SEE A BRIGHTER WAY

Valuation Statement

Citycon Oyj

30 June 2025

6/2025

Executive Summary

At the end of June 2025, Citycon's investment portfolio being valued included 18 investment properties in Finland and Sweden. One of the properties is owned via a joint venture and associated companies (IsoKristiina located in Finland).

13 of these 18 properties are shopping centres, one is multifamily residential and four are land plots/development projects. Three of the Lippulaiva residential buildings have been completed. In addition, there are unused building rights of 6,300 sqm (Lippulaiva resi 7-8) and 8,000 sqm (Lippulaiva S-house). Building permits for building 7 and 8 are valid while the permit for S-house hasn't been applied. Heikintori, Kassatalo, Asematie 3 and Isomyyri properties are development properties.

The majority of the properties are freehold, only Liljeholmstorget Galleria in Sweden is a leasehold.

The valued portfolio is divided into two geographical areas; Finland and Sweden. Below we present the key figures of the evaluated portfolio. Asematie 3, Kassatalo, Heikintori and Isomyyri are excluded from the table. Lippulaiva residential buildings have been included in all key figures.

30 June 2025	Number of properties	Market Value, EUR million	Wght. Average Initial Yield	Wght. Average Reversionary Yield	Wght. Average Net Cash Flow Yield Requirement	Average Market rents EUR/sq.m./month	Average Operating Costs EUR/sq.m./ month
Total Property Portfolio in Finland	8	1,629	5.4 %	6.0 %	5.8 %	30.5	7.4
Total Property Portfolio in Sweden	6	929	5.2 %	6.6 %	6.0 %	26.3	9.0
Total Property Portfolio	14	2,558	5.3 %	6.2 %	5.9 %	28.6	8.2

In addition, we have carried out a fair valuation of four land plots/development projects located in Finland. The fair values of land plots/development projects are not included in the presented figures and their total market value was approximately €18.4 million.

Iso Omena is distinctly valuable property compared to the rest of the portfolio, which means that weighted averages are highly influenced by the changes in Iso Omena.

The total fair value of the portfolio in Q2 2025 was approximately €2,576 million, including the four land plots/development projects.

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1. Instructions

In accordance with our instructions as the External Valuer of Citycon Oyj (“Company”), we have carried out a fair valuation of the properties held within the Company’s investment property portfolio located in Finland and Sweden as at 30 June 2025, to arrive at our opinion of Fair Value.

We understand that this valuation is required for financial reporting and performance measurement purposes.

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 Standards Board (IVSB) considers that definitions of Fair Value are generally consistent with Market Value and we confirm that the Fair Value reported is effectively the same as our opinion of Market Value.

We confirm that our valuations are fully compliant with IFRS accounting standards and IVSC valuation standards and guidance. We also confirm that we have prepared our valuation as external valuers and that we have no involvement with the subscriber, or the properties valued which is likely to cause a conflict of interest in our provision of this advice.

The Fair Value stated does not include transaction costs, in accordance with normal valuation practice in the market.

Finnish properties:

Our valuation has been prepared in accordance with the rules set out by Finnish Chamber of Commerce’s real estate valuation assessment board, other instructions and regulations issued by the board, good real estate valuation practice and International Valuation Standards (IVS). Valuer is authorised real estate valuer (AKA), whose practice is supervised by Finnish Chamber of Commerce’s valuation assessment board. Additional information of the authorisation and supervision can be found from Finnish Chamber of Commerce’s website, https://kauppakamari.fi/palvelut/kiinteistonarviointi/. Information and basis to which the stated value is based on has been stated in this valuation statement and its appendix.

2. Scope of Work

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.

We have carried out our work based upon information supplied to us by Citycon, which we have assumed to be correct and comprehensive. We have inspected all the properties in Sweden during 2024, except Stenungs Torg that has been inspected in the end of 2022. All properties in Finland were inspected in H2 2024.

We have not measured the properties' lettable areas but have relied on the information supplied to us by the Company. We have not read copies of the leases or of other related documents but have relied on the tenancy information provided by the Company, which reflects the latest available tenancy position.

We were not instructed to carry out a site survey or environmental assessment nor have we investigated any historical records to establish whether any land or premises are or have been contaminated. Unless we have been provided with information to the contrary, we assume that the Properties neither are, nor are likely to be, affected by land contamination and that there are no ground conditions which would affect its present or future use.

We were not instructed to carry out a structural survey but we have reflected any apparent wants of repair in our opinion of the value as appropriate. The Properties have been valued on the basis of the Properties owner's advice save where we have been specifically advised to the contrary, that no deleterious materials have been used in its construction.

We have assumed that the Properties have been erected and are being occupied and used in accordance with all applicable planning and zoning laws and regulations, consents and permits and that there are no outstanding statutory notices. We assume that the Properties and the buildings comply with all statutory and authority requirements including, but not limited to building, fire and health and safety regulations.

Finally, and in accordance with our normal practice we confirm that this report is confidential to the party to whom it is addressed for the specific purpose to which it refers. No responsibility whatsoever is accepted to any third party in relation to this report or the contents thereof. Neither the whole or part of the report, nor any references thereto, may be published or referred to in any document or statement or in any form of media or communicated to any third party without our prior written approval of the form and context in which it will appear.

Please note that the Swedish assets have been valued in SEK. Figures for the Swedish asset presented in Euro in this report have been converted with an exchange rate of 11.1465 SEK/EUR which is the exchange rate according to ECB between Swedish Krona and Euro at 2025-06-30.

3. Market overview

3.1. ESG impact on valuations

On the back of recent regulations such as the Sustainable Finance Disclosure Regulation (SFDR), EU Taxonomy, EPC requirements and Task Force for Climate Related Disclosures, investors are increasingly integrating ESG into their acquisition criteria. The ESG regulatory environment in Europe has undergone a complete regulatory overhaul with ESG becoming a compulsory part of how all businesses must operate in the EU from 2022. In addition to fundamental societal and regularity shifts, catalysts for driving growth of ESG focused investments include outperformance of ESG assets, corporate commitments, sustainability-linked loans and increasing investor demand.

ESG encompasses many areas including for example:

Environmental	Social	Governance
Energy Carbon (GHG emissions) Waste and resources management Water Management Biodiversity Transport (access to property) Resilience to climate change Etc	Health and security of occupiers Comfort and well-being of occupiers Positive impact on local economy Accessibility (handicap persons) Services available for occupiers Positive social impact Etc	Business ethics ESG strategy in place Relation to stakeholders Internal governance ES compliance of suppliers Etc

As of today, we are currently collecting some ESG information and KPIs on properties being valued in EMEA and we are analysing the transactional market evidence to understand what importance is given to each ESG factor and how they are or were priced by buyers in ongoing or recent transactions. At this stage, there is limited information available to rationalize the exact impact of ESG and its components on market values, as many investors recently finalised their strategy and only started to collect KPIs. Some local and EU regulations are also recent, what does not provide sufficient experience to fully embrace the potential implications and possible solutions to comply with these regulations.

That said, in the current market, reducing GHG emissions, while not sufficient, can be seen as an essential factor in assessing the ESG performance of a property. The EU and UK has committed to net zero carbon by 2050, with legislation already in place or being introduced to reduce GHG emissions from buildings.

The existence of a green premium for the more sustainable buildings is a matter of ongoing market monitoring, investigation and debate. Appropriate levels of market evidence have yet to be established to demonstrate fully whether additional value can be ascribed to such buildings. This investment market monitoring is also to assess where a brown discount is appropriate. As yet in the market we observe the yield gap between prime and more secondary assets to be widening with secondary assets often by definition to have lower EPC ratings.

Finally, we consider that it is likely that further legislation and regulation will be introduced in coming years. Alongside this, occupiers and investors in some sectors are becoming more attentive to the sustainability aspects of the buildings they choose to occupy or purchase. However, it should be noted that the market is evolving rapidly due to the focus from both occupiers and investors on a property’s sustainability credentials. We expect that awareness of sustainability matters will increase throughout all sectors of the property market.

3.2. European market overview

The European retail landscape is currently navigating a complex environment, characterized by both resilience and uncertainty. While consumer confidence experienced a dip towards the close of 2024 amid concerns about the economic outlook and household finances, expectations are for a gradual improvement in consumer spending throughout 2025, spurred by real wage growth. Eurozone GDP growth slowed to 0.1% in Q1 2025, leading to downward revisions in GDP growth forecasts for both the Eurozone and the broader EU, due in part to potential impacts from tariffs. Despite these macroeconomic headwinds, retail sales are showing signs of gaining momentum, with growth anticipated to reach 2.4% in 2025 and 2.3% in 2026 for the Eurozone. The European Central Bank (ECB) has responded by cutting its deposit rate to 2.00% in June 2025, following 25bps cuts in April, March and February and with the possibility of further easing measures.

Retailers are contending with a range of challenges, including staffing shortages, rising wages, increased energy costs, and growing inventory levels. Despite these operational pressures, the European retail sector demonstrates resilience, as evidenced by increases in retail trade volume. It's important to note that retailer performance is increasingly diverse across categories, reflecting cautious and selective shopping behavior among consumers. In response to rising transportation, salary, and operational expenses, retailers are focusing on optimizing fulfillment strategies, with in-store fulfillment and click-and-collect services gaining traction. As online fulfillment costs rise, retailers are becoming more confident in opening new physical stores in key locations.

Looking at the occupational market, international retailers are actively pursuing cross-border expansion opportunities, particularly in markets with affluent consumers or growth in retail spending. European retail leasing activity has remained strong, supported by retailers looking to grow their store footprints or enter new markets. As prime retail space becomes scarcer in the best locations, retailer demand is expected to broaden selectively outside these core areas. The best-performing retail locations are seeing gradual upward pressure on prime retail rents.

The European retail investment market experienced a solid start to 2025, bolstered by renewed investor confidence in the sector. Investment volumes grew by 30% year-on-year to €8.1 billion in Q1 2025. While the UK and France remain the largest retail investment markets in Europe, investors are active across various retail asset types, including shopping centers, retail warehouse assets, and grocery real estate. Prime commercial real estate yields remained broadly stable in most European markets during Q2 2025, with expectations of some compression later in the year and in 2026. However, increased uncertainty surrounding tariffs and the broader economic outlook could impact commercial real estate investment. This may lead investors to favor defensive retail assets such as warehouse parks, grocery properties, or stable-income shopping centers.

The bulk of transactions have still been in secondary properties. The most significant deals in good secondary category included sale of 50% stake in 125,000 sqm Mall of Berlin shopping center in Germany to Eurofund at around €350m. The 20m footfall property was completed in 2014 and on top of 65% retail space, also hosts 220 apartments and a hotel. Another notable late deal is Saint Genis 2 in Lyon, France bought by Mercialys at €146m reflecting around 8% reported yield. The centre covers almost 40,000 sqm and 100 units.

However, few transactions have still been made for absolute prime properties in European markets, providing valuable insights into the potential for super-prime retail assets: in Munich, Germany, at the end of Q3 2024 Unibail-Rodamco-Westfield sold Pasing Arcade shopping center in off market transaction to Ingka for €388m reflecting a stabilised yield of 5.5%-5.6%. Pasing Arcade is a shopping centre of 10 million visitors and 53,000 square meters in size. The sales density for small units was around €5k/sqm. In addition, at the end of 2024 Unibail-Rodamco-Westfield also sold a 15% share in their €1.6 billion super-prime Forum Des Halles, Paris scheme at a yield reportedly below 5% to CDC Investissement Immobilier. The asset is one of the best in France with over 60m footfall and sales density for small (below 500 sqm) units around €10k/sqm. For comparison, in the highstreet retail the yields in keenest markets namely in Barcelona, Spain and in Milan, Italy have been clearly below 4% mark in super-prime locations.

3.3. Finland

3.3.1. Economy

Finland's economy has grown slowly over the past year. Household purchasing power has continued to strengthen, particularly as the situation of indebted households has eased with falling interest rates. Similarly, positive signs have been seen in the demand for corporate loans, indicating new investments.

GDP figures and forecast

The inflation peak is firmly behind in Finland and price increases are currently slow. The average inflation for 2024 was 1.0%. According to Statistics Finland, the annual change in consumer prices was 0.4% in April 2025. Using the harmonized European inflation index, Finland's inflation is 1.9% in April, because the national inflation index includes housing ownership-related expenses that have decreased significantly.

The unemployment rate has been increasing since 2023, and this trend has continued in 2025. By many measures, the development has been concerning: The unemployment rate trend is at its highest since 2017, the number of long-term unemployed has increased, and the number of open positions is at its lowest since 2017 (except for the COVID spring of 2020). The labor market situation is not likely to improve in the coming months, as Finland's expected weak economic development does not offer a major change to the situation.

Additionally, domestically the number of bankruptcies, measured by both the number of companies and employees, has at its current level exceeded the peaks of both the financial and euro crises. It is very understandable that consumer confidence in the country's economy remains at a low level, although people have more faith in their personal financial situations. The predicted positive economic development partly relies on the development of export markets, which face risks due to both the trade war and the weak development of the European economy. Improved consumer confidence could help the country's economy grow through domestic demand.

3.3.2. Retail Occupancy Market

The Finnish shopping centre market, particularly in the Helsinki metropolitan area, continues to demonstrate resilience compared to the broader retail sector. While total sales in shopping centres have remained relatively stable, several key trends are shaping the occupier landscape.

Overall, shopping centres maintain their position as key destination locations, driven by a diverse mix of retail, dining, and entertainment. However, shifts in consumer preferences and economic pressures are creating both opportunities and challenges for occupiers.

Occupier Market Trends:

- **Strong Performance in Health, Beauty, and Wellness:** The health, beauty, and wellness sector has emerged as a leading performer within shopping centres over the past 12 months. This growth reflects increasing consumer focus on personal well-being and a willingness to spend on related products and services. Occupiers in this segment are expanding their presence and introducing innovative offerings to capture market share.
- **Dominance of Groceries and Department Stores:** Despite the rise of specialized retail categories, grocery stores and department stores continue to account for the largest share of sales volume within shopping centres. These anchor tenants are essential for driving foot traffic and providing a foundation for overall centre performance.
- **Challenges for Cafes and Restaurants:** Sales in cafes and restaurants have experienced a slight decline, potentially due to increased competition from alternative dining options and changing consumer habits. Occupiers in this segment are adapting by focusing on unique dining experiences, convenient takeaway options, and enhanced customer service.
- **Decline in Leisure and Entertainment:** The leisure and entertainment sector has faced significant headwinds, with sales dropping by nearly 13% in the last 12 months. This decline may be attributed to factors such as changing entertainment preferences, the rise of digital entertainment options, and the lingering impact of economic uncertainty.
- **Decreasing Sales per Visitor:** A notable trend is the slight decrease in total sales per visitor observed in Q1 2025, continuing a trend that began in 2021. This suggests that while shopping centres are increasingly attracting visitors, the sales growth hasn’t fully followed. Successful shopping centres are increasingly focused on enhancing the consumer experience through events, pop-up stores, and interactive installations. This focus on "experiential retail" drives foot traffic and encourages longer dwell times, positively impacting sales at least when the economic outlook improves.

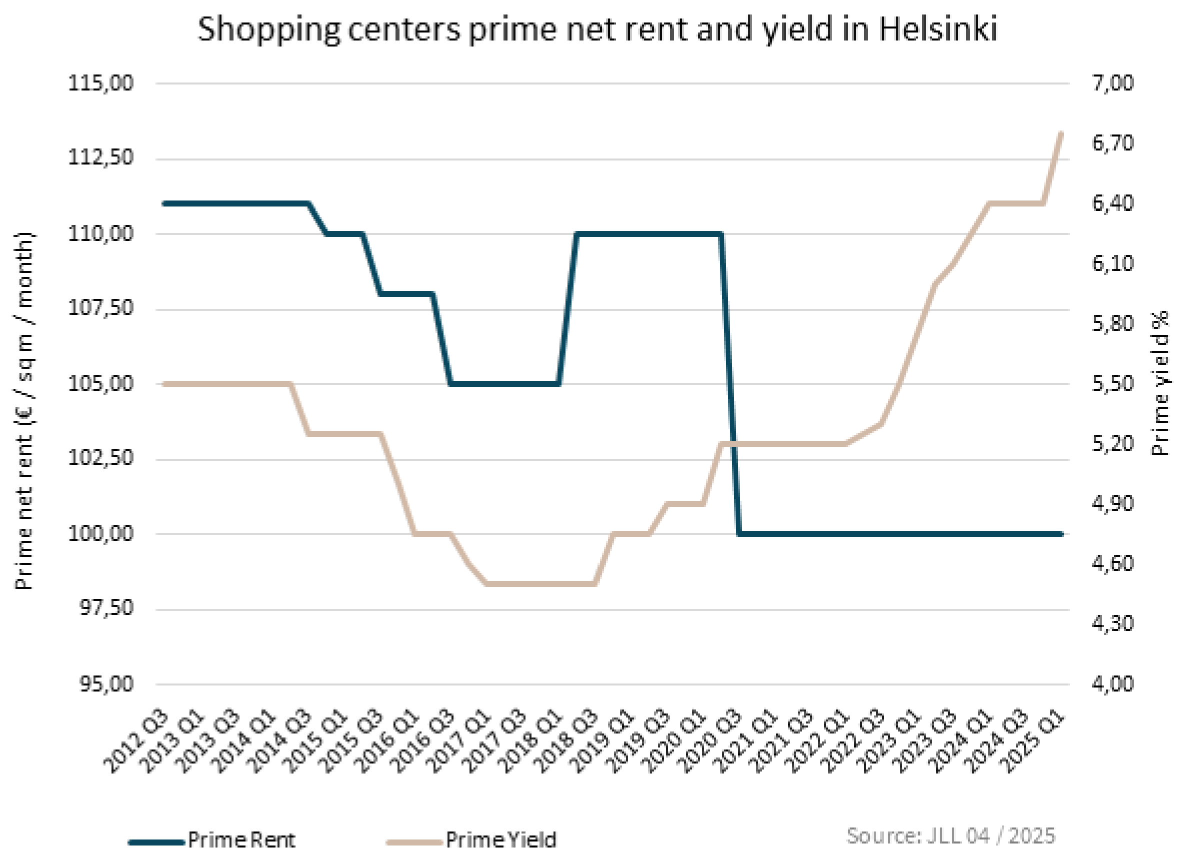
3.3.3. Retail Investment Market

On the transaction side, the commercial property market has picked up especially in Europe, with the sector's transaction volume during Q1 2025 increasing by about 30% compared to last year. The sector's attractive yield requirements and rent growth have increased trading activity, and transactions in Europe have generally been conducted in the yield range of 8-12%. This involves well-leased, successful properties just outside prime centers, but typically shopping centers that historically traded at yields of 5-7%. While yield requirements have risen and liquidity is returning to the sector, financiers' interest in retail properties has also clearly improved, even in larger size categories.

The Finnish shopping center property market also shows signs of activation, as lower prices and higher yield requirements for shopping centers have made them more interesting investment targets, following a trend that started earlier in Europe. The most significant transaction of the early year, Skanssi in Turku, was sold to Swiss Life AM. In Skanssi's case, the yield requirement increased significantly compared to the pre-COVID peak years, and our understanding is that the yield requirement at the time of the transaction was around 9%. Although the modern property is almost fully leased and represents the best energy class, its location between Turku and Kaarina likely limited the number of potential investors. Another significant shopping center transaction was made in Raisio, where a 50% share of the shopping center Mylly, which is fairly similar in profile to Skanssi, was sold. Previously, TOK and SOK owned the center equally, but following the transaction, ownership transferred entirely to TOK. Mylly's yield requirement was estimated to be at the same level as Skanssi's. Although the transaction was partially an internal arrangement, the center was on the open market and the pricing was determined on a market basis. Therefore, the purchase price can be considered close to market-based.

At the end of the year 2024, there was also news about Nuveen's 50% share of Kamppi located in Helsinki's city center being on the market. The publicly stated guidance for pricing in the case of Kamppi was a yield requirement of 6.5–7%. However, the Kamppi sales process has been at a standstill during H1 2025. Our understanding is that few offers were received for the property, but price levels fell short of expectations.

In 2024, several local shopping centers were sold: Pontos sold the Mansikkapaikka shopping center from Imatra and the Kauppapaikka 18 shopping center from Kajaani. American Cerberus Capital Management sold the Forum shopping center in Jyväskylä to Ovaro for about 7 million euros, corresponding to only about 430 euros/m². Ovaro later sold the shopping center and its associated plot separately, partly through an internal transaction in the summer. The property's location in Jyväskylä's pedestrian center is good, and the property has been renovated, but it requires significant investment in terms of leasing. Transactions also took place in the Helsinki metropolitan area, when eQ sold to Kesko the grocery driven Sinikallio shopping center in Mankkaa, Espoo. With this transaction, Kesko particularly wants to ensure the permanence of the commercial location. Similarly, HOK-Elanto bought the Niitty shopping center in Niittykumpu, Espoo.



Prime net rents and yield requirements for shopping centers in Helsinki.

The prime yield requirement for shopping centers reached its lowest point in 2017–2018. After this, it rose sharply, especially as investors began to question rental levels and particularly their growth prospects. Just as the yield level of shopping centers began to attract investors again, the rise in interest rates brought caution back to the market. In the first quarter of 2025, the prime yield requirement was 6.75%, which is 155 basis points higher than at the beginning of 2022. When examining yield requirements for prime properties, there are still no signs of a downward turn, and as polarization increases, there continues to be upward pressure on yield requirements for weaker properties.

Comment on Citycon's properties

JLL prime yield stands currently at 6.75% (Q1 2025) in Finland. While yield requirements have risen in general, the liquidity is returning to the sector as well as financiers' interest in retail properties in Europe, even in larger ticket size categories. At the same time, we believe that few properties can achieve lower yield and be classified as super-prime. At the super-prime end, the market continues to remain untested in Finland.

However, few transactions have still been made for absolute prime properties in European markets, providing valuable insights into the potential for super-prime retail assets: in Munich, Germany, at the end of Q3 2024 Unibail-Rodamco-Westfield sold Pasing Arcade shopping center in off market transaction to Ingka for €388m reflecting a stabilised yield of 5.5%-5.6%. In addition, at the end of 2024 Unibail-Rodamco-Westfield also sold a 15% share in their super-prime Forum Des Halles, Paris scheme at a yield reportedly below 5%.

In Paris, a partial stake in the super-prime Forum Des Halles traded at a yield reportedly below 5%, significantly outperforming Paris prime yield of 5.75%. Similarly, in Munich, the Pasing Arcade transaction closed at a 5.5-5.6% yield, somewhat below the German prime yield of 5.9%. These transactions demonstrate that exceptional retail assets continue to attract investor interest still at relatively low yields. In these transactions, the spread between super-prime and prime was approximately 40 – 80 bps.

While the general trend in the Finnish retail property market has been an upward shift in yield requirements, recent European transactions suggest that exceptional assets may deviate from this trend. For Finland's top-tier shopping centers, particularly those in strategic locations with strong tenant mixes and consistent performance like Iso Omena, there's potential to achieve yields below the current prime rate of 6.75%. Given Finland's market dynamics, super-prime assets could see yields below 6%.

Already for a while the most defensive assets have been the ones with the most tenants providing services and products for everyday needs, such as grocery stores and pharmacies, while the future of the fashion sector is still uncertain. In Citycon's portfolio in Finland, especially Myyrmanni and Lippulaiva are more grocery emphasized shopping centres. Other growing sectors that have located to shopping centres in recent years more heavily are public services and those are seen very positively by the investment market providing stability and predictable footfall to centres to also support the success of traditional retailers.

The assets with a high emphasis on grocery and other shops suited for everyday needs have wider investment demand than centres with a relatively high portion of cash flow coming from other, more traditional sectors. In addition to Myyrmanni, which is a very secure income asset with two grocery tenants, Lippulaiva is the other more local and grocery emphasized centre within Citycon portfolio. In addition, Lippulaiva has a high ESG performance and positive growth outlook, which increases its attractiveness among investors.

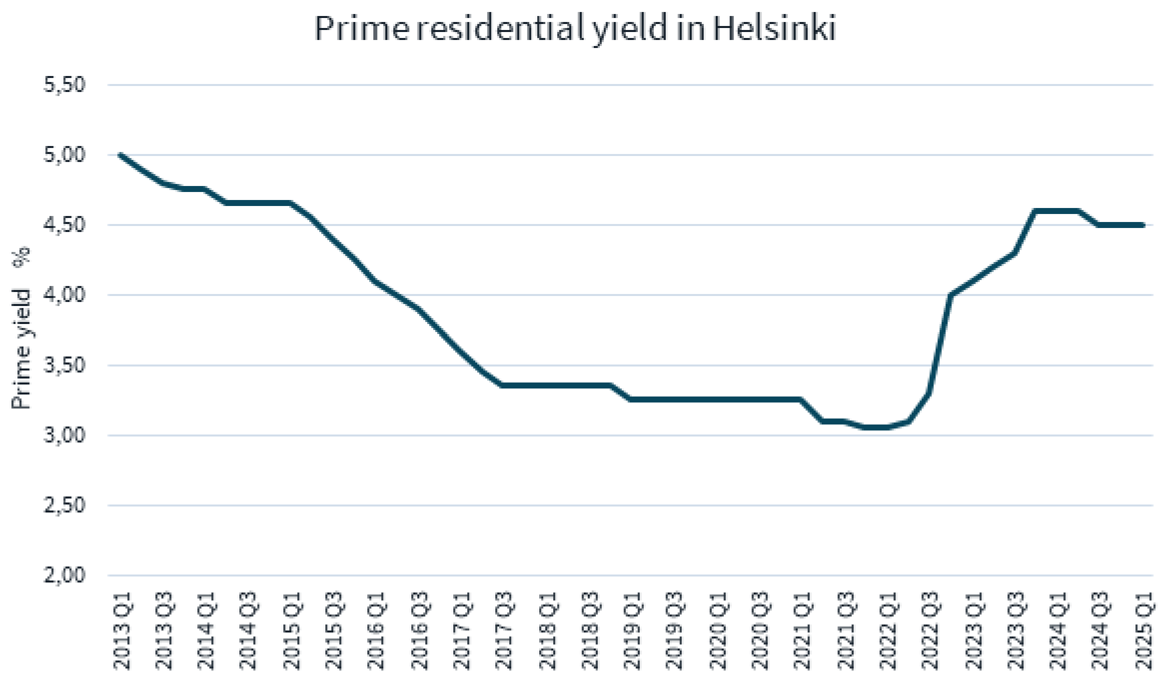
As the interest rates have stabilised, the pricing gap between buyers and sellers is expected to continue narrowing, and transaction market is expected to become more active once the market gains more clarity on pricing. However, weak economic outlook and uncertainty dampen the short-term view and investor sentiment remains cautious towards retail.

3.3.4. Residential investment market

Residential was the second most traded segment in Finland with a volume of €490 million, which accounts to 26 % of the total transaction volume. This share is similar to the average share of the past 10 years at around 25%. Construction of new supply remains at low levels and most construction starts have been subsidized housing. However, we have recently seen the construction starts of non-subsidized residential projects to pick up.

In spring 2025 there were several advanced sales processes, and two with especially large volume. The transaction prices in these processes were well aligned with previous transaction evidence and, based on current information, do not create pressure to change yield requirements in the sector.

The prime yield of 4.50 percent remained stable in Q1 2025 and the outlook for the year 2025 is seen to improve slightly despite multiple residential funds temporarily suspending fund unit redemptions. Shortage of core and core+ capital limits the number of active buyers on the market, however, there is demand for high-quality residential portfolios due to improving fundamentals.



Residential prime yield in Helsinki (Source: JLL 05/2025)

The residential sector offers more limited inflation protection compared to other real estate sectors. Since mid-2021, there has been a notable decline in construction initiations, with completions of new residential units decreasing from mid-2023 onward. These trends are projected to result in a significant reduction in new apartment supply for 2025 and 2026, potentially leading to improved occupancy rates and rental growth.

Notably, new project sales, previously a significant part of the total volume, have nearly dried up, highlighting a market situation where housing assets are currently priced below their construction costs. This naturally weakens the appeal of new projects, with only exceptionally good projects having the chance to proceed with investor backing.

The long-term demand for rental apartments in growth centers is underpinned by population growth. The market is currently absorbing existing vacancies, which, when combined with the diminished supply pipeline, is expected to result in housing shortages in specific sub-markets over time. However, for example, the current abundant supply of rental apartments in the Helsinki metropolitan area still has some way to go before balancing, as evidenced by the nonexistent rent growth in the Helsinki metropolitan area.

It is important to note that demand patterns are not uniform across the sector. Several major domestic investors are concentrating their efforts exclusively on the largest urban centers, such as the Helsinki metropolitan area and the vicinities of Tampere and Turku. In contrast, smaller regional cities are experiencing markedly weaker demand, particularly for properties facing escalating maintenance costs and uncertain development prospects. These assets primarily attract opportunistic and local investors.

The outlook for 2025 is seen stable. The growing population in the larger cities as well as the slowdown of new housing supply will support residential demand and its fundamentals in the future.

3.4. Sweden

3.4.1. Economy

Sweden's economy is currently emerging from a mild recession, with GDP growing by 1.1% in the fourth quarter of 2024 compared to the same quarter in 2023. There are indications that the economic cycle may be turning, with improving consumer and business confidence. However, Swedish households remain cautious, characterized by weak spending and high savings rates.

The economic situation is expected to improve in 2025, with growth forecasted to be better than in 2024. Real wage growth is beginning to materialize, and lower interest rates along with tax cuts are expected to provide economic stimulus. However, uncertainties remain, particularly regarding international trade and fiscal policies.

Inflation in Sweden has shown volatility, with a surprise increase to 2.2% in January 2025, higher than the Riksbank's latest forecast. This development made the Riksbank to pause its easing cycle in the short term in the Spring. However, there are two-sided risks to inflation, and Riksbank announced further rate cut in June 2025 and its policy rate stands now at 2.00%.

The labor market in Sweden has shown mixed signals. While unemployment jumped to over 9.5% in January, this was due to a large increase in the labor force. The unemployment rate is expected to be around its peak, with a gradual improvement anticipated in 2025 and 2026.

Looking ahead, 2025 is expected to be better than 2024, but challenges remain. The economy will likely witness continued uncertainty in economic, fiscal, and international trade matters. However, with wage increases beginning to post real growth again and lower interest rates along with tax cuts expected to provide economic stimulus, there is cautious optimism for gradual economic recovery.

Swedish Economic Forecasts (percentage change, unless otherwise indicated).

	2022	2023	2024	2025	2026	2027
GDP	1.6	0.1	0.9	1.9	2.1	1.9
Private consumption	2.9	-2.0	0.3	1.8	1.8	1.8
Industrial production	2.4	0.0	-0.4	0.3	2.4	2.3
Inflation (CPI)	8.4	8.5	2.8	1.1	2.0	1.9
Policy Rate	2.50	4.00	2.75	2.00	2.00	2.00
10-yr Government Bond Yield	2.46	2.05	2.34	2.40	2.60	2.60

Source: Oxford Economics, May 2025

The Economic Tendency Indicator in Sweden remained largely unchanged in May 2025, maintaining a subdued outlook for the overall economy. Consumer confidence continued its modest recovery, increasing to 83.1 from 81.6 in April. Even with this uptick, consumers remain highly pessimistic about both their own financial situation and the general economic outlook. Attitudes towards major purchases, especially durable goods, are still very negative, with purchase plans at unusually low levels for the coming year. Concerns about rising unemployment have grown, and expectations for the ability to save have weakened somewhat.

Among businesses, confidence diverged across sectors. The manufacturing confidence indicator stayed close to its historical average. Most manufacturing firms report they are largely unaffected or only marginally impacted by shifts in tariffs or ongoing tariff uncertainty. Temporary survey questions in May showed that just two in ten companies saw a slight decline in production because of tariff changes, and over four in ten expect a minor impact in the months ahead, but significant effects are not anticipated. Investment levels are also expected to remain largely stable.

The construction sector's confidence indicator climbed for the third consecutive month, now surpassing its historical average for the first time since December 2022. This improvement is due to better assessments of companies' order backlogs and expectations for higher activity and orders in the next quarter.

In retail, the confidence indicator increased slightly and is currently the highest among all sectors. Firms in food and durable goods retail continue to expect price increases above the historical average, while the motor vehicle trade reports unusually low price expectations. The services sector, on the other hand, saw its confidence indicator fall in May, mainly due to weakened expectations for demand in the coming months.

3.4.2. Retail Occupancy Market

In 2024, Swedish consumers started to see improvement in the household financial strength. A steady decline in headline inflation combined with continued nominal wage growth, increased disposable income. Inflation-adjusted personal disposable income is expected to have returned to a growth trend in 2024 with a 1% y/y growth. Additional consumer spending is anticipated during 2025, although at a more gradual pace. Disposable incomes in Sweden are projected to increase by around 1.8% in 2025, which is slightly above the Eurozone's expected growth of 1.2%. Coupled with the impact of further interest rate cuts, this is likely to provide a boost to retail sales.

The retail sector continues to experience polarisation and is driven by necessity driven retail, such as hard discount and grocery and there are large differences between the retail sub-sectors in Sweden. The big-box and retail park segments continue to be active, especially in the Stockholm and Göteborg regions, with retailers such as Dollarstore, Rusta, Jysk, Jula and Lager157 all showing continued steady operative performance during 2024. Retail parks and big-box retail are expected to see moderate rental growth in 2025, whilst shopping centres and high street retail are expected to see a more stagnating rental development due to the softer demand. Shopping centres still face challenges in attracting footfall and tenants. Swedish consumers remain cautious with their spending, leading to a slower-than-expected recovery in overall retail sales. Nevertheless, demand for retail spaces persists as retailers across various sectors seek to secure their market presence. This sustained interest, coupled with the potential for increased consumer spending, offers a glimmer of hope for the retail real estate market. Retailers and Landlords alike are adapting their strategies, focusing on experiential retail and omnichannel approaches to attract and retain customers in this evolving landscape.

There is limited amount of new development and construction of new retail locations and new development is not expected to pick up during 2025.

3.4.3. Retail Investment Market

In recent years, Sweden has faced international scrutiny due to various challenges, drawing negative attention. However, historically, Sweden has been one of the most liquid real estate markets globally. This liquidity has been driven partly by international capital, attracted by the country's political and economic stability, relatively high transparency and favourable demographic trends. Now, Sweden is positioned to outperform much of Europe in terms of growth potential. This shift creates an opportunity for Sweden to regain positive international attention and reestablish itself as an attractive investment destination.

The Nordic retail landscape in 2024 showcased a tale of two markets, with contrasts between thriving and struggling formats. Big-box retailers, grocery outlets and prime high-street shops demonstrated resilience, while many shopping centres grappled with dwindling foot traffic and tenant retention. This bifurcation was evident across the Nordics, each country experiencing its own nuances within this overarching trend.

Investment activity in the retail sector saw an increase throughout the year, ending with a 30% year-over-year growth for the Nordics. Despite this uptick, retail investments accounted for slightly below 10% of overall investment volumes, and volumes stood more than 50% lower than the 10-year average. This suggests that while retail saw improved investor interest, it maintained its relatively small position within the broader Nordic real estate investment landscape.

Retail has, in line with virtually all segments, seen increased transaction activity, be it from very low levels. Despite a doubling in transaction volumes, the sector accounted for less than 9% of the overall transaction market in 2024.

That said, Swedish Retail Investment increased by 11% y/y to SEK 11.7 billion. Interestingly, more than half of the volume included an international buyer and/or seller, indicating the segment's international importance. Retail investment focused on grocery anchored and big-box assets in strong locations. Over 60% of the total investment volume came from the retail park and big-box subsectors and 30% came from cross-border investors. Svenska Handelsfastigheter was one of the most active buyers in 2024 with their acquisition of Bromma Blocks from CBRE IM and the nationwide big-box portfolio from Partners Group. Cibus and Prisma Properties were also among the most active players during 2024.

The pricing environment became clearer during 2024 as interest rates started to decrease and the expectations of buyers and sellers became more aligned. Prime retail yield compressed slightly in Q4 2024 and are expected to sharpen somewhat during 2025 based on further interest rate cuts and consumer confidence rising.

International capital is expected to stay active in the retail sector and the newly found interest for European retail from opportunistic and value-add funds may cause spillover effects to the Swedish investment market. Investors will continue to prefer higher quality grocery anchored assets in larger cities / conurbations. We expect the recovery of the retail sector to continue in 2025.

Prime yield in retail warehouse parks was at its highest in 2015, after which the declining trend continued until 2022. In the second quarter of 2024, the prime yield stood at 6.25%, which is 110 bps higher than Q1 2022. The yield requirements for retail properties remained stable during the third quarter of 2024, with prime yields at 6.25%. Many large operators in the big-box sector operate on relatively small margins, and some tenants have found it challenging to adapt to high indexations and increasing operating costs. The development of market rents is likely to be slower than the development of rent indexes in the short term.

The prime yield for shopping centres has so far been at its lowest in 2017-2018, after which it has, unlike many other property sectors, risen with investors questioning rental levels. As investors began to see shopping centre returns as attractive after several quiet years, interest rates began to rise, and investor caution also grew regarding shopping centres. In Q1 2025, with prime yields at 5.90% for top external shopping centres an increase of 100bps from the beginning of 2022.

Prime retail yield requirements in Stockholm

Comment on Citycon's properties

The Swedish portfolio continued to show varied performance across assets, with some properties demonstrating resilience while others face ongoing challenges.

Looking at asset level performance, Liljeholmen maintains its position as a top performer in the Swedish portfolio, with both sales and footfall showing long-term positive growth trends. The center's strong fundamentals and consistent performance make it an increasingly attractive proposition for potential investors in the market.

Kista exhibits encouraging signs with improving footfall metrics, though sales conversion remains below expectations. The asset continues to navigate a challenging submarket environment, with the gap between visitor numbers and actual sales suggesting consumers may still be visiting for comparison shopping rather than completing purchases.

Mölndal continues its stable trajectory established in previous quarters, reinforcing its position as one of the more reliable assets in the portfolio alongside Liljeholmen.

Åkersberga and Stenungstorg both demonstrate stable operational performance, though occupancy rates remain below portfolio targets. Both centers show potential for improvement as their respective development projects advance, with the expectation that completed improvements will drive increased occupancy and stronger performance metrics in coming quarters.

Jakobsberg presents the most significant challenges within the portfolio, with underperformance across key metrics. Addressing the occupancy issues remains a priority for this asset, requiring more substantial intervention to reverse current trends.

The differentiation in performance across the portfolio continues to be evident, with Liljeholmen and Mölndal maintaining their leading positions. While the previous focus on footfall decreases has somewhat stabilized, with some assets now showing positive visitor trends, the conversion to sales remains uneven across properties.

Development projects continue to progress at varying paces, with completed improvements at Åkersberga showing early positive impact. The strategic repositioning toward convenience offers appears to be yielding results in select locations, though implementation success varies across the portfolio.

The transaction market has begun to show increased activity compared to late 2024, with interest rates stabilizing and pricing expectations between buyers and sellers finding more alignment. Investor interest remains primarily focused on assets demonstrating proven performance stability, with Liljeholmen garnering particular attention from potential investors seeking resilient retail exposure in the Swedish market.

4. Valuation rationale

We have adopted a 10-year cash flow as the main valuation method. The model was provided by the Company. Cash flows are calculated based on information from existing lease agreements. For the period after the expiry of these agreements, our market evaluation of the estimated rental value (ERV) replaces the contract rent.

Contract Income/Market for Vacancies equals leased space with respect to contract rents and vacant space with respect to ERV. Deducting both the ERV for the void period between the expired contract and assumed new contract, and the assumed general vacancy level after the start of the assumed new lease, results in the Rental Income. Rental Income less operating expenses (including repairs) equals the Net Operating Income (NOI). NOI less any capital expenditure, investments and tenant improvements equals the Net Income that has been discounted to reach the income stream's present value.

The Terminal Value at the end of the 10-year cash flow period is calculated by using the exit yield to capitalise the 11th year Net Income. The value of the property is calculated as the sum of the annually discounted Net Income stream, the discounted Terminal Value at the end of the calculation period and any other assets increasing the value (e.g. unused usable building right).

Below is definition (according to IVSC glossary) and formula used to calculate some of the key figures reported in this valuation:

Weighted average yield requirement

"Yield – the return on an investment. Usually expressed annually as a percentage based on an investment's cost, its current market value or its face (par) value. Often used with a qualifying word or phrase."

In case of this valuation the weighted average yield requirement is weighted with the value of the property and the formula used is presented below.

$$= \frac{\text{(Value of property 1 x Yield requirement of property 1 + Value of property 2 x Yield requirement of property 2 …)}}{\text{(Value of property 1 + Value of property 2 …)}}$$

Initial yield

"The initial income from an investment divided by the price paid for the investment expressed as a percentage."

The formula used is presented below.

$$= \frac{\text{(Annualised current rents – operating expenses)}}{\text{(Market value – estimated value of building right)}}$$

Reversionary yield

"The anticipated yield from an Investment Property once the Reversionary Value is attained."

"Reversionary Value – The estimated value of an investment property at the end of a period during which the rental income is either above or below the market rent."

The formula used is presented below.

$$= \frac{\text{(Annualised market rents – operating expenses)}}{\text{(Market value – estimated value of building right)}}$$

5. Valuation

At the end of June 2025, Citycon's investment portfolio being valued included 18 investment properties in Finland and Sweden. One of the properties is owned via a joint venture and associated companies (IsoKristiina located in Finland).

13 of these 18 properties are shopping centres, one is residential and four are land plots/development projects. Three of the Lippulaiva residential buildings have been completed. In addition, there are unused building rights of 6,300 sqm (Lippulaiva resi 7-8) and 8,000 sqm (Lippulaiva S-house). Building permits for building 7 and 8 are valid and the permit for S-house hasn't been applied. Heikintori, Kassatalo, Asematie 3 and Isomyyri properties are development properties.

The majority of the properties are freehold, Liljeholmstorget Galleria in Sweden is a leasehold.

The valued portfolio is divided into two geographical areas; Finland and Sweden. Below we present the key figures of the evaluated portfolio. Asematie 3, Kassatalo, Heikintori and Isomyyri are excluded from the table. Lippulaiva residential buildings have been included in all key figures.

31 Dec 2024	Number of properties	Market Value, EUR million	Wght. Average Initial Yield	Wght. Average Reversionary Yield	Wght. Average Net Yield Requirement	Average Market rents EUR/sq.m./month	Average Operating Costs EUR/sq.m./ month
Total Property Portfolio in Finland	8	1,629	5.4 %	6.0 %	5.8 %	30.5	7.4
Other Cities in Finland - Retail	4	261	7.4 %	9.1 %	7.8 %	21.8	6.7
Helsinki Metropolitan Area – Retail	3	1,300	5.1 %	5.5 %	5.5 %	36.3	8.1
Helsinki Metropolitan Area - Residential	1	67	3.8 %	4.7 %	4.5 %	22.7	4.0
Total Property Portfolio in Sweden	6	929	5.2 %	6.6 %	6.0 %	26.3	9.0
Greater Gothenburg Area	2	155	5.6 %	7.6 %	6.5 %	21.4	7.2
Greater Stockholm Area	4	774	5.1 %	6.4 %	5.9 %	27.9	9.6
Total Property Portfolio	14	2,558	5.3 %	6.2 %	5.9 %	28.6	8.2

In addition, we have carried out a fair valuation of four land plots/development projects located in Finland. The fair values of land plots/development projects are not included in the presented figures.

Iso Omena is distinctly valuable property compared to the rest of the portfolio, which means that weighted averages are highly influenced by the changes in Iso Omena.

The total fair value of the portfolio in Q2 2025 was approximately €2,576 million, including the four land plots/development projects.

Properties in Finland

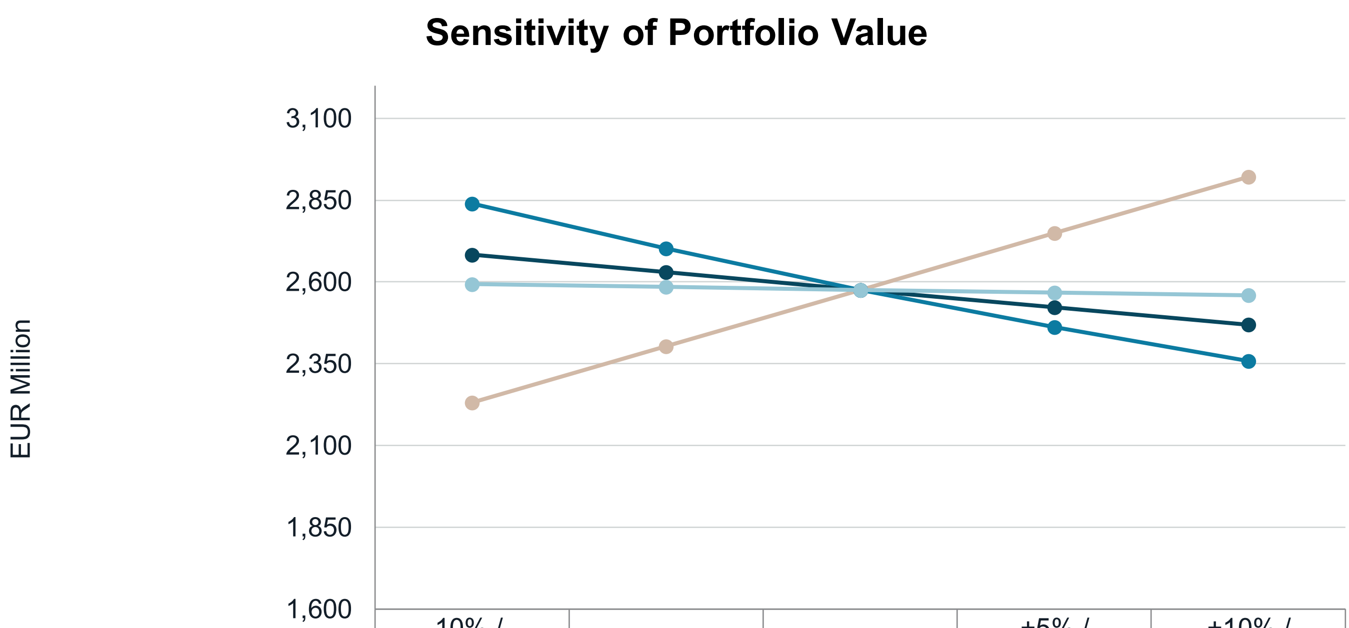
The fair value of the Finnish portfolio is €1,647 million and it increased by 0.4% from Q4 2024. Compared to the Q4 2024, the weighted average exit yield increased by 4 bps being 5.95% (including Lippulaiva residential but excluding Kassatalo, Asematie 3, Heikintori and Isomyyri). The value of the Finnish portfolio remained stable despite improved performance in largest centres, especially due to yield softening in secondary centres.

Properties in Sweden

The fair value of the Swedish portfolio is estimated at SEK 10,357 million. With the exchange rate of 11.1465 SEK/EUR the portfolio has the value of c. €929 million. Compared to the value at Q4 2024, the portfolio's value in euro terms has increased by 5.0% of which currency impact is 2.8%. Compared to Q4 2024, the weighted average exit yield increased by 2 bps being 5.99%.

Sensitivity Analysis

A sensitivity analysis of the portfolio's fair value was carried out by creating a summary cash flow based on individual cash flow calculations. Changes in fair value were tested by modifying the key input parameters of the calculations. The parameters tested were yield requirement, estimated rental value and operating expenses. The current fair value of the properties was used as a starting point for the analysis, which was performed by changing one parameter at a time and then calculating the corresponding fair value of the total portfolio. The sensitivity analysis is a simplified model intended to support the understanding of the value effect of different parameters on the valuation. The figure below represents the results of the analysis.



	-10% / -50bps	-5% / -25bps	0 %	+5% / +25bps	+10% / +50bps
Estimated Rental Value	2,231,500,000	2,404,000,000	2,576,400,000	2,748,900,000	2,921,300,000
Op. Expenses	2,683,600,000	2,630,000,000	2,576,400,000	2,522,800,000	2,469,200,000
Yield requirement	2,839,700,000	2,701,600,000	2,576,400,000	2,462,500,000	2,358,400,000
Long-term vacancy	2,593,700,000	2,585,000,000	2,576,400,000	2,567,800,000	2,559,200,000

As seen in the figure above, the value of the portfolio is most sensitive to the changes in estimated rental value and yield requirement. A 10 % increase in estimated rental value leads to change of around 13 % in value, while a 50 bps fall in the yield requirement causes an increase of around 10 % in value. Changes in expenses and long-term vacancy have more modest effects on the value than the other parameters.

Having regard to the foregoing, we are of the opinion that the Net Market Value of the portfolio 30.06.2025, free of liabilities and debt, is:

€2,576,400,000

(Two Billion Five Hundred Seventy Six Million Four Hundred Thousand EUROS)

The accuracy of the valuation is +/-10%.

In Helsinki, Stockholm, and London 28th July 2025

Yours faithfully

Mikko Kuusela, MRICS
Senior Director
Value & Risk Advisory Nordics
For and on behalf of
Jones Lang LaSalle Finland Oy

Tomas Shaw
Director
Value & Risk Advisory Nordics
For and on behalf of
JLL Valuation AB Sweden

Christian Luft, MRICS
Executive Director
EMEA Head of Retail, Valuation Advisory
For and on behalf of
Jones Lang LaSalle Limited

SEE A BRIGHTER WAY

JLL office

Keskuskatu 7
00100 Helsinki
+358 (0)207 619 960

JLL office

Birger Jarlsgatan 25
111 81 Stockholm
+46 8 453 50 00

Mikko Kuusela
Senior Director
Value & Risk Advisory Nordics
Helsinki

mikko.kuusela@jll.com

Tomas Shaw
Director
Value & Risk Advisory Nordics
Stockholm

tomas.shaw@jll.com

jll.fi