of trading days. The product group Supermarkets has kept relatively stable during the third quarter of 2021, while the product group Shoe and Leather Goods etc increased by 594%. 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 September 2021 sales with end of Q1 2020, when the first lockdown measures were enforced, total retail sales has increased with 10%.

Retail sales via internet have performed particularly 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. The largest issue in recent times has been the global supply chain crisis which has occurred due to various COVID-19 restrictions all over the world, which again has slowed down shipments.

Zooming in on the latest available data from end of September 2021 reveals that the category, Watches and Jewellery, with an increase in sales of 60% compared to Q4 2020 but down 8% compared to last month. The positive development in this category can largely be attributed to more job security and decreasing prizes for gold and silver. Additionally, the category Bookstores have performed well recently, with increase in sales equal to 406% from end of January 2021 to end of September 2021.

Prime net shopping centre rents remained unchanged in Q3 2021 at DKK 5,250 per sq m p.a. Looking forward, risks remain as the omicron-outbreak could result in further lockdown-measures and slow down physical retail. This means 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.

Retail Market Overview

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.

In Q1-Q3 2021, retail investments are reported at DKK 2,3bn, which corresponds to the same level as in Q1-Q3 2020. The retail investment volume consists mostly of retail warehouses, but also one transaction of a nationwide supermarket portfolio of 4 properties at a reported price equal to DKK 58.5m. The general shopping centre yield has been revised slightly upwards in September 2021 at 5.10% for prime shopping centres and at 7.10% for good secondary shopping centres. The trend for both yields is softening, as vacancy is increasing.

ESTONIA

Economic Overview

The economy is expected to grow but at a slower pace than last year. The growth will slow primarily due to the fact that the short-term spurt of growth because of exiting the pandemic will fade. According to the latest Estonian Bank forecast, the development of 8% in 2021 will be replaced by a growth of 2.8% in 2022.

The unemployment rate has fallen from 6.9% in the second quarter of 2021 to 5.7% in the third quarter. Estonian Bank forecasts that this trend will continue. However, there were still some 10,000 more registered unemployed in the third quarter than there were before the pandemic.

Inflation averaged below 5% in 2021, but in this year, it is expected that it will approach approximately 7%. The rapid rise in consumer prices is only temporary and is expected to slow in the second half of next year. In 2023–2024 the Estonian Bank forecasts that the inflation will slow even more falling below 3%.

Retail Market Overview

According to Statistics Estonia, in November 2021, the retail trade volume was 808 million euros. Compared to November 2020, the sales increased by 14% at constant prices. Split by the segment this is an increment by 20% in stores selling manufactured goods, 21% in enterprises engaged in the retail sale of automotive fuel and by 4% in grocery stores. Year-on-year turnover growth was recorded in all stores selling manufactured goods. Turnover increased the most, by 26%, in stores selling via mail order or the internet. Above-average growth in turnover (24%) was also recorded in stores selling second-hand goods and non-store retail sales (stalls, markets, direct sale) as well as in stores selling textiles, clothing, and footwear (23%). Compared to October, the retail sales increased by 2%. If seasonally and workday adjusted the increase was 3%. In the eleven months of 2021, the retail trade turnover increased by 12% compared to the same period of the previous year.

In Tallinn, shopping centre rents have stayed stable throughout the year. The prime rents are at the level of 45 EUR/sqm per month. The prime shopping centre yield is estimated at c.a. 7.0%, compared to 7.25% in Latvia and 7.0% in Lithuania.

In the second half of 2021, the Estonian market observed three significant shopping centre acquisitions. The first is the Stockmann portfolio purchase, consisting of Tallinn and Riga's malls. The buyer was Viru Keemia Group, an Estonian private investor. The second big deal was the sale of Mustamäe Keskus. The purchase was made by Brcks SPV5, owned by a Latvian businessman. The price for both deals is confidential. The third notable acquisition was the winning auction bid of the bankrupt T1 Mall of Tallinn. After two failed auctions, with starting price of EUR 85 million, Lintgen Adjacent Investments S.à r.l, the biggest creditor of the T1 Mall, made a EUR 55 million acquisition.

During the last decade shopping centres have shifted from just retailer destinations to multifunctional experience hubs with increased lunch and dining, options, wellness and entertainment offerings as well as an access to public services which all together help generating a foot fall for the retail tenants. The aim is to create centres that evolve along the generation shift and are able to provide amenities, experiences, and entertainment to enhance the shopping experience.

NORWAY

Economic Overview

In September 2021, the Norwegian central bank hiked the key policy rate (KPR) for the first time since the start of the pandemic, bringing an end to the record low zero-percent interest rate regime. The central bank has guided four additional hikes before the end of 2022, bringing the KPR to 1.25% by year end.

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 3.9 percent this year. In the beginning of Q4, NOK strengthened significantly on the back of higher oil & gas prices. The new corona mutation, Omicron, brought new uncertainty to the financial markets, reversing the NOK trend. The NOK is forecasted by Danske Markets to weaken a little against USD and EUR, over the next 3-12 months. The expected NOK depreciation could contribute to more difficult trading conditions for importers from the end of the year and into 2022, i.e., a majority of retailers.

In September 2021, essentially all the corona-related restrictions across Norway were fully reversed, with all shops and F&B outlets reopening. However, per mid-December Norwegians are once more entering a new period of stricter restrictions, with social limitations and working from home.

As of November, no sectors are left in negative territory in terms of YTD sales growth at Norwegian shopping centres. Overall shopping centre sales are now up 2.6 percent YTD, according to Kvarud Analyse.

Average basket size is NOK 415 per November 2021, while the YTD average basket size is NOK 398, up 7.6 percent compared to the same period last year.

Retail Market Overview

Per mid-December, retail transactions have amounted to NOK 3.6 billion in Q4 2021, down 13 percent YoY, making up 8 percent of the total transaction volume for the quarter. However, retail transactions measure up to NOK 18.4 billion in 2021, up 48 percent from 2020 with a couple of weeks remaining of the year. Q4 has been characterised by few large transactions – with only Slate Asset Management's acquisition of 25 supermarket properties at close to NOK 1 bn.

The prime shopping centre yield per the end of Q4 2021 is estimated at 4.80 percent, down 10 bps both YoY and QoQ, but up 30 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 economic recovery. We do however see room for yield levels to edge downwards somewhat over the next two years. It is worth noting that investors have become more selective within the retail space since the onset of the pandemic, and that it primarily is the good and prime assets that are seeing solid investment demand, with the exception of good value-add projects.

We have registered four shopping centre transactions in Q4 2021. The 13,800 sqm Torgterrassen in Stavanger was sold by Steen & Strøm to Retail Office Stavanger for around NOK 170 million. The 4,800 sqm Galleriet in Bergen was sold by AS Ferd Storjohanns Sønner Holding to DNB Livsforsikring for around NOK 400 million. The 23,500 sqm Morenen in Slitu was sold by Fagerstad Utvikling, UNION Real Estate Fund and Norgesgruppen Eiendom Øst to Tellus Eiendom for around NOK 300 million. The 12,000 sqm Hellsenteret in Stjørdal was sold by Utstillingsplassen Eiendom to the Vennatrø group for around NOK 150-170 million.

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.

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 Rocca al Mare in Estonia, Straedet in Denmark and Oasen, Herkules and Trekanten Senter in Norway.

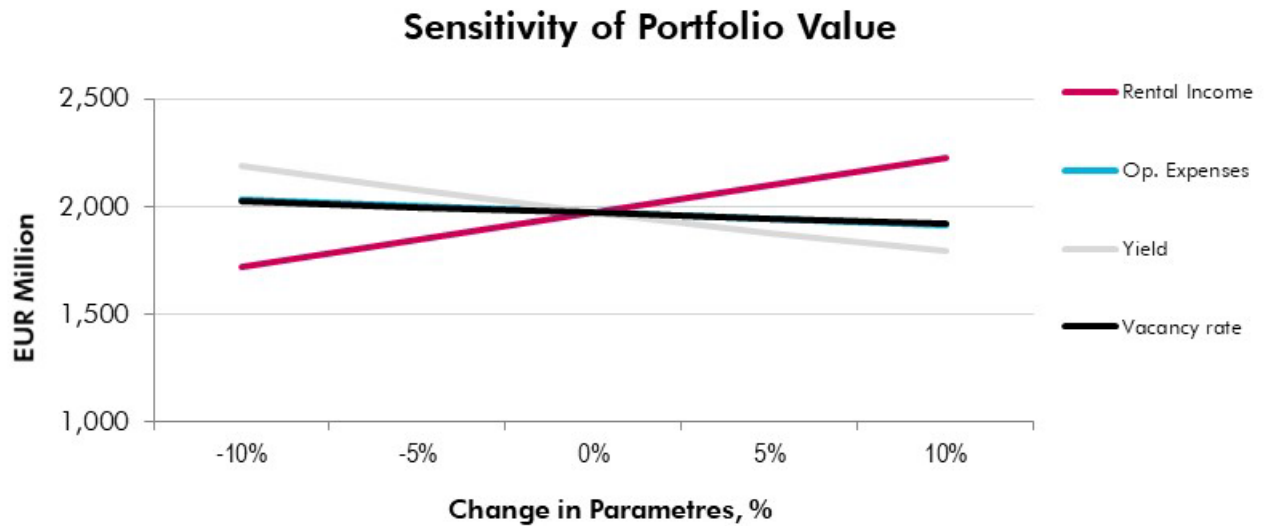
Six of the property values include additional value for approved building area which has not yet been utilized.

The total fair value of the portfolio as at 31 December 2021 was approximately 1,971.3 million Euros.

31 December 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	323.0	6.7 %	7.1 %	6.3 %	19.6	3.6
Norway	17	1,529.8	5.4 %	5.0 %	5.9 %	21.8	5.4
Denmark	2	118.5	5.8 %	5.3 %	6.1 %	19.0	3.1
Total	21	1,971.3	5.7 %	5.3 %	5.9 %	21.3	5.0
Estonia							
Tallinn	2	323.0	6.7 %	7.1 %	6.3 %	19.6	3.6
Total	2	323.0	6.7 %	7.1 %	6.3 %	19.6	3.6
Norway							
Greater Oslo Area	7	701.2	5.1 %	4.9 %	5.5 %	22.9	6.0
Other Areas in Norway	10	828.6	5.7 %	5.0 %	6.2 %	20.9	5.0
Total	17	1,529.8	5.4 %	5.0 %	5.9 %	21.8	5.4
Denmark							
Greater Copenhagen Area	2	118.5	5.8 %	5.3 %	6.1 %	19.0	3.1
Total	2	118.5	5.8 %	5.3 %	6.1 %	19.0	3.1

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 31 December 2021 is approximately:

1,971,000,000 Euros


(ONE BILLION NINE HUNDRED SEVENTY-ONE MILLION Euros)

In Copenhagen, Riga and Oslo 7th February 2022



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)