



## CITYCON OYJ

### TERMS AND CONDITIONS FOR THE RESTRICTED SHARE PLAN 2015

The Board of Directors of Citycon Oyj (the **Board**) has at its meeting on 10 February 2015 resolved to implement a restricted share plan (the **Plan**) on the following terms and conditions:

#### 1. Objectives of Plan

The Plan shall be established to form part of the incentive and commitment program directed to selected key employees of Citycon Oyj (the **Company**) and its subsidiaries (jointly the **Group**). The aim is to combine the objectives of the shareholders and the key employees in order to increase the value of the Company in the long-term, to bind the key employees to the Company, and to offer them a competitive reward plan based on receiving and accumulating the Company's shares.

#### 2. Vesting Period

The Plan includes vesting periods. The Board shall resolve on the beginning and duration of a vesting period separately for each key employee belonging to the target group. The minimum duration of a vesting period is twenty-four (24) months and the maximum is thirty-six (36) months.

#### 3. Target Group

The Group key employees as determined by the Board shall belong to the target group of the Plan (**Participant/s**). A Participant's participation means participation in one-time reward allocation, and for the duration of the related vesting period only, unless otherwise resolved by the Board. All Participants must be employed by or in the service of a company belonging to the Group (**Group Company**). Belonging to the target group of the Plan does not affect other employment or service terms. The reward to be paid out on the basis of the Plan shall not constitute a part of the terms and conditions of employment, service or compensation.

#### 4. Determination of Reward

The Plan offers the Participants a possibility to receive the Company's shares (**Share**) as reward as a part of the incentive and commitment program.



The Board shall determine the amount of reward for each Participant separately. The reward shall be denominated in a gross number of Shares before the deduction of any applicable taxes. A Participant shall be notified on his or her reward as soon as possible after the Board has resolved upon it.

## **5. Reward Payment**

The reward from the Plan shall be paid to a Participant as soon as practicable after the end of a vesting period. The reward payment shall require a valid employment or service contract upon reward payment.

### **5.1. Taxes**

The reward from a vesting period shall mean a gross number of Shares before the deduction for statutory income tax in accordance with the applicable income tax rate, transfer tax and any other applicable taxes and employment related expenses as in detail determined by the Company (**Tax/Taxes**).

The payable reward shall consist of a net number of Shares, remaining after the deduction of a cash proportion that is required for covering the Taxes due on the basis of the gross reward (**Net Shares**). In those countries where the Company has an obligation to withhold Taxes arising from the reward to a Participant, the Company shall withhold Taxes with the cash proportion of the reward according to law. In those countries, where the Company has no obligation to withhold Taxes arising from the reward to a Participant, the reward shall be paid fully in Shares.

Despite any withholding of Taxes, each Participant shall, in his or her own personal taxation, be personally liable for any residual and final Tax payable based on the reward in accordance with the applicable laws.

The reward shall not be regarded as pensionable salary and it shall not result in pension accrual unless otherwise required by mandatory provisions of law in an individual country in which a Participant resides.

### **5.2. Payment of Reward**

The Net Shares shall be registered on a Participant's Finnish book-entry account. The value of the Net Shares and the cash proportion shall be determined on the basis of the Share price on



the book-entry registration date of the Net Shares. The Share price shall be the trade volume weighted average quotation of the Share on NASDAQ OMX Helsinki Ltd. of the exchange transactions closed on the registration date of the Net Shares. If the book-entry registration date is not a trading day or if the Share has not been traded on the book-entry registration date, the Share price shall be the trade volume weighted average quotation of the Share on NASDAQ OMX Helsinki Ltd. of the exchange transactions closed on the date nearest preceding the book-entry registration date of the Net Shares.

### **5.3. General Reward Payment Clauses**

The right to reward is personal, and the reward shall only be paid to a Participant. The right to reward may not be assigned. Upon death, any reward payable on the basis of these terms and conditions shall be paid to the estate or heir or beneficiary of the Participant.

Upon reward payment, the Board shall have the right to resolve that the Company pays the reward fully or partly in cash, on the basis of the trade volume weighted average quotation of the Share on NASDAQ OMX Helsinki Ltd. of the calendar month preceding the reward payment date. In this case, the Board shall have the right to obligate a Participant to acquire Shares with the amount of paid net reward.

### **5.4. Reward Payment Clauses in Certain Cases**

The Board shall have the right to reduce the rewards agreed in the Plan, or postpone the reward payment to a later date that better suits the Company, if changes that are beyond the Company's control might lead to a harmful or unreasonable outcome for the Company, while applying the Plan.

The Board shall have the right to cancel the reward, fully or partly, if a Participant has acted against law or against the ethical guidance of the Company or otherwise unethically, as resolved by the Board in each case.

## **6. Shareholder Rights to Received Shares**

The shareholder rights to the Shares registered on the book-entry accounts of the Participants shall be assigned to the Participants on the book-entry registration date of the Share transfer. If the Shares to be given are new, the share-related rights shall arise upon the entry of the Shares into the Trade Register.

## 7. Employment or Service Preconditions

### 7.1. Termination of Employment or Service before Reward Payment

No reward shall be paid to a Participant, if a Group Company or a Participant gives notice of termination, or terminates a Participant's employment or service contract before the reward payment. The Board may, however, in these cases resolve upon the Participant's right to the reward accrued by the end of employment or service and upon the reward payment date.

Should a Participant's employment or service in a Group Company end, on the basis of any of the following grounds, before the reward payment, the Participant or his or her estate or heir or beneficiary shall be, in any of the following cases, entitled to such an amount of reward that the Board decides, taking into account the proportion of time elapsed of the vesting period, by the time the employment or service ended. The reward shall be paid in accordance with these terms and conditions, unless the Board decides otherwise. Such cases shall all be considered **Good Leaver Grounds**, and they shall be the following:

- a corporate arrangement or a transfer of business,
- a Group Company's ceasing belonging to the Group,
- a Participant's permanent disability,
- a Participant's retirement for a statutory pension,
- a Participant's retirement for a pension as defined in the Participant's employment or service contract,
- a Participant's retirement for a pension as determined by the Company,
- a Participant's decease.

In these terms and conditions, giving notice or termination means the date when the notice is given. The end of employment or service means the last day of validity of a Participant's employment or service contract.

### 8.2. Prolonged Absence during Vesting Period

In the event of a Participant's prolonged absence from work, which has a significant impact on the Participant's contribution during a vesting period, the Board may resolve to deduct the Participant's reward for the vesting period in a proportion which is deemed equitable by the Board.



### **8.3. Change of Position during Vesting Period**

In case a Participant is transferred to a new position during a vesting period, the Board shall be entitled to adjust the amount of the Participant's reward for the vesting period up or down to conform to the reward level typically applied in the Participant's new role.

## **9. Adjustments in Certain Cases**

### **9.1. Dividend and other Distribution of Assets**

Should the Company resolve to distribute dividends or assets from reserves of invested unrestricted equity, or resolve to reduce its share capital by distributing share capital to the shareholders, or resolve to reduce its share premium fund by distributing funds from the share premium fund to the shareholders, after the beginning of a vesting period and before the reward payment, deviating from the Company's normal practice, the Board shall resolve on the adjustment of the amount of the reward.

### **9.2. Acquisition of Own Shares**

Acquisition or redemption of the Company's own shares or acquisition of stock options or other special rights entitling to Shares shall not affect the Plan.

### **9.3 Share Issues**

Should the Company, after the beginning of a vesting period and before the reward payment, resolve on an issue of shares or an issue of stock options or other special rights entitling to shares so that the shareholders have pre-emptive subscription rights, the amount of the reward shall be increased by multiplying the number of Shares of the reward by the share issue multiplier.

### **9.4. Merger, Demerger and Redemption of Shares**

In the following cases, the reward shall be converted into money by multiplying the number of Shares of the reward by the merger or demerger consideration or by the redemption price, and the reward shall fully be paid in cash. The reward shall be paid on the date decided by the Board, however, no later than the original reward payment date. The cases shall be the following:

# CITYCON

- a decision by the Company, after the beginning of a vesting period and before the reward payment, on a merge with another company as a merging company or with a company to be formed in a combination merger,
- a decision by the Company, after the beginning of a vesting period and before the reward payment, on a full demerger,
- a redemption right and obligation to all of the Company's shares, as referred to in Chapter 18 Section 1 of the Finnish Limited Liability Companies Act, arising, after the beginning of a vesting period and before the reward payment, to any of the shareholders, on the basis that a shareholder possesses over 90 per cent of the shares and the votes of the shares of the Company.

In these cases, the Plan shall expire.

Alternatively, the Board may give a Participant the right to participate in a corresponding plan of the new company, in the manner determined in the draft terms of the merger or demerger, or in the manner as otherwise determined by the Board.

The Board shall resolve on the impact of a potential partial demerger on the Plan, as applicable.

## **10. Administration of Plan**

The Board shall monitor the Plan and resolve on all essential matters relating thereto. The Board may delegate its rights and powers in its sole discretion.

When the need arises, the Board may propose to the General Meeting of Shareholders that it would authorize the Board to resolve on an acquisition of own shares, to the number needed for the Plan, as referred to in the Finnish Limited Liability Companies Act. When the need arises, the Board may also propose to the General Meeting of Shareholders that it would authorize the Board to resolve on a share issue, to the number needed for the Plan, as referred to in the Finnish Limited Liability Companies Act.

## **11. Amendment of Plan Terms and Conditions**

During a vesting period, the Board may, for very weighty reasons, amend the terms and conditions of the Plan. The terms and conditions shall be amended in such a manner that no considerable unjust enrichment or injustice shall occur to a Participant, due to amending the terms and conditions.



The Board may, in its sole discretion and to the extent deemed necessary by it, change, amend or deviate from these terms and conditions in relation to individual Participants, in relation to Participants residing in a specific country or in relation to the Participants in general in order to adjust the Plan or its terms and conditions, including with retroactive effect from the beginning of a vesting period, in order to adjust or conform to the provisions of local laws, regulations or taxation practices or to the changes thereof or in order to mitigate, avoid or eliminate the impact of increased costs resulting from such change.

## **12. Confidentiality**

These terms and conditions are confidential unless (and to the extent) published by the Company in its sole discretion.

## **13. Applicable Law and Settlement of Disputes**

These terms and conditions shall be governed by the laws of Finland. Disputes arising out of or relating to this Plan shall be finally settled by arbitration, in accordance with the Rules of the Arbitration Institute of the Finland Chamber of Commerce. The place of arbitration is Helsinki, Finland. The arbitral tribunal is composed of one arbitrator and the language of arbitration is Finnish or English.

These terms and conditions have been prepared in English. In case of any discrepancy between any potential translations and English versions, the English shall prevail.