

2015

**CORPORATE GOVERNANCE
STATEMENT**

Citycon Group's Corporate Governance Statement for the Financial Year 2015

I. INTRODUCTION

Citycon Oyj (Citycon or company) is a Finnish public limited liability company listed on Nasdaq Helsinki Ltd (the Helsinki Stock Exchange). Citycon Oyj and its subsidiaries constitute the Citycon group.

Citycon's corporate governance principles are based on legislation in force in Finland, the rules and regulations issued for listed companies by the Helsinki Stock Exchange and the Finnish Financial Supervisory Authority as well as Citycon's Articles of Association. Corporate governance in Citycon's subsidiaries is also governed by the laws of the country in which the subsidiary is domiciled, and by each subsidiary's Articles of Association. Citycon also applies the Finnish Corporate Governance Code published by the Finnish Securities Market Association and Citycon's own Corporate Governance Guidelines.

This corporate governance statement (**CG Statement**) has been prepared in accordance with Recommendation 54 of the Finnish Corporate Governance Code 2010. However, the CG Statement also takes into account, in many aspects, the reporting obligations that are defined in the new Finnish Corporate Governance Code 2015, issued by the Finnish Securities Market Association, that entered into force on 1 January 2016. Consequently, the CG Statement describes new themes, such as principles concerning the diversity of the Board of Directors, the company's main procedures relating to insider administration and remuneration paid by the company to the auditor. The structure of the CG Statement has also been changed to comply with the reporting obligations defined in the Finnish Corporate Governance Code 2015. The Finnish Corporate Governance Code 2010 and the Finnish Corporate Governance Code 2015 are available on the Securities Market Association's website at www.cgfinland.fi.

In 2015, Citycon followed the Finnish Corporate Governance Code 2010 without deviation.

This CG Statement has been prepared as a separate report, distinct from the Report by the Board of Directors. The Audit and Governance Committee of the Board of Directors has reviewed the CG Statement on 9 February 2016. Ernst & Young Oy, the company's auditor, has verified that the CG Statement has been issued and that the description of the main features of the internal control and risk management systems related to the financial reporting process is consistent with the company's Financial Statements.

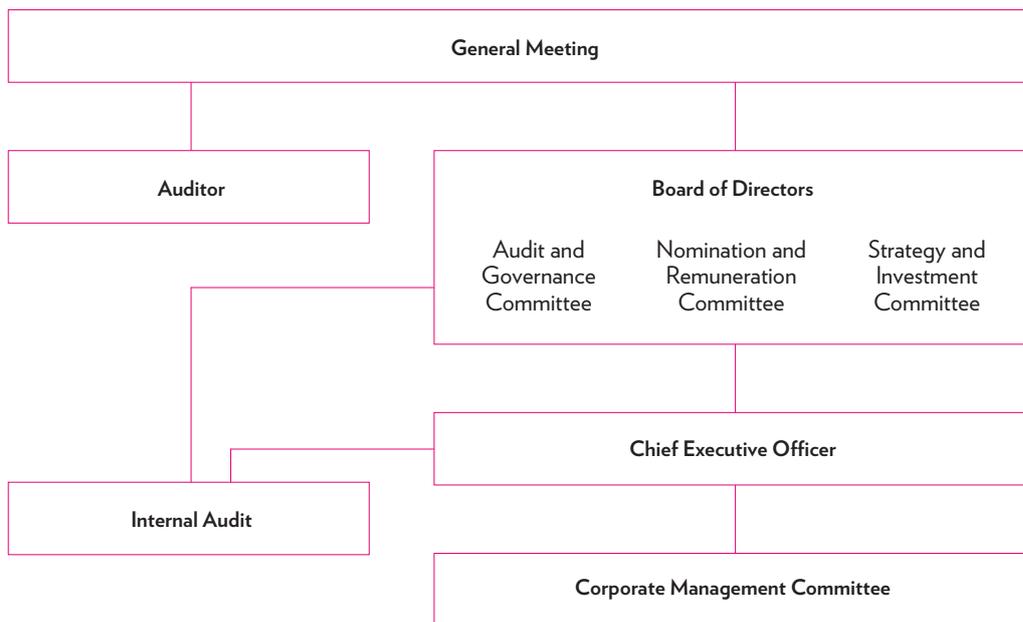
This CG Statement was published simultaneously with Citycon's Financial Statements and the Report by the Board of Directors for 2015 on 11 February 2016. The CG Statement and the same statements for the previous five years are available on the company's website at <http://www.citycon.com/corporate-governance>.

II. DESCRIPTIONS CONCERNING CORPORATE GOVERNANCE

Citycon's statutory bodies are the General Meeting, the Board of Directors and the CEO. The General Meeting elects members to the company's Board of Directors, and the Board of Directors appoints the company's CEO. The Board of Directors' work is enhanced by three Board committees whose members are elected by the Board of Directors among its members. In managing the company's business operations, the CEO is assisted by the Corporate Management Committee whose members are appointed, upon the CEO's proposal, by the Board of Directors.

The work of the Board of Directors and its committees, the CEO and the Corporate Management Committee is governed by the Corporate Governance Guidelines approved by the Board of Directors. These guidelines contain charters for the Board and the committees, guidelines for the division of duties between the decision-making bodies, and guidelines for the arrangement of internal control and risk management. Charters are discussed in more detail below.

CITYCON'S CORPORATE GOVERNANCE STRUCTURE



GENERAL MEETING OF SHAREHOLDERS

Citycon's shareholders exercise their decision-making power at the General Meeting. According to the Articles of Association, Citycon's Annual General Meeting is held annually by the end of April, once the Financial Statements have been prepared. An Extraordinary General Meeting is convened whenever deemed necessary for decision-making purposes or when required by law.

The company publishes the notice of a General Meeting including a proposal for the meeting's agenda, the documents to be presented to the General Meeting and the resolution proposals by the Board of Directors on the company's website, no later than three weeks prior to the General Meeting. The notice of a General Meeting includes proposals for the composition of the Board of Directors and the remuneration of Board members. In addition, information on all proposed members is provided on the company's website. The notice of the General Meeting is also published simultaneously as a stock exchange release. A shareholder is entitled to demand a matter for discussion at a General Meeting if such a matter falls under the competence of the General Meeting according to the Finnish Limited Liability Companies Act and if he/she demands it by giving notice to the company well in advance so that the matter can be included in the notice of a General Meeting. In 2015, the latest possible date for demanding a matter for discussion at the Annual General Meeting was on 31 January 2015, which was also stated on Citycon's website at www.citycon.com/general-meeting before the end of the company's financial year 1 January–31 December 2014.

Citycon strives to facilitate the participation of its shareholders in General Meetings by arranging such meetings in a manner that enables both Finnish and international shareholders to participate in the meeting as extensively as possible and to efficiently exercise their right to vote, ask questions and speak at the meeting.

In 2015, Citycon held two General Meetings. The Annual General Meeting (AGM) 2015 was held on 19 March 2015. The AGM was attended by the Chairman of the Board of Directors, the majority of Board members, a first-time nominee for Board membership as well as the CEO, senior executives of the company and the auditor. An Extraordinary General Meeting (EGM) was held on 15 June 2015. The EGM was attended by the Board member Kirsi Komi, the CEO and senior executives of the company, which was regarded as sufficient considering that the EGM's agenda consisted of authorising the Board of Directors to decide on the issuance of shares for financing the acquisition of all the shares in Sektor Gruppen AS (the company name has later been changed into Citycon Norway AS) as well as on the issuance of shares and the issuance of special rights entitling to shares.

Citycon published the decisions taken by the General Meetings in 2015 in stock exchange releases and on its website. The minutes of the General Meetings were available on the company's website within two weeks of the meetings.

Minutes of the General Meetings, General Meeting documents presented on the website and summaries of the decisions taken by each General Meeting since 2010 are available in Citycon's GM archive at www.citycon.com/general-meeting. This section also contains general information on General Meetings and shareholders' rights.

BOARD OF DIRECTORS

The composition and operations of the Board of Directors

According to Citycon's Articles of Association, the company's Board of Directors consists of a minimum of five and a maximum of ten members. The Articles of Association do not contain any regulations on a specific procedure according to which the Board members are to be appointed.

The General Meeting of shareholders decides on the number of members of the Board of Directors and elects them at the Annual General Meeting and, when necessary, Extraordinary General Meetings.

According to the Corporate Governance Code, the majority of the members of the Board of Directors must be independent of the company. In addition, a minimum of two of these independent members must also be independent of the company's significant shareholders.

The proposal to the General Meeting on the composition of Citycon's Board of Directors is prepared by the Nomination and Remuneration Committee of the Board of Directors. A person to be elected to the Board of Directors shall have the qualifications required by the duties and the possibility to devote a sufficient amount of time to the work. Both genders shall be proposed as Board members. Members of the Board of Directors are obligated to provide the Board with sufficient information for the evaluation of their qualifications and independence, and to notify the Board of any changes in this information. The Board of Directors evaluates its members' independence annually.

The company shall ensure that new directors are adequately familiarised with the company and its business operations and practices.

The Board of Directors elects the Chairman and one or more Deputy Chairmen from among its members.

Citycon's AGM on 19 March 2015 set the number of Board members at ten. The following Board members were re-elected: Ronen Ashkenazi, Chaim Katzman, Bernd Knobloch, Arnold de Haan, Kirsi Komi, Andrea Orlandi, Claes Ottosson, Per-Anders Ovin and Ariella Zochovitzky. Rachel Lavine was elected as a new Board member. The members of the Board of Directors were elected for a term of one year that ends at the close of the first AGM following their election.

The Board of Directors evaluated its members' independence on 19 March 2015 and again in April 2015. The Board of Directors concluded that all Board members are independent of the company. Furthermore, according to the Board of Directors' evaluation, Arnold de Haan, Bernd Knobloch, Kirsi Komi, Claes Ottosson and Per-Anders Ovin and, from April 2015, Ariella Zochovitzky are independent of the company's significant shareholders. On the basis of overall evaluation and considering that Ariella Zochovitzky's service as Gazit-Globe Ltd.'s representative (Chairman of the Board) in U. Dori Group Ltd., in which Gazit-Globe Ltd. exercises a controlling interest, ended in March 2012, the Board of Directors re-evaluated Ariella Zochovitzky's independence of significant shareholders in April 2015 and concluded that Ariella Zochovitzky is also independent of significant shareholders. Since Ronen Ashkenazi, Chaim Katzman and Rachel Lavine are in the employ of Citycon's main shareholder, Gazit-Globe Ltd., or its affiliated companies, they are not independent of significant shareholders. Andrea Orlandi is in the employ of Canada Pension Plan Investment Board, the parent company of CPP Investment Board European Holdings S.à.r.l, which is a significant shareholder in the company. Therefore, Andrea Orlandi is not independent of the company's significant shareholders.

The Chairman of the Board in 2015 was Chaim Katzman, with Ronen Ashkenazi and Bernd Knobloch serving as Deputy Chairmen.

INFORMATION ABOUT BOARD MEMBERS, 31 DECEMBER 2015

Chairman

CHAIM KATZMAN

Member and Chairman of the Board of Directors since 2010

LL.B., Israeli and US citizen, born 1949

Main occupation: Norstar Holdings Inc. (former Gazit Inc.), founder, controlling shareholder and Chairman of the Board of Directors since 1991; Equity One Inc., founder and Chairman of the Board of Directors since 1992; Gazit-Globe Ltd., Executive Chairman of the Board of Directors since 1998

The Board's assessment of independence: Independent of the company

Membership in Citycon's Board committees: Nomination and Remuneration Committee, Chairman

Citycon shares*: 178,856



Deputy Chairman of the Board

RONEN ASHKENAZI

Member of the Board of Directors since 2009, Deputy Chairman since 2010

B.Sc., Civil Engineering, Israeli citizen, born 1962

Main occupation: Gazit-Globe Israel (Development) Ltd., CEO and minority shareholder since 2005

The Board's assessment of independence: Independent of the company

Membership in Citycon's Board committees: Strategy and Investment Committee, Chairman

Citycon shares*: 9,324



Deputy Chairman of the Board

BERND KNOBLOCH

Member of the Board of Directors since 2012, Deputy Chairman since 2013

University degrees in Law and Business Administration, German citizen, born 1951

Main occupation: Professional non-executive director

The Board's assessment of independence: Independent of the company and significant shareholders

Membership in Citycon's Board committees: Audit and Governance Committee, Strategy and Investment Committee

Citycon shares*: 78,685

**ARNOLD DE HAAN**

Member of the Board of Directors since 2014

LL.M., Dutch citizen, born 1954

Main occupation: Boishaen B.V., founder and Managing Director since 2008

The Board's assessment of independence: Independent of the company and significant shareholders

Membership in Citycon's Board committees: Nomination and Remuneration Committee, Strategy and Investment Committee (from 19 March 2015)

Citycon shares*: 50,000

**KIRSI KOMI**

Member of the Board of Directors since 2011

LL.M., Finnish citizen, born 1963

Main occupation: Professional non-executive director

The Board's assessment of independence: Independent of the company and significant shareholders

Membership in Citycon's Board committees: Audit and Governance Committee, Nomination and Remuneration Committee

Citycon shares*: 11,933



RACHEL LAVINE

Member of the Board of Directors since 2015

CPA., MBA, Israeli citizen, born 1965

Main occupation: Atrium European Real Estate Ltd., Vice Chairman of the Board of Directors since 2014; Gazit-Globe Ltd., CEO since 2015

The Board's assessment of independence: Independent of the company

Membership in Citycon's Board committees: Audit and Governance Committee (from 19 March 2015), Strategy and Investment Committee (from 19 March 2015)

Citycon shares*: -



ANDREA ORLANDI

Member of the Board of Directors since 2014

MBA (INSEAD), Italian citizen, born 1971

Main occupation: Canada Pension Plan Investment Board (CPPIB), London, Managing Director, Head of Real Estate Investments Europe since 2014

The Board's assessment of independence: Independent of the company

Membership in Citycon's Board committees: Audit and Governance Committee, Strategy and Investment Committee

Citycon shares*: -



CLAES OTTOSSON

Member of the Board of Directors since 2004

Electrical Engineer, Swedish citizen, born 1961

Main occupation: ICA Kvantum Hovås, Managing Director since 1990

The Board's assessment of independence: Independent of the company and significant shareholders

Membership in Citycon's Board committees: Nomination and Remuneration Committee, Strategy and Investment Committee

Citycon shares*: 77,802



PER-ANDERS OVIN

Member of the Board of Directors since 2013

M.Sc (Economics), Swedish citizen, born 1956

Main occupation: Mengus Stockholm AB, Chairman of the Board, partner and owner since 2005; Marrakech Design/Ovin Consulting AB, owner since 2003

The Board's assessment of independence: Independent of the company and significant shareholders

Membership in Citycon's Board committees: Audit and Governance Committee, Nomination and Remuneration Committee (from 19 March 2015), Strategy and Investment Committee (until 19 March 2015)

Citycon shares*: 17,571



ARIELLA ZOCHOVITZKY

Member of the Board of Directors since 2009

B.A. (Economics and Accounting), CPA (Israel), MBA, Israeli citizen, born 1957

Main occupation: C.I.G. Consultants Ltd., General Manager & partner since 2001; C.I.G. Zochovitzky Ltd., General Manager & partner since 2012

The Board's assessment of independence: Independent of the company and significant shareholders

Membership in Citycon's Board committees: Audit and Governance Committee, Chairman Nomination and Remuneration Committee

Citycon shares*: 11,700

* Includes the shares in the company owned by the Board member, his/her related parties and corporations over which he/she exercises control.

Board members' personal details can also be found on the company's website at www.citycon.com/board-directors and information on their holdings in Citycon at www.citycon.com/insiders-shareholdings.

Description of the charter and operations of the Board of Directors

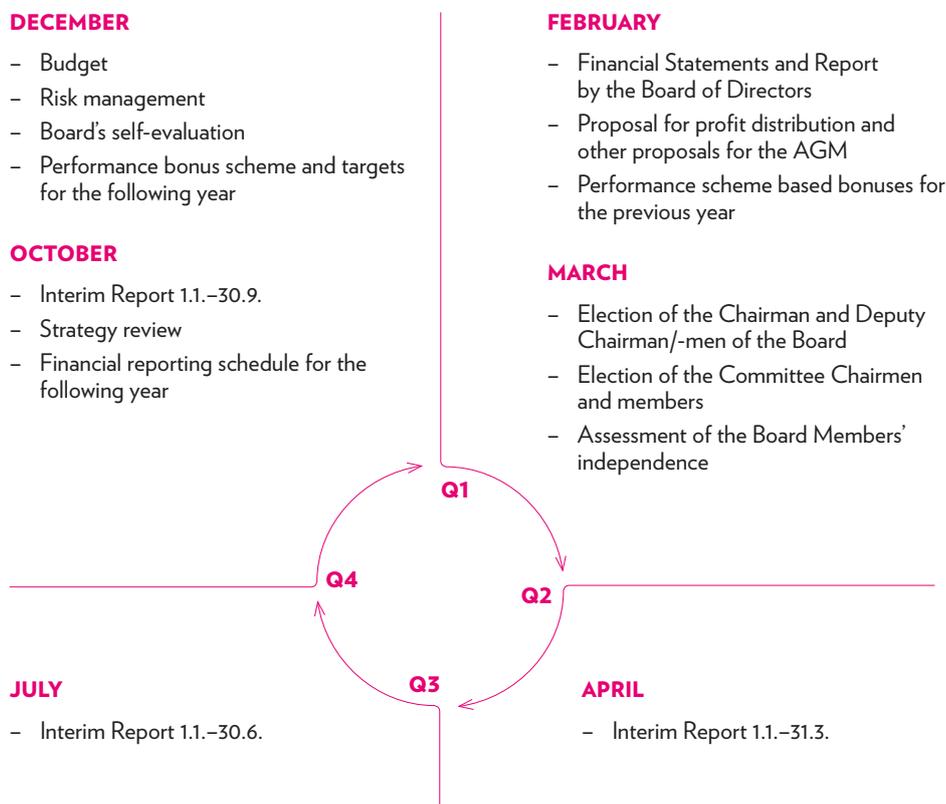
The Board of Directors' duties and responsibilities are determined by the Finnish Limited Liability Companies Act, Citycon's Articles of Association, the Corporate Governance Code and the written charter of the Board of Directors included in the Corporate Governance Guidelines approved by Citycon's Board of Directors. The central content of the charter of the Board of Directors is described below.

The most important duties of the Board of Directors according to the charter (in addition to the duties provided for under the Finnish Limited Liability Companies Act):

- confirm the company's long-term targets and business strategy
- approve the company's budget and financing plan, and oversee their implementation
- determine the company's dividend policy
- decide on major and strategically important property acquisitions and divestments and other major investments
- appoint the CEO and approve the appointment of other members of the Corporate Management Committee on the basis of a proposal by the CEO
- confirm the company executives' duties and areas of responsibility and the reporting system
- confirm the principles governing employees' short- and long-term bonus and incentive schemes and decide on the schemes as well as the remunerations paid under the schemes
- confirm the company's principles of internal control and risk management, review the main risks associated with the company's business and their management, and monitor the adequacy, appropriateness and efficiency of the company's administrative processes.

The CEO provides the Board of Directors with a regular review of the most significant matters with regard to the company's operations, business environment and financial position.

The Board of Directors convenes according to a pre-determined meeting schedule six times a year and when deemed necessary. The meeting schedule is based on the company's financial reporting schedule and the Board of Directors' strategy and budget meetings, as indicated in the Board's year clock shown below.



Items are discussed in Board meetings in accordance with a prepared agenda. The Board of Directors constitutes a quorum if more than half of its members are present. Considering the Board of Directors' international composition, the use of telephone or video conferencing for meetings is possible. Minutes are kept of each meeting, and they are reviewed and approved in the next meeting.

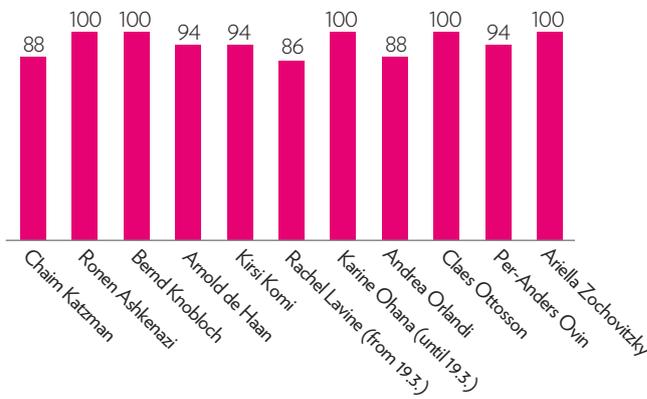
The Board of Directors evaluates its operations and working methods annually. The Audit and Governance Committee ensures that the evaluation is carried out. In 2015, the evaluation was conducted as self-evaluation.

In 2015, Citycon's Board of Directors held eleven meetings in addition to its original meeting schedule, convening a total of 17 times during the year. The Board meetings outside the original meeting schedule were mainly related to the acquisition of all the shares in the Norwegian shopping centre group Sektor Gruppen AS (now Citycon Norway AS) that was completed in July, the rights issue carried out in June–July, and the EUR- and NOK-denominated bonds that were issued in August–September and formed part of the refinancing for the acquisition. During the year, the Board held one meeting in Oslo in conjunction with visits to the local shopping centres acquired by the company earlier in the year.

The average attendance rate at Board meetings in 2015 was 95%. The graph below indicates attendance rates by member.

BOARD OF DIRECTORS

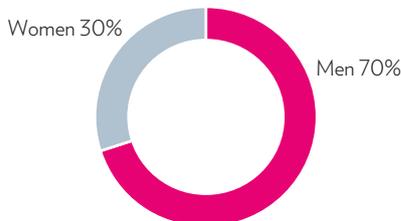
A total of 17 meetings in 2015



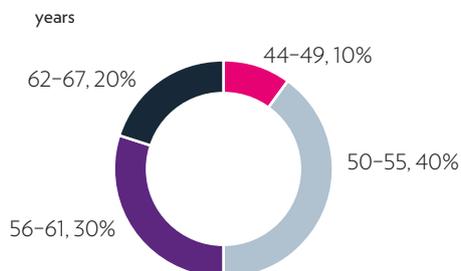
Diversity of the Board of Directors

The members of Citycon's Board of Directors have versatile expertise and international background. The Board of Directors has special expertise and experience in real estate and retail industries, financing and accounting, legal affairs and corporate management and administration. The Board members represent seven different nationalities. Both genders are represented on Citycon's Board of Directors, in accordance with the objectives specified by the company. The diagrams below show the gender and age distribution of the Board members.

BOARD GENDER DISTRIBUTION 2015



BOARD AGE DISTRIBUTION 2015



BOARD COMMITTEES

Composition and operations of the committees

Citycon's Board of Directors is assisted by three committees set up by the Board of Directors: the Audit and Governance Committee, the Nomination and Remuneration Committee, and the Strategy and Investment Committee.

In Board committees, members are able to delve into matters in greater detail than the entire Board of Directors. The committees' main duties and working principles are established in writing by the Committee Charter included in Citycon's Corporate Governance Guidelines approved by Citycon's Board of Directors.

The Board of Directors elects the Board committee members and chairmen from among its members. The CEO does not belong to any of the committees. A committee always has at least three members. The committee members shall have the expertise and experience required for the duties of the committee.

The committees' chairmen report on issues discussed by the committees to the Board of Directors. In addition, minutes are prepared of all committee meetings and made available to all Board members.

Memberships on Board committees in 2015 are listed above under 'Information about Board members' and below in connection with the description of each committee.

Descriptions of committee charters and operations

Audit and Governance Committee

The Audit and Governance Committee supports the Board in reviewing questions pertaining to the company's financial reporting. It controls, oversees and develops Citycon's corporate governance practices. The central content of the Audit and Governance Committee's charter is described below.

According to the committee charter, the most important duties of the Audit and Governance Committee are

- to monitor financial reporting, particularly the financial statement reporting process, and to supervise its reliability and transparency
- to review the company's financial reports
- to monitor the efficiency of internal control, internal audit and risk management systems
- to review internal audit plans and reports
- to review the company's annual corporate governance statement and, in particular, the description included in it of the main features of the internal control and risk management systems
- to communicate with the external auditor, review auditor's reports
- to evaluate the independence of the responsible auditor and audit firm and, in particular, the provision of related services to the company
- to prepare a resolution proposal for the General Meeting for the election and remuneration of the auditor
- to prepare a proposal for the Board of Directors on the election of an external appraiser to assess the company's property portfolio
- to oversee, develop, review and make recommendations concerning corporate governance policies and the overall corporate governance of the company
- to review the company's currently applicable Code of Conduct and compliance with it
- to consider questions of possible conflicts of interest of the company, Board members and senior executives and initiate appropriate actions to address any such conflicts
- to evaluate the independence of each individual Board member and make recommendations to the Board
- to ensure that the Board annually engages in a self-evaluation process

Members of the Audit and Governance Committee must be independent of the company and at least one committee member must be independent of the company's significant shareholders. At least one committee member must be a financial expert with sufficient knowledge and experience in the fields of accounting, bookkeeping or auditing, and in the accounting principles applicable to the company.

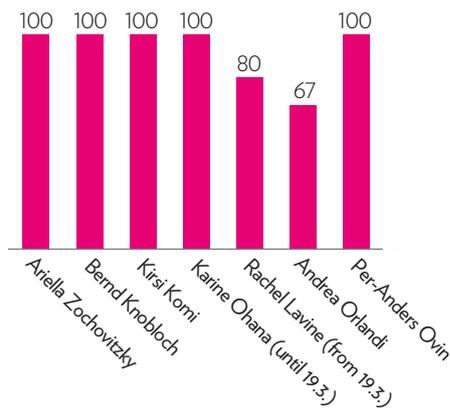
Citycon's responsible auditor, Mikko Ryttilähti at Ernst & Young Oy, attends the Audit and Governance Committee meeting in which the company's annual financial statements are discussed and reports on audit findings. The responsible auditor also attends other Audit and Governance Committee meetings upon the committee's request. In 2015, the responsible auditor attended all committee meetings in which the company's interim reports, financial statements and budget-related risks were discussed.

The Audit and Governance Committee meets at least four times a year, in accordance with the company's financial reporting schedule, to review the interim reports and annual financial statements of the company. In 2015, the Audit and Governance Committee performed the duties explained above, which included, among others, reviewing the company's risk management and financial reporting, internal audit plans and reports, property portfolio valuation reports, the company's practices related to crisis management, changes in insider and disclosure policies and the implementation of the Corporate Governance Code 2015 in the company. The committee also submitted its proposal to the AGM on the election of the auditor and the remuneration payable to the auditor.

During the year, the Audit and Governance Committee convened six times with an average attendance rate of 92%. The graph below indicates attendance rates by member.

AUDIT AND GOVERNANCE COMMITTEE

A total of 6 meetings in 2015



Nomination and Remuneration Committee

The Nomination and Remuneration Committee's task is to ensure that proposals regarding Citycon's Board member election and remuneration are prepared efficiently. The committee is also responsible for the preparation of matters regarding the appointment and remuneration of the CEO and other senior executives and regarding the employee remuneration schemes. The central content of the Nomination and Remuneration Committee's charter is described below.

According to the committee charter, the most important duties of the Nomination and Remuneration Committee are

- to seek new Board member candidates
- to prepare a proposal for the General Meeting on the election of Board members and their remuneration
- to prepare a proposal for the Board of Directors concerning the composition and chairmen of the Board committees
- to prepare matters pertaining to the remuneration of the company's CEO, the CEO's deputy and other senior executives
- to prepare matters pertaining to the appointment of the company's CEO, the CEO's deputy and other senior executives, to identify their possible successors and to evaluate the successor planning process concerning the entire corporate management
- to be in charge of the evaluation of the CEO's performance
- to prepare and develop the company's remuneration schemes, make proposals for the Board thereon and monitor their transparency and appropriateness.

The members of the Nomination and Remuneration Committee must be independent of the company.

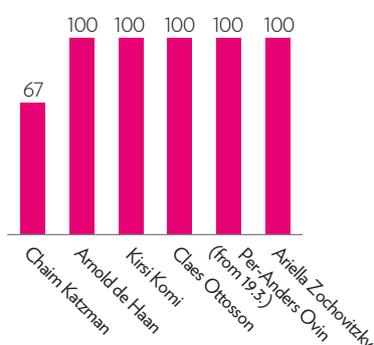
When seeking potential new Board members, the Nomination and Remuneration Committee shall take account of the requirements of the company's operations, the diversity of the Board and the company's development stage. In order to promote diversity, matters to be taken into account in the composition of the Board include the number of directors, their independence, age, gender, skills, experience and opportunity to devote a sufficient amount of time to their work. Both genders shall be proposed to the Board of Directors. The committee begins preparations for the election of Board members in the autumn prior to the following year's Annual General Meeting. The Nomination and Remuneration Committee consults significant shareholders of the company in this matter.

The Nomination and Remuneration Committee meets at least twice a year. In 2015, the Nomination and Remuneration Committee prepared proposals for the AGM on number, election and remuneration of Board members. Other matters addressed at the committee's meetings focused on, among others, the company's short- and long-term remuneration schemes and nominations in the Corporate Management Committee.

During the year, the Nomination and Remuneration Committee convened three times with an average attendance rate of 95%. The graph below indicates attendance rates by member.

NOMINATION AND REMUNERATION COMMITTEE

A total of 3 meetings in 2015



Strategy and Investment Committee

The Strategy and Investment Committee supports the Board of Directors in defining and monitoring the company's strategic direction. The central content of the Strategy and Investment Committee's charter is described below.

According to the committee charter, the most important duties of the Strategy and Investment Committee are

- to guide the optimisation and development of the company's property portfolio and to explore alternative ownership structures to optimise the portfolio
- to set general guidelines for the acquisition of new properties and the redevelopment of properties
- to supervise and develop investment and divestment planning and approval processes pertaining to the company's property business
- to decide on investments and divestments within the authorisations set by the Board of Directors
- to give Board resolution recommendations concerning acquisitions and divestments of properties and property development projects
- to monitor property development projects as well as integration process and profitability of completed projects and acquired properties.

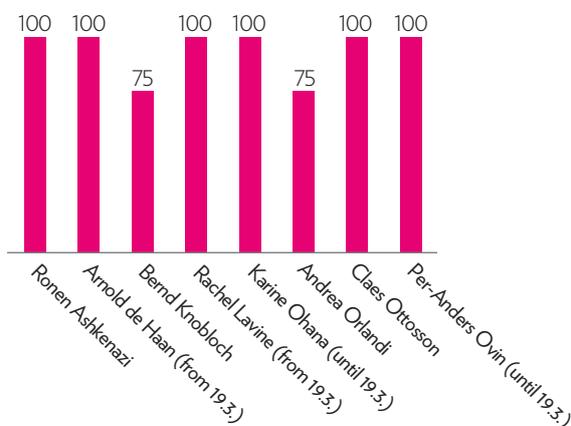
The members of the Strategy and Investment Committee must be independent of the company.

The Strategy and Investment Committee meets as necessary but at least twice a year. In 2015, the Strategy and Investment Committee gave recommendations for resolutions to the Board regarding, for instance, the divestment of non-core assets, and the acquisition of all the shares in Sektor Gruppen AS (now Citycon Norway AS). The committee also discussed further improvement of Citycon's property portfolio and the market conditions in Citycon's operating countries.

During the year, the Strategy and Investment Committee convened four times with an average attendance rate of 94%. The graph below indicates attendance rates by member.

STRATEGY AND INVESTMENT COMMITTEE

A total of 4 meetings in 2015



CHIEF EXECUTIVE OFFICER (CEO)

Citycon's Board of Directors appoints the company's CEO and decides on the terms and conditions of his/her service agreement. The service terms of the CEO are stipulated in a written service agreement approved by the Board of Directors.

According to the company's Corporate Governance Guidelines, the duties of the CEO are

- to be in charge of the day-to-day management and supervision of the company in accordance with the provisions of the Finnish Limited Liability Companies Act, the company's Corporate Governance Guidelines and the authorisations and guidelines received from the Board of Directors
- to manage the everyday management of the company in accordance with the guidelines and instructions given by the Board of Directors
- to bear responsibility for ensuring that the company's accounting is legally compliant and that its financial affairs have been arranged in a reliable manner
- to oversee compliance with the guidelines, procedures and strategic plans established by the Board of Directors
- to ensure that the above guidelines, procedures and plans are submitted to the Board of Directors for update or review when necessary
- to attend the Board of Directors' meetings and to be in charge of the preparation of matters to be presented to the Board
- to ensure that Board members continuously receive all the information they need to monitor the company's financial position, liquidity, financing and development, and to inform the Board of Directors of any major events, decisions and plans related to the company's business
- to serve as the Chairman of the company's Corporate Management Committee.

Citycon's Board of Directors appointed Marcel Kokkeel (LL.M., born in 1958), a Dutch citizen, the company's CEO in 2011 and approved the terms of his service agreement. Mr Kokkeel assumed his duties on 24 March 2011. In 2014, the CEO's service agreement was amended from a fixed term appointment to an appointment being valid for an indefinite duration. The period of notice of the service agreement is six months, both for the CEO and the company. In case of notice by the company, the CEO shall be paid, in addition to the salary payable for the notice period, a severance pay consisting of 1.5 times the CEO's fixed annual salary at the moment of termination.

CORPORATE MANAGEMENT COMMITTEE

In managing the company's business operations, Citycon's CEO is assisted by the Corporate Management Committee, comprising at least three members. In 2015, in addition to the CEO Marcel Kokkeel, the Corporate Management Committee consisted of Eero Sihvonen, Executive Vice President and CFO; Anu Tuomola, General Counsel and Head of Legal Affairs; Jurn Hoeksema, Chief Operating Officer; Nils Styf, Chief Investment Officer; Eirik Thrygg, former CEO of Sektor Gruppen AS (from July to December 2015), who had a position in the Sektor Gruppen AS integration; and Marianne M. Håkonsen, Vice President, Marketing and Branding (from December 2015). Former Chief Commercial Officer and the member of the Corporate Management Committee Harri Holmström left the company in January 2015. The Secretary to the Corporate Management Committee was Henrica Ginström, Vice President, IR and Communications.

Corporate Management Committee members' personal details and information on their share and stock option holdings are presented below in the personal introduction section. Their career histories and any positions of trust are available on the company's website at www.citycon.com/corporate-management-committee. The company's Remuneration Statement and remuneration report 2015, including the description of the decision-making procedure concerning the remuneration of the company's Board of Directors and executives, of the main principles of remuneration and the remuneration paid during the financial period, are provided as separate reports, distinct from this CG Statement and are available at the company's website at www.citycon.com/remuneration.

As an expert body, the Corporate Management Committee's main duty is to assist the CEO in the management of the company's operative business, to co-ordinate and develop the company's various operative functions and to promote information flow and co-operation between different parts of the organisation.

In accordance with the company's Corporate Governance Guidelines, the Corporate Management Committee assists the CEO, particularly in the following matters:

- preparing changes and revisions to the company's strategy in accordance with the guidelines issued by the Board of Directors for presentation to the Board
- preparing a budget for presentation to the Board and monitoring its implementation
- monitoring the profitability of the company and its business units and current affairs relevant to the business
- planning and preparing organisational changes required by the Board of Directors and the CEO
- ensuring the processing of issues related to the Corporate Management Committee's annual plan and the implementation of the necessary measures.

The Corporate Management Committee usually convenes twice a month. In 2015, the Corporate Management Committee convened 18 times.

INFORMATION ABOUT THE CEO AND OTHER MEMBERS OF THE CORPORATE MANAGEMENT COMMITTEE, 31 DECEMBER 2015



CEO

MARCEL KOKKEEL

Member of the Corporate Management Committee since 2011

LL.M. (Law), Dutch citizen, born 1958

Citycon shares*: 403,664

Citycon stock options 2011: 1,000,000



Executive Vice President and Chief Financial Officer

EERO SIHVONEN

Member of the Corporate Management Committee since 2005

M. Sc. (Econ.), Finnish citizen, born 1957

Citycon shares*: 126,332

Citycon stock options 2011: 750,000



General Counsel, Head of Legal Affairs

ANU TUOMOLA

Member of the Corporate Management Committee since 2011

LL.M., Trained at the Bench, Finnish citizen, born 1974

Citycon shares*: -

Citycon stock options 2011: 300,000



Chief Investment Officer

NILS STYF

Member of the Corporate Management Committee since 2012

M.Sc. (Business and Administration), Swedish citizen, born 1976

Citycon shares*: 7,190

Citycon stock options 2011: 300,000



Chief Operating Officer

JURN HOEKSEMA

Member of the Corporate Management Committee since 2014

M.Sc. (Engineering), Dutch citizen, born 1974

Citycon shares*: 3,000

Citycon stock options 2011: -



Vice President, Marketing and Branding

MARIANNE MAZARINO HÅKONSEN

Member of the Corporate Management Committee since 2015

M.Sc. (Communications), Norwegian citizen, born 1967

Citycon shares*: -

Citycon stock options 2011: -

* Includes the shares in the company held by the CEO and Corporate Management Committee member, his/her related parties and corporations over which he/she exercises control.

The personal information and holdings of Citycon's Corporate Management Committee members who resigned in 2015 are included in the footnote (information as of the day of resignation).

Chief Commercial Officer Harri Holmström
Member of the Corporate Management Committee
from 2005 to January 2015
M. Sc. (Engineering), Authorised property valuer, Finnish citizen, born 1956
Citycon shares*: 32,918 (on the day of resignation, 31 January 2015)
Citycon stock options 2011: 420,000

Director, position related to the Sektor integration Eirik Thyrgg
Member of the Corporate Management Committee
from July 2015 to December 2015
MSA, Norwegian citizen, born 1964
Citycon shares*: - (on the day of resignation, 31 December 2015)
Citycon stock options 2011: -

III. DESCRIPTIONS OF INTERNAL CONTROL PROCEDURES AND OF THE MAIN FEATURES OF RISK MANAGEMENT SYSTEMS

The purpose of Citycon's risk management and internal control is to ensure that the Group's operations are both efficient and effective, that reporting is consistent and reliable and that the applicable laws and regulations as well as the Citycon group's operating principles are followed. Internal control of financial reporting aims to ensure that any interim reports and financial statements to be published are reliable and are prepared in compliance with the accounting policies and reporting principles applied by Citycon and give materially correct information about the company's financial position.

Citycon has a total of 141 subsidiaries, 15 joint ventures and associated companies and two companies with less than 20% minority ownership in its operating countries.

GENERAL DESCRIPTION OF RISK MANAGEMENT

Citycon's risk management and reporting process involves identifying, analysing, measuring, limiting and monitoring the most significant business-related risks. The objective is to ensure the achievement of the company's business targets. Risk management constitutes part of the company's internal control.

The risk management and reporting process involves identifying the existing risks, assessing the risk management measures and making new risk limitation plans if the current measures are not deemed sufficient for the management of the identified risks. The objective is continuous improvement of risk management in the company. Successful risk management decreases the likelihood of risk realisation and mitigates the negative effects of a realised risk. The risk reporting process gathers data on risk analysis and the respective risk management plans into one group-wide risk register, for annual reporting to Citycon's Board of Directors. This is done in conjunction with the budgeting process, so that the risks are linked to the annual targets. In order to evaluate the importance of each risk, an estimate of the loss associated with a realised risk is determined together with the probability of risk realisation. This also improves the comparability of risks between the units. In addition, the realised risks during the previous year are assessed and reported.

Each function in the company has a designated person who is the owner of the risks in that area and is also responsible for the reporting of risks, the limitation plans and the monitoring of the implementation of the plans. Core risks are reported to the Group Treasurer, who prepares the risk report for the Board of Directors. The CEO and the Corporate Management Committee are responsible for developing and maintaining the processes in accordance with the risk management principles approved by the Board of Directors. The Board of Directors monitors the company's business risks and uncertainties on a regular basis and reports them as required by law and the regulations and guidelines issued by the Finnish Financial Supervisory Authority.

The company's key risks and uncertainties and the most important risk management plans and principles are covered more extensively annually in the Annual and Sustainability Report and Citycon's financial statements.

GENERAL DESCRIPTION OF INTERNAL CONTROL

Citycon's internal control system is based on the international COSO 2013 framework (Committee of Sponsoring Organizations of the Treadway Commission). It includes the key principles related to the control environment, risk assessment, control activities, information and communication and monitoring activities. The cornerstones of Citycon's control environment include group-level operating policies and guidelines, harmonised controls in the operating processes and assessment of controls and deviations during the reporting period.

In 2014, Citycon implemented changes in its internal control system based on reviewing the updated COSO 2013 framework. In 2015, Citycon continued to develop, supervise and monitor the internal controls in processes, within the framework prepared in 2010 and updated in 2014.

The development of internal control focused on updates made in connection with the deployment of the group-wide lease agreement and rental income system. These were related to defining processes and responsibilities, control points and related user authority matters. In the latter half of the year, a control environment assessment was conducted relating to the Norwegian business acquired in July 2015, and the implementation of the group's internal control operating models was initiated in Norway. The assessment of the effectiveness of control points continued by testing controls in the business units and group functions. The company evaluated the testing, and any exceptions in the tests were assessed individually and in aggregate. Based on the summary drawn up by the company, there are no indications that these control deviations would lead to material errors in Citycon's financial statements.

INTERNATIONAL COSO FRAMEWORK AS THE FOUNDATION FOR INTERNAL CONTROL

Control environment

The job descriptions of duty included in Citycon's Corporate Governance Guidelines and the group's organisational structure ensure that the areas of responsibility and division of authority are clear for all functions and the management and employees.

At Citycon, the parent company's Board of Directors is responsible for arranging and maintaining adequate and effective internal control.

In accordance with the Board of Director's and its committees' written charters included in the company's Corporate Governance Guidelines, the Board's Audit and Governance Committee assesses the company's financial reporting process and the appropriateness of the internal control system and reviews the internal control reports. The duties of the Board of Directors and Audit and Governance Committee are presented in more detail above in the section regarding the Board of Directors and its committees.

It is the CEO's duty to attend to the implementation of practical actions regarding internal control and to maintain an organisational structure in which responsibility, authority and reporting relationships are clearly and comprehensively defined in writing. Citycon uses an authorisation matrix that covers all functions. It defines the division of authority by specifying approval limits in euros for each job.

In addition, all of Citycon group's employees have a written job description, which includes the employee's key duties, areas of responsibility and authorisations. Job descriptions are reviewed twice a year during employee performance reviews, in which each employee's performance is assessed against set targets.

The ethical principles and business norms of Citycon's business are specified in Citycon's Code of Conduct, which is one of the basic documents of the company's corporate governance principles. Compliance with the principles is promoted through internal communication and training. Citycon aims to ensure that its business partners also comply with these ethical principles.

In 2015, Citycon made the personnel's whistleblowing procedure available also to its business partners for reporting violations or suspected violations of its Code of Conduct.

Risk assessment

Citycon's risk management and reporting process involves identifying, analysing, measuring, limiting and monitoring the most significant business-related risks. The risk management process is described in more detail above in the general description of risk management.

Each year, Citycon assesses risks related to processes deemed significant to financial reporting, to serve as a basis for internal control over external financial reporting. In addition to the group's finance function, the business units' financial management participates in the risk assessment process. Fraud risks are also assessed in this connection.

Control activities

Accounting and reporting manuals define the standards, processes and responsibilities for financial reporting. These manuals facilitate the achievement of Citycon's objectives regarding the reliability of financial reporting. The Board of Directors approves group-level policies and any changes to them. Accounting and reporting manuals and policies are available on the company's intranet site. Meetings are held on a regular basis in which the manuals are discussed with all personnel involved in the financial reporting process.

Citycon has nine processes significant to financial reporting: the company-level control process, financial statements preparation process, rental income process, operating expenses process, payroll accounting process, investments process, treasury process, investment property valuation process and general IT controls process.

Descriptions have been drawn up of processes that are significant to Citycon's business and reporting. These are implemented in the organisation's daily operations and thus constitute a material part of the daily risk management within the organisation. Process descriptions have been supplemented by defining control points in each process, based on the risk assessment in reporting. These control points include e.g. approvals, reconciling sub-ledgers and accounts, analytic reviews, limitations of access rights and segregation of duties. Control points for each process are documented in control catalogues, which have been customised by the business units to reflect the characteristics of their own organisations' operations.

The defined control points are designed to detect and correct material errors and deviations in financial reporting. The number of control points varies by process, from approximately 10 to 20. These control points are also included in the descriptions of the day-to-day duties of employees participating in the reporting.

Information and communication

All external communication is carried out in accordance with Citycon's Disclosure Policy. The Board of Directors approves all financial reports issued by the company, before they are published as stock exchange releases.

The control points of the internal control are communicated to Citycon group's personnel. Business units have the main responsibility for this communication; they discuss the internal control targets and the defined control points in their meetings at various organisational levels.

Monitoring activities

Citycon's business unit executives are responsible for ensuring that the relevant laws and regulations are adhered to in their respective areas of responsibility. The Corporate Management Committee also monitors compliance with laws and regulations as part of regular supervisory activities. Group and business unit financial performance is monitored monthly in Corporate Management Committee meetings and business review processes.

In Citycon group, monitoring of internal control includes both ongoing and separate evaluations and audits. The objective of the monthly analysis of reported figures at various levels (e.g. shopping centre, cluster, business unit, group) is to detect whether the reported figures deviate from budgeted or forecasted figures. The purpose of internal controls monitoring and testing is to detect control deviations in each significant process for financial reporting that might affect the accuracy of Citycon's financial reporting if the deviation in question is not corrected.

In 2015, testing of internal controls continued with regard to the main processes of the group management and each business unit. These tests were carried out by assessors who are independent of the business units' daily operations and were steered by the group management. The significance and impacts of deviations detected in these tests were evaluated by the group management, and the necessary corrective measures were initiated. Based on the resulting summary drawn up by the group management, there are no indications that these control deviations would lead to material errors in Citycon's financial statements.

IV. OTHER INFORMATION TO BE PROVIDED IN THE CG STATEMENT

Description of the organisation of the company's internal audit and the main principles followed in the internal audit

Citycon has a separate internal audit function. The duties of internal audit include independent and objective auditing activities, as well as value-adding consulting activities that improve operations. Internal audit contributes to the achievement of the company's objectives through systematic assessment and development of the company's risk management, internal control and corporate governance processes. The internal audit function reports directly to the Board's Audit and Governance Committee and, administratively, to the CEO. The internal audit reporting relationships are also described in section 'II Descriptions concerning corporate governance' of this CG Statement (see the figure 'Citycon's corporate governance structure'). A representative from Citycon's organisation has been designated to co-ordinate the practical work of internal audit. In 2015, internal audit services were purchased from an external service provider, PricewaterhouseCoopers Oy.

The Internal Audit Charter was last approved by the Board's Audit and Governance Committee in 2014. According to the charter, the duties of internal audit include, among others, assisting the Board of Directors, its committees and the corporate management with the assessment of processes related to the identification and management of risks, controlling of financial reporting, efficiency of operations and compliance with law. Within the scope of the authorisation granted through the Internal Audit Charter, the internal audit function has unlimited access to Citycon's functions, processes, documents and personnel in order to perform audits.

The internal audit function assists the Audit and Governance Committee in assessing and monitoring the adequacy and effectiveness of Citycon's internal controls and risk management, by performing audits in group legal entities and processes in accordance with the annual plan approved by the Audit and Governance Committee. The annual plan is approved by the Audit and Governance Committee at its meeting at the beginning of the year. The progress of the internal audit annual plan is reported to the Audit and Governance Committee each quarter. In addition, the Audit and Governance Committee deals with all internal audit reports at its meeting, including observations, recommendations and action plans. Observations from the previous year and the progress of the action plans are reported to the Audit and Governance Committee's second meeting of the year.

In accordance with Citycon's audit plan, internal audits in 2015 focused on the implemented group-wide shopping centre lease and rental income administration system, shopping centre maintenance re-charge and maintenance cost processes in the Baltic countries, the monitoring of an important property development project and the follow-up of previous years' audit observations.

Related party transactions

The company has determined that its related parties comprise Citycon Oyj and its subsidiaries, associated companies, joint ventures; Board members; CEO and other Corporate Management Committee members and the company's largest shareholder Gazit-Globe Ltd. that held 43.4% of the company's shares and votes on 31 December 2015.

Citycon evaluates and monitors transactions concluded between the company and its related parties and reports on them, as required by the Finnish Limited Liability Companies Act and regulations concerning the drawing up of financial statements, in the company's Report by the Board of Directors, the notes to the financial statements and interim reports. In addition, the company's Executive Vice President and Chief Financial Officer reports quarterly on the company's related party transactions, if any, to the Audit and Governance Committee of the Board of Directors and to Board members who are independent of significant shareholders. In decision-making pertaining to related party transactions, the company ensures that potential conflicts of interests are appropriately taken into account and related parties or their representatives do not participate in the decision-making.

In 2015, the company had no related party transactions deviating from the company's normal business operations or not made on market or market equivalent terms.

Main procedures relating to insider administration

Citycon applies the insider guidelines issued by Nasdaq Helsinki Ltd. In addition, the company's Board of Directors has approved the company's own Insider Guidelines specifying the insider administration procedures of the company. The company's General Counsel and Head of Legal Affairs Anu Tuomola acts as the company's Compliance Officer (person in charge of insider issues).

In 2015, the Insider Guidelines were updated upon the recommendation of the Audit and Governance Committee of the Board of Directors.

The company's statutory insiders are its Board members, the CEO and the auditor. Statutory insiders also comprise members of the company's Corporate Management Committee, whom the company's Board of Directors has defined as other senior executives of the company, as referred to in the Finnish Securities Markets Act. Holdings of the company's statutory insiders and those closely associated with them are regarded as public information.

Other permanent insiders of the company include persons with regular access to inside information. Project-specific insider registers are established to enable the effective management of project-related inside information, when necessary.

Citycon maintains its permanent insider registers in Euroclear Finland Ltd's Sire system in which security-related holding information for Finnish book-entry accounts are obtained directly from the book-entry system. The company verifies the registered data on its statutory insiders twice a year. The company's public insider register is displayed on the company's website www.citycon.com/insiders-shareholdings and Euroclear Finland Ltd's customer service desk.

According to the company's Insider Guidelines, the company's public and permanent insiders may not trade in securities issued by Citycon, or other securities or financial instruments targeting to Citycon shares or securities entitling to Citycon shares, 21 days prior to the disclosure of the company's financial statements or interim report. Furthermore, insiders must present the company's Compliance Officer with a request for an opinion on the legality and permissibility of any securities transaction in which they plan to engage. The Compliance Officer records each contact made.

Auditor and remuneration paid to the auditor

On 19 March 2015, Citycon's AGM re-elected Ernst & Young Oy (a firm of authorised public accountants) the company's auditor, with Mikko Ryttilahti (Authorised Public Accountant) acting as the responsible auditor appointed by the firm since 2014.

In 2015, Citycon paid MEUR 0.2 in remuneration to its auditor, related to its general audit. In addition, Citycon purchased advisory services from the auditor for a total of MEUR 0.2.

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