

The logo for Citycon, featuring the word "CITYCON" in a bold, white, sans-serif font. The letter "O" is stylized with a lowercase 'n' inside it. The logo is set against a large, solid red geometric shape that dominates the left and center of the page. The background is white with several red geometric shapes and lines, creating a modern, abstract architectural feel.

CITYCON

CORPORATE GOVERNANCE
STATEMENT 2012

Citycon Group's Corporate Governance Statement for the Financial Year 2012

Citycon Oyj is a Finnish public limited liability company listed on the NASDAQ OMX Helsinki Oy (the Helsinki Stock Exchange). Citycon Oyj's corporate governance principles are based on Finnish laws, the parent company Citycon Oyj's Articles of Association, the rules and regulations issued by the Helsinki Stock Exchange and the Finnish Financial Supervisory Authority, the Finnish Corporate Governance Code 2010, and the company's Corporate Governance Guidelines. Corporate governance in Citycon Oyj'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.

This statement has been prepared in accordance with the Recommendation 54 of the Finnish Corporate Governance Code. In 2012 Citycon Oyj complied with the Corporate Governance Code deviating only from the Recommendation 3 of the Code, Attendance of the Board of Directors at the General Meeting, as permitted by the Comply or Explain principle under the Code. The deviation is explained on page 2 of this statement. The Finnish Corporate Governance Code is available on the Securities Market Association's website at www.cgfinland.fi.

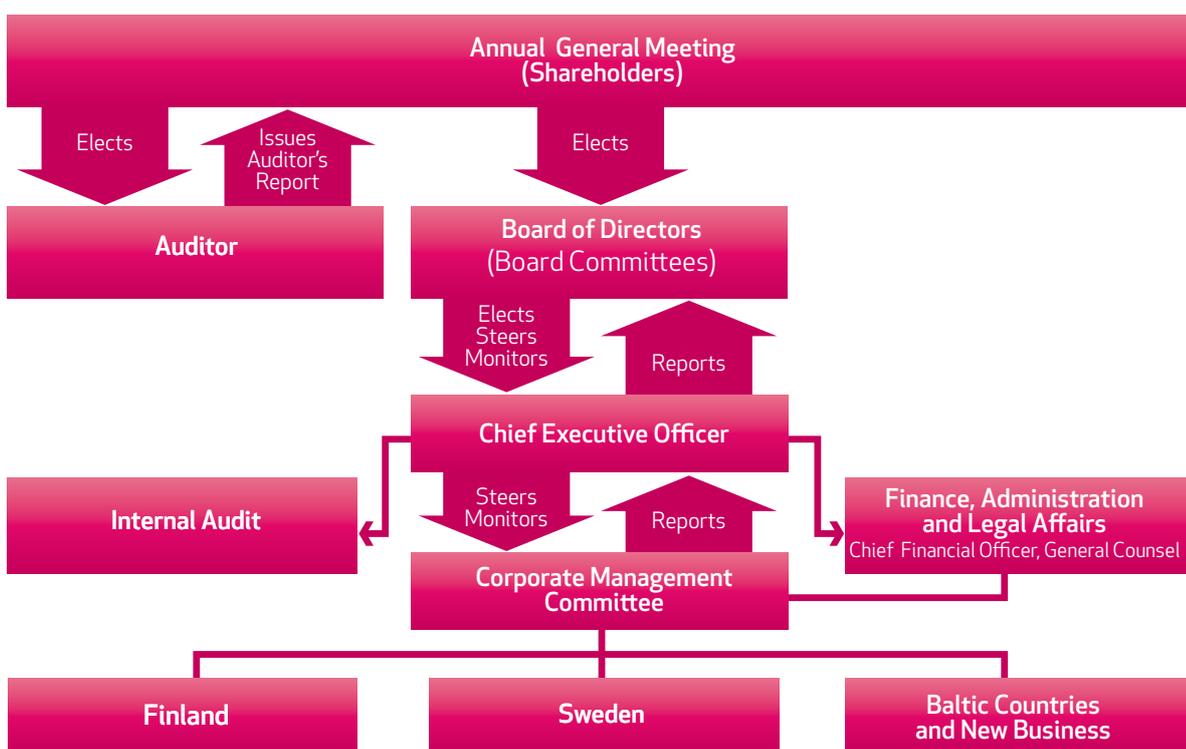
This statement has been reviewed by the Audit Committee of Citycon Oyj's Board of Directors and prepared as a separate report, distinct from Citycon Oyj's Annual Report. Ernst & Young Oy, Citycon Oyj's audit firm, has verified that the statement has been issued and that the description of the main features of the internal control and risk management systems related to the financial reporting process is consistent with the Financial Statements.

This statement, Citycon Oyj's Financial Statements and the Report by the Board of Directors for the financial year 1 January–31 December 2012 were published on 6 February 2013 and are available on the corporate website at www.citycon.com.

Citycon Group

Citycon Group's business operations and administration are the responsibility of organs referred to in the Finnish Limited Liability Companies Act: 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 appoints the company's CEO. 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 Board of Directors' work is enhanced by four Board committees. 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, which 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.

Citycon Group's corporate governance structure



General Meetings

The highest decision-making power in the company is exercised by the shareholders in the General Meeting. The Annual General Meeting (AGM) takes place every year by the end of April, once the Financial Statements have been prepared. Extraordinary General Meetings (EGM) are held whenever so required for decision-making purposes.

A notice of General Meeting of shareholders is published on the corporate website no later than three weeks prior to the General Meeting, and includes 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 and its committees.

Citycon Oyj uses international service providers to facilitate the participation of its nominee-registered shareholders in General Meetings, and makes every effort to arrange such meetings in a manner that enables both Finnish and international shareholders to participate and exercise their rights to vote, ask questions and speak in the meeting as extensively as possible.

In 2012, Citycon Oyj held two General Meetings of shareholders. The 2012 AGM was held on 21 March 2012 in Helsinki. Notice of the meeting was published on 21 February 2012. A total of 234 shareholders attended the AGM either personally or through a proxy representative, and they represented 73.67 per cent (204,656,747 shares) of the company's total share capital and voting rights. An EGM was held in Helsinki on 11 October 2012. A notice of the EGM was published on 7 September 2012. A total of 228 shareholders attended the meeting either personally or through a proxy representative, and they represented 15.05 per cent (41,826,662 shares) of the company's total share capital and voting rights. The CEO, the Deputy Chairman of the Board of Directors and certain other Board members were present at the AGM. As the Chairman of the Board of Directors was prevented from attending the AGM, the company deviated from the Recommendation 3 of the Code (Attendance of the Board of Directors at the General Meeting) according to which the Chairman of Board of Directors shall attend the General Meeting. The CEO and two Finnish Board members attended the EGM. Due to the nature of the matters dealt with at the meeting, their presence was considered sufficient as intended in the Code. The Auditor was present at the AGM. The persons proposed as members of the Board of Directors for the first time participated respectively in the General Meeting that decided on their election. Citycon published the decisions taken by the General Meetings in stock exchange releases and on its website. The minutes of the meetings were available on the corporate website within two weeks of the meetings.

More information on the General Meetings and on shareholders' rights is available on the corporate website at www.citycon.com/gm and summaries of the decisions taken at each General Meeting since 2008 and minutes of the General Meetings since 2009.

Board of Directors

The General Meeting of shareholders decides the number of members of the Board of Directors and elects them. Board members' terms of office end at the close of the first AGM following their election. According to Citycon Oyj's Articles of Association, the Board of Directors consists of a minimum of five and a maximum of ten members. Citycon Oyj's Articles of Association do not contain other limitations concerning the election of members of the Board of Directors.

To be eligible for Board membership, the nominee must have the required qualifications and sufficient time at his or her disposal to manage the duties involved in Board membership. The majority of members must be independent of the company. In addition, this majority must include a minimum of two members who are independent of the company's significant shareholders. The Board of Directors annually assesses its members' independence. Members of the Board of Directors are obliged 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.

Citycon Oyj's AGM of 21 March 2012 set the number of Board members at ten and re-elected the following Board members: Ronen Ashkenazi, Chaim Katzman, Roger Kempe, Kirsi Komi, Claes Ottosson, Dor J. Segal, Jorma Sonninen, Per-Håkan Westin and Ariella Zochovitzky. Bernd Knobloch was elected as new member to the Board, replacing Thomas W. Wernink who stepped down.

On 7 September 2012, Dor J. Segal announced his resignation from the Board, effective as of 11 October 2012. Following his announcement, the Board called an EGM, who on 11 October 2012 elected Yuval Yanai to replace Dor J. Segal.

Personal details of the Board members and their shareholdings in the company are shown in the table below, while more information on their career histories and key positions of trust is available on the corporate website at www.citycon.com/Board.

The Board of Directors elects the Chairman and one or more Deputy Chairmen from among its members. Chaim Katzman was the Chairman of the Board of Directors in 2012, and Ronen Ashkenazi the Deputy Chairman. Thomas W. Wernink served as the second Deputy Chairman of the Board until 21 March 2012.

According to the Board of Directors' independence assessment conducted on 21 March 2012, all Board members are independent of the company, given that none of them has an employment contract, executive contract or other contractual relationship with the company. Furthermore, the Board has assessed that Roger Kempe, Bernd Knobloch, Kirsi Komi, Jorma Sonninen and Per-Håkan Westin are independent of the significant shareholders. Following the election of a new Board member, the Board assessed the new member's independence on 11 October 2012 and concluded that Yuval Yanai is independent of the company and of its significant shareholders. Since Ronen Ashkenazi and Chaim Katzman are in the employ of Citycon Oyj's main shareholder, Gazit-Globe Ltd or its affiliated companies, they are not independent of the significant shareholders. Dor J. Segal, who resigned from the Board on 11 Oc-

tober 2012, works for Gazit-Globe Ltd's subsidiary First Capital Realty Inc. Furthermore, Ariella Zochovitzky served as Gazit-Globe Ltd's representative (Chairman of the Board) in a company called U.Dori Group Ltd, in which Gazit-Globe Ltd exercises a controlling interest, until March 2012. Due to previous family relations and on the basis of an overall assessment, Claes Ottosson is also considered non-independent of Gazit-Globe Ltd or its affiliates.

Citycon Oyj's Board of Directors on 31 December 2012

Director	Director since	Independence	Education	Nationality	Born	Main occupation	Citycon shares
Chaim Katzman, Chairman of the Board of Directors	2010	Independent of the company	LL.B.	US and Israeli	1949	Norstar Holdings Inc. (former Gazit Inc.), founder, controlling shareholder and Chairman of the Board of Directors since 1991; Gazit-Globe Ltd., Chairman of the Board of Directors since 1998	165,882 (including holdings of closely associated parties)
Ronen Ashkenazi, Deputy Chairman of the Board	2009	Independent of the company	B.Sc. (Civil Engineering)	Israeli	1962	Gazit Globe Israel (Development) Ltd., CEO and minority shareholder since 2005; U. Dori Group Ltd., CEO since 2011	-
Roger Kempe	2011	Independent of the company and significant shareholders	M.Sc. (Econ.)	Finnish	1959	Oy Fincorp Ab, Managing Director since 2007 and Chairman of the Board of Directors since 1985	110,000 (through a closely associated party)
Bernd Knobloch	2012	Independent of the company and significant shareholders	University degrees in Law and Business Administration	German	1951	Professional non-executive director	34,000
Kirsi Komi	2011	Independent of the company and significant shareholders	LL.M.	Finnish	1963	Professional non-executive director	-
Claes Ottosson	2004	Independent of the company	Electrical Engineer	Swedish	1961	ICA Kvantum Hovås, Managing Director since 1990	27,546
Jorma Sonninen	2011	Independent of the company and significant shareholders	Dipl. EMC (European Diploma in Marketing)	Finnish	1962	Realone Oy, Owner and Managing Director since 1997	11,767 (through a closely associated party)
Per-Håkan Westin	2008	Independent of the company and significant shareholders	M.Sc. (Civil Engineering)	Swedish	1946	Professional non-executive director	11,764
Yuval Yanai	2012	Independent of the company and significant shareholders	B.A. (Economic and Accounting)	Israeli	1952	Given Imaging Ltd, Chief Financial Officer since 2005	-
Ariella Zochovitzky	2009	Independent of the company	B.A. (Economics and Accounting), CPA (Israel), MBA	Israeli	1957	C.I.G. Consultants / Capital Investments Group Ltd., General Manager and Partner since 2001	-

Board of Directors' work

The Finnish Limited Liability Companies Act, the parent company Citycon Oyj's Articles of Association and the Corporate Governance Guidelines approved by the Board of Directors determine the Board of Directors' duties and responsibilities. The charters of the Board and Board Committees are included in the Corporate Governance Guidelines. The Board of Directors constitutes a quorum if more than half of its members are present.

In addition to duties provided for under the applicable legislation and the company's Articles of Association, Citycon Oyj's Board of Directors shall:

- Confirm the company's long-term goals and business strategy
- Approve the company's budget and business plan, and oversee their implementation
- Confirm the company's principles of internal control and risk management, review and manage the main risks associated with the company's business, and monitor the adequacy, appropriateness and efficiency of the company's administrative processes
- Decide on major and strategically important property acquisitions and divestments and other major investments
- 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, decide on said schemes as well as the remunerations paid under said schemes
- Determine the company's dividend policy.

The Board of Directors convenes according to a pre-determined meeting schedule and when deemed necessary. The meeting schedule is based on the company's reporting schedule and the Board of Directors' strategy and budget meetings, as indicated in the Board's year clock shown below. In addition to regular topics, investment and divestment proposals and development projects associated with the company's shopping centre business as well as financing-related matters are usually discussed at the meetings. Telephone or video conferencing may sometimes take place instead of face-to-face meetings. Considering the Board of Directors' international composition, this is sometimes necessary. Items are discussed in Board meetings based on a prepared agenda. Minutes are kept of each meeting, and they will be reviewed and approved in the next meeting.

Board of Directors' year clock

Time	Matters to be decided
February	Financial Statements and Report by the Board of Directors, proposal for profit distribution and other proposals for the AGM, performance-based bonuses payable for the previous year and bonus criteria and targets for the current year
March	Election of the Chairman and Deputy Chairman or Chairmen of the Board, election of Committee Chairmen and members, assessment of the Board members' independence
April	Interim Report
July	Interim Report
October	Interim Report, Strategy Day
November	Approval of Registration Document
December	Budget, risk management, Board's self-evaluation

In 2012, Citycon Oyj's Board of Directors held seven meetings in addition to its original meeting schedule and convened a total of 14 times. Extraordinary Board meetings were related to the changes in corporate management, the buybacks of Citycon Oyj's convertible capital bonds issued in 2006, the rights issue carried out in September-October, and the acquisition of the Kista Galleria shopping centre in Stockholm as announced in a stock exchange release on 19 December 2012. The average attendance rate at Board meetings stood at 92.9 per cent. The table below indicates attendance rates by member.

Attendance at Board meetings by member in 2012

Board member	Attendance rate, %
Chaim Katzman	85.7
Ronen Ashkenazi	85.7
Roger Kempe	92.9
Bernd Knobloch (as of 21 March 2012)	92.3
Kirsi Komi	100
Claes Ottosson	100
Dori J. Segal (until 11 October 2012)	80.0
Jorma Sonninen	100
Thom Wernink (until 21 March 2012)	100
Per-Håkan Westin	92.9
Yuval Yanai (as of 11 October 2012)	100
Ariella Zochovitzky	92.9

Board Committees

The Board of Directors has set up four committees to enhance its work: the Audit Committee, the Nomination and Governance Committee, the 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 Corporate Governance Guidelines approved by the Board of Directors define the key duties and operating principles of the committees.

The Board of Directors elects the Board committees' members and chairmen from among its members. The committee members must have the expertise and experience required by the committee's duties. A committee always has at least three members. Each committee's Chairman reports on issues discussed by the committee to the Board of Directors. In addition, minutes are prepared of all committee meetings and submitted to all Board members.

The members of the committees in 2012 are listed in the table below.

Board Committees 2012

	Audit Committee	Nomination and Governance Committee	Remuneration Committee	Strategy and Investment Committee
Committee members 1 January–21 March 2012				
Members	Ariella Zochovitzky (chair)	Kirsi Komi (chair)	Chaim Katzman (chair)	Ronen Ashkenazi (chair)
	Kirsi Komi	Chaim Katzman	Roger Kempe	Dori J. Segal
	Jorma Sonninen	Roger Kempe	Claes Ottosson	Jorma Sonninen
	Thom Wernink	Claes Ottosson	Per-Håkan Westin	Thom Wernink
		Ariella Zochovitzky	Ariella Zochovitzky	Per-Håkan Westin
Committee members 21 March–11 October 2012				
Members	Ariella Zochovitzky (chair)	Kirsi Komi (chair)	Chaim Katzman (chair)	Ronen Ashkenazi (chair)
	Bernd Knobloch	Chaim Katzman	Roger Kempe	Bernd Knobloch
	Kirsi Komi	Roger Kempe	Claes Ottosson	Dori J. Segal
	Jorma Sonninen	Claes Ottosson	Per-Håkan Westin	Jorma Sonninen
		Ariella Zochovitzky	Ariella Zochovitzky	Per-Håkan Westin
Committee members 11 October–31 December 2012				
Members	Ariella Zochovitzky (chair)	Kirsi Komi (chair)	Chaim Katzman (chair)	Ronen Ashkenazi (chair)
	Bernd Knobloch	Chaim Katzman	Claes Ottosson	Roger Kempe
	Kirsi Komi	Roger Kempe	Per-Håkan Westin	Bernd Knobloch
	Jorma Sonninen	Claes Ottosson	Ariella Zochovitzky	Jorma Sonninen
	Yuval Yanai	Ariella Zochovitzky	Yuval Yanai	Per-Håkan Westin

Committee duties

Audit Committee

The Audit Committee supports the Board in reviewing the company's financial reporting and controls.

The Audit Committee shall have the following duties:

- 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 Corporate Governance Statement, prepared on an annual basis, and, in particular, the description of the main aspects of the internal control and risk management systems pertaining to the financial reporting process
- To communicate with the external auditor, review his or her reports and decide on any measures required
- To evaluate the independence of the chief 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 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

Members of the Audit Committee must be independent of the company and at least one committee member must be independent of significant shareholders of the company. At least one committee member must be a financial expert who has sufficient knowledge and experience in the fields of accounting, bookkeeping or auditing, and in the accounting principles applicable to the company. Citycon Oyj's chief auditor attends the Audit Committee's annual Financial Statements meeting in order to report on audit findings. The auditor also attends other Audit Committee meetings based on a decision taken by the Audit Committee.

Generally, the committee convenes at least four times a year, in accordance with the company's reporting schedule, to review its interim reports and annual Financial Statements. The committee also reviews all reports provided by internal audit and internal control and approves annual plans related to them.

In 2012, in performing the duties referred to above, the Audit Committee reviewed financial reports, internal audit reports and plans, and property portfolio assessment reports. During the year, the Audit Committee met six times and the average attendance rate at meetings was 100 per cent.

Attendance at Audit Committee meetings by member in 2012

Committee member	Attendance rate, %
Ariella Zochovitzky	100
Kirsi Komi	100
Bernd Knobloch (as of 21 March 2012)	100
Jorma Sonninen	100
Thom Wernink (until 21 March 2012)	100
Yuval Yanai (as of 11 October 2012)	100

Nomination and Governance Committee

Nomination and Governance Committee ensures the efficient preparation of matters pertaining to the nomination and remuneration of Board members as well as oversees the overall corporate governance of Citycon Oyj.

The duties of the Nomination and Governance 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 present to the General Meeting a proposal for the appointment of Board members
- To prepare a proposal for the Board of Directors concerning the composition and chairmen of the Board Committees
- To oversee, review and make recommendations concerning the overall corporate governance of the company
- To develop the company's corporate governance practices and to recommend to the Board corporate governance policies applicable to the company as well as any modifications to the policies as appropriate
- To review the company's currently applicable Code of Conduct and compliance therewith
- 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
- To perform any other duties or responsibilities related to the company's corporate governance issues

The Nomination and Governance Committee's members are independent of the company.

When seeking potential new Board members, the Nomination and Governance Committee shall take account of the requirements of the company's operations and the company's development stage. In addition, the composition of the Board must take into account the number of members, their independence, age, gender, skills, experience and opportunity to devote a sufficient amount of time to their work. The Nomination and Governance Committee must consult significant shareholders in this matter.

In general, the committee convenes at least three times a year. It begins preparations for the election of Board members well in advance in the autumn prior to the following year's AGM.

In 2012, in performing the duties referred to above, the Nomination and Governance Committee reviewed changes in disclosure and insider guidelines, prepared the changes that took place in the Board composition, and took the necessary action to ensure the

Board conducted a self-evaluation. During the year, the Nomination and Governance Committee met seven times with an average attendance rate of 97.1 per cent. The table below indicates attendance rates by member.

Attendance in Nomination and Governance Committee meetings by member in 2012

Committee member	Attendance rate, %
Kirsi Komi	100
Chaim Katzman	85.7
Roger Kempe	100
Claes Ottosson	100
Ariella Zochovitzky	100

Remuneration Committee

The Remuneration Committee ensures the efficient preparation of matters pertaining to the appointment and remuneration of the CEO and other executives of the Company as well as the remuneration schemes of the personnel.

The Remuneration Committee has the following duties:

- 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 bear responsibility for the evaluation of the CEO's performance
- To prepare and develop materials pertaining to the Company's remuneration schemes, make proposals for the Board thereon and to monitor their transparency and appropriateness

The Remuneration Committee members are independent of the company.

The Remuneration Committee generally meets at least twice a year. The Committee annually prepares proposals to the Board of Directors related to the company's annual performance bonus scheme.

In its meetings in 2012, the Remuneration Committee primarily dealt with changes in the company management. During the year, the Remuneration Committee met six times and the average attendance rate was 96 per cent. The table below indicates attendance rates by member.

Attendance in Remuneration Committee meetings by member in 2012

Committee member	Attendance rate, %
Chaim Katzman	100
Roger Kempe (until 11 October 2012)	80.0
Claes Ottosson	100
Per-Håkan Westin	100
Ariella Zochovitzky	100
Yuval Yanai (as of 12 October 2012)	-

Strategy and Investment Committee

The Strategy and Investment Committee supports the Board of Directors in defining and monitoring the company's strategic direction.

The Strategy and Investment Committee has the following duties:

- To guide the optimisation and development of the company's property portfolio and to chart 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 limits authorised by the Board of Directors
- To give the Board resolution recommendations concerning investment and/or divestment proposals which are for the Board of Directors to decide
- To follow-up on property redevelopment projects and the profitability of completed projects as well as the integration process and profitability of acquired properties

The Strategy and Investment Committee members are independent of the company.

The Committee meets as necessary but at least twice a year.

In 2012, the Strategy and Investment Committee submitted several resolution recommendations to the Board regarding shopping centre acquisitions carried out and (re)development projects launched during the year, and discussed potential acquisitions and divestments. During the year, the Strategy and Investment Committee met four times with an average attendance rate of 85.0 per cent. The table below indicates attendance rates by member.

Attendance in Strategy and Investment Committee meetings by member in 2012

Committee member	Attendance rate, %
Ronen Ashkenazi	100
Roger Kempe (as of 11 October 2012)	100
Bernd Knobloch (as of 21 March 2012)	33.3
Dori J. Segal (until 11 October 2012)	66.7
Jorma Sonninen	100
Thom Wernink (until 21 March 2012)	100
Per-Håkan Westin	100

Chief Executive Officer (CEO)

Citycon Oyj's CEO is responsible for 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.

It is the duty of the CEO to manage the day-to-day operations of the company in accordance with the instructions issued by the Board of Directors. The CEO is responsible for ensuring that the company's accounting system complies with the law and that its financial affairs have been arranged in a reliable manner.

The CEO oversees compliance with the guidelines, procedures and strategic plans established by the Board of Directors, and he or she must ensure that these guidelines, procedures and plans are submitted to the Board of Directors for update or review when necessary. The CEO attends the Board of Directors' meetings and is responsible for ensuring that the relevant materials for consideration at Board meetings have been duly prepared. The CEO also ensures that, on a continuous basis, Board members receive all the information they need to monitor the company's financial position, liquidity, financing and development, and informs the Board of Directors of any major events, decisions and plans related to the company's business. In addition, the CEO serves as Chairman of the company's Corporate Management Committee.

Citycon Oyj's Board of Directors appoints the CEO and decides on the terms and conditions of his/her executive contract. The terms and conditions of the CEO's employment are stipulated in a written executive contract.

The Board of Directors appointed Marcel Kokkeel (MA, born in 1958), a Dutch citizen, Citycon's CEO in 2011 and approved the terms and conditions of his executive contract. Mr Kokkeel assumed his duties on 24 March 2011. The CEO's executive contract has been signed for a fixed term and it will expire at the end of February 2015. The company may terminate the agreement prior to this date at any time, with a period of notice of six months. In this case the CEO will be paid, in addition to the salary payable for the notice period, severance pay consisting of 1.5 times the annual base salary at the moment of termination, as well as 1.5 times the most recent annual bonus payment.

Corporate Management Committee

CEO Marcel Kokkeel is assisted by the Corporate Management Committee, which at the end of 2012 consisted of Eero Sihvonen, Executive Vice President and CFO, Anu Tuomola, General Counsel, Harri Holmström, Chief Operating Officer, and Nils Styf, Chief Investment Officer. Corporate Management Committee members' personal details and information on their share and stock option holdings are presented in the table below. Their career histories and any positions of trust are available on the corporate website at www.citycon.com/management.

Citycon Oyj's Corporate Management Committee on 31 December 2012

Name	Position in the company	CMC member since	Born	Education	Nationality	Citycon shares	Citycon stock options 2011
Marcel Kokkeel	Chief Executive Officer	2011	1958	M.A. (Notary Law)	Dutch	79,151	1,000,000
Eero Sihvonen	Executive Vice President and Chief Financial Officer	2005	1957	M.Sc. (Econ.)	Finnish	48,516	750,000
Anu Tuomola	General Counsel, Head of Legal Affairs	2011	1974	LL.M., Trained at the Bench	Finnish	-	300,000
Harri Holmström	Chief Operating Officer (as of 19 December 2012), Senior Vice President, Group Leasing and Baltic Countries and New Business (until 19 December 2012)	2005	1956	M.Sc. (Surveying), Authorised Property Appraiser	Finnish	20,029	420,000
Nils Styf	Chief Investment Officer (as of 11 June 2012)	2012	1976	M.Sc. (Business Administration and Economics)	Swedish	-	300,000

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.

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 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 once a month. In 2012, the Corporate Management Committee convened 13 times.

Description of the main features of the internal control and risk management systems pertaining to the financial reporting process

The purpose of Citycon Oyj's internal control and risk management is to ensure that 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 observed. 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 Oyj.

Financial reporting organisation and processes in Citycon Group

Citycon Oyj, the parent company of Citycon Group, has a total of 111 subsidiaries and associated companies in Finland, Sweden, Estonia, Lithuania, Denmark, the Netherlands and Luxembourg. There are 84 subsidiaries and associated companies in Finland, the majority of them being mutual real estate companies. In addition, Citycon has 14 subsidiaries in Sweden, four in Estonia, two in Lithuania, two in Denmark, two in the Netherlands and one in Luxembourg. Most of these subsidiaries are limited liability companies.

Citycon Oyj prepares its consolidated Financial Statements and interim reports in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the Finnish Securities Market Act, and complies with the Finnish Financial Supervision Authority's standards as well as the Helsinki Stock Exchange rules. The Report by the Board of Directors and the parent company's Financial Statements are prepared in accordance with the Finnish Accounting Act and the guidelines and statements issued by the Finnish Accounting Board.

Citycon Group's business operations are divided into three business units: Finland, Sweden and the Baltic Countries and New Markets. This same division also applies to consolidated segment reporting. Group support functions operate in the parent company's head offices in Helsinki, Finland. Each of the company's business units has its own financial administration. To ensure quality and control over financial reporting, Citycon has established a uniform reporting process applied by all Group companies. This includes a common chart of accounts, common accounting policies and a single financial reporting system.

Citycon Oyj's organisational structure is designed to establish clear areas of responsibility and division of authority. The parent company's Board of Directors is responsible for arranging and maintaining adequate and effective internal control. It is the CEO's duty to attend to the implementation of practical actions regarding internal control. The CEO must maintain an organisational structure in which responsibility, authority and reporting relationships are clearly and comprehensively defined in writing.

Development projects in 2012 concerning the internal control of financial reporting

During 2012, Citycon continued the development, supervision and continuous monitoring of the internal controls of the financial reporting processes. This work is related to a project initiated by Citycon Oyj's Board of Directors in the spring of 2010, in which the internal control mechanisms of the company's major operating processes were reviewed and documented in writing. In addition to representatives of Citycon Group functions, the business units in each country participated in the project, helping to build and implement a Group-wide, harmonised control environment. In 2012, the coverage of control testing was extended in Finland and Sweden to include the payroll accounting process.

During the financial year, the efficiency of the control points was tested, any observed shortcomings were assessed, and an action plan to correct such shortcomings was made. The Group management evaluated the testing, and any shortcomings observed in the tests were assessed jointly and separately. Based on the resulting summary drawn up by the management, there are no indications to suggest that these control deviations would lead to material errors in Citycon Oyj's Financial Statements.

The elements of Citycon Oyj's internal control framework are described below. The description takes account of the systematic internal control development work initiated in 2010, and is based on the internationally recognised Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. This framework was adopted as Citycon Oyj's internal control framework for the development project. The headings used herein correspond to the COSO framework's elements: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring.

Control environment

Citycon Oyj's Board of Directors carries the main responsibility for the internal control of financial reporting processes. The Corporate Governance Guidelines contain written charters of the Board of Directors and Board committees, which specify the division of duties and responsibilities between the Board and its committees. The Board of Directors' Audit Committee's duties include reviewing the appropriateness of the financial reporting process and system of internal control, and reviewing the internal control reports. The Audit Committee's duties are presented in more detail in the section regarding the Board of Directors and its committees.

The responsibility for maintaining the internal control system has been assigned to the CEO.

Guidelines and procedures related to the internal control of the financial reporting process include the following: Corporate Governance Guidelines, which include the charters of the Board of Directors and its committees and the guidelines for the division of tasks between the Board of Directors, the CEO and the Corporate Management Committee; decision-making authorisations, including approval limits in euros; Citycon Group Accounting Policies and Reporting Guidelines; Risk Management Policy; Treasury Policy and detailed process-level Control Catalogues.

All Citycon Group employees have a written job description, which includes key duties and instructions for decision-making situations and authorisations. Job descriptions are reviewed twice a year during employee performance reviews, in which each employee's performance is assessed against set targets.

Budget and planning process

The budget process is a regular corporate activity and comprises annual planning and target setting. Through the annual budget process, financial and non-financial targets are set for Citycon Group's personnel. Initially, Group-level targets are set, which are then translated into business unit targets and employee-level targets for the period. Group and business unit performance relative to financial targets is monitored through monthly management reporting and business review processes. Employee performance relative to targets is monitored in the biannual performance review discussions. An incentive system is in place to promote the achievement of set targets across the Group.

The CEO is responsible for reporting any significant deviations from the targets set and approved by the Board to the Board of Directors. The Board conducts an annual performance assessment to establish whether targets have been achieved and decides on the incentives to be paid accordingly.

Risk assessment

Group-wide risk management is part of Citycon's annual planning and management

Citycon uses a holistic Enterprise Risk Management (ERM) programme. Risk management forms part of the company's internal control and its purpose is to ensure that the company meets its business targets. The Board of Directors has approved the company's Risk Management Policy, specifying the principles of the company's risk management and the risk management process. The risk management process includes the recognition, assessment, measurement, limitation and monitoring of risks arising from and materially related to business operations.

Risk assessment of financial reporting processes identifies the risks associated with financial reporting

As part of its internal control development project in 2012, Citycon Oyj has identified the processes that are significant to financial reporting and has assessed the associated risks. During the financial year, the risk assessment was updated as a part of the testing

of internal controls. In addition to the Group's Finance function, the business units' financial management have participated in the risk assessment process. Citycon has nine processes significant to financial reporting: Entity Level Controls, Financial Statements Closing, Property Rental Income, Property Rental Expense, Payroll Accounting, Property Investments, Treasury, Investment Property Valuation, and General IT Controls.

Control activities

Citycon Oyj has defined financial planning and control as one of its main business processes. Descriptions have been drawn up of processes that are significant to financial reporting. These are implemented in the organisation's daily operations and are thus a material part of the daily risk management within the organisation. In the 2010 internal control project, process descriptions were supplemented by defining control points in each process, based on the risk assessment conducted. These control points include 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 prevent, 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 employees' job descriptions.

Information and communication

Accounting and reporting manuals set the standards, processes and responsibilities for financial reporting. These manuals facilitate the achievement of Citycon Oyj'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 sites. Regular meetings are held in which the manuals are discussed with all personnel involved in the financial reporting process. All external communication is carried out in accordance with the Group communications policy. The Board of Directors approves all financial reports issued by the company.

The control points defined during the 2010 internal control project have been communicated to all Citycon Group personnel. Business units assumed the main responsibility for this communication; they discussed the internal control project's targets and the defined control projects in their meetings at various organisational levels, from business unit management meetings down to Group or unit meetings dealing with current topics.

Monitoring

Citycon Oyj'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 as part of regular supervisory activities. Group and business unit financial performance is monitored monthly in Corporate Management Committee and business unit management committee meetings and business review processes.

In Citycon Group, monitoring of internal control includes both on-going and separate evaluations and audits. The objective of the monthly analysis of reported figures at various levels (e.g. shopping centre, 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 Oyj's financial reporting, if the deviation in question is not corrected.

During 2012, testing of internal controls was pursued 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 the control deviations detected may lead to material errors in Citycon Oyj's Financial Statements.

The Audit Committee of the Board of Directors assesses and monitors the adequacy and effectiveness of internal controls and risk management. The Internal Audit function assists the Audit Committee in assessing and monitoring the adequacy and effectiveness of Citycon Oyj's internal controls and risk management, by performing audits in Group legal entities and support functions according to the annual plan approved by the Audit Committee. In accordance with the 2012 audit plan, the internal audit focused on costs related to property maintenance and the cost recharging process, as well as net rental income processes. Internal audit services were purchased from an external service provider, PricewaterhouseCoopers Oy. The external auditor conducts evaluations of internal controls as part of their annual audit as prescribed by law.

The Group Finance function monitors adherence to financial reporting processes and related controls. The Finance function also monitors the accuracy of external and internal financial reporting. The external auditors examine the annual financial reports to ensure they give a true and fair view of the financial performance and financial position of the Group and the parent company for each financial period.