

CITYCON OYJ

TERMS AND CONDITIONS FOR THE MATCHING SHARE PLAN 2018—2020

The Board of Directors of Citycon Oyj (the **Board**) has at its meeting on 23 February 2018 resolved to implement a matching share plan (the **Plan**) on the following terms and conditions:

1. Plan Objectives

The Plan shall be established to form part of the incentive and retention program directed to the CEO and other Corporate Management Committee members of Citycon Oyj (the **Company**). The aim is to align the objectives of the shareholders and the target group executives in order to increase the value of the Company in the long-term, to encourage the executives to personally invest in the Company's shares, to retain the executives at the Company, and to offer them a competitive reward plan that is based on acquiring, receiving and accumulating the Company's shares.

2. Matching Period

The Plan includes three (3) two (2) year matching periods which are calendar years 2018—2019, 2019—2020 and 2020—2021 (each separately, **Matching Period**), after which the pre-established amount of reward shall be paid to the executives.

3. Target Group

The Corporate Management Committee executives (including the CEO), as determined by the Board for a Matching Period, shall belong to the target group of the Plan (the **Participant/s**). A Participant's participation in a Matching Period means participation in, and for the duration of, a single Matching Period only, unless otherwise resolved by the Board. Participants must be employed by or be in the service of a company belonging to the Group (**Group Company**). The Group means the Company together with its subsidiaries. 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.

During a Matching Period, the Board may resolve upon including new Participants in the Plan and upon their rewards so that the amount of their reward is in equal proportion to the duration of the employment or service during the Matching Period, or in another manner at the Board's discretion.

4. Share Ownership Prerequisite

The Board shall give the Participants an opportunity to invest a certain percentage of their annual performance bonus pay-out in the Company's shares (**Share**). In case the Board resolves not to launch the Company's annual performance bonus scheme for any year, the relevant Matching Period shall not be implemented. The Board shall resolve annually what percentage of the bonus is possible to invest. Achievement of the performance

criteria based on the Company's annual performance bonus scheme shall define the investment opportunity.

The prerequisite for participation in the Plan and for reward payment is that a Participant invests in the Shares a certain percentage of the bonus earned from the Company's performance bonus scheme, as determined by the Board, during the calendar year preceding a Matching Period (the **Share Ownership Prerequisite**).

The Shares subject to the Share Ownership Prerequisite must be acquired in compliance with the insider regulations and up to the number and by the date and in the manner informed by the Board in advance. A Participant must hold the Shares subject to the Share Ownership Prerequisite until the reward payment. If, however, the Participant sells his or her Shares subject to the Share Ownership Prerequisite before the reward payment, he or she shall forfeit his or her right to the reward in the same proportion. The Board may grant to a Participant an exemption to the Share Ownership Prerequisite.

The Company may apply for a registration of transfer restrictions and other corresponding restrictions, to prevent unintended transfer of Shares subject to the Share Ownership Prerequisite, on a Participant's book-entry account, without the consent of the Participant. The Company shall also be entitled to request book-entry account statements related to the Shares subject to the Share Ownership Prerequisite, from a Participant's book-entry account operators, without the consent of the Participant.

By participating in the Plan, each Participant by virtue of these terms and conditions authorizes the Company to undertake such measures and undertakes to sign and deliver all the authorizations and consents as well as to sign and deliver all the documents which may be needed for the registration of the above restrictions on their respective book-entry accounts, or which may be needed to obtain book-entry account statements related to the Shares subject to the Share Ownership Prerequisite from the Participant's book-entry account operators.

5. Reward

5.1. Reward Determination and Confirmation

The amount of the reward to be received through the Plan shall be determined on the basis of the fulfilment of the Participant's Share Ownership Prerequisite and on the basis of the continuation of the Participant's employment or service in any Group Company upon reward payment. If these prerequisites are fulfilled, a Participant shall, as a reward, receive one (1) Matching Share for each one (1) Share subject to the Share Ownership Prerequisite, and a cash proportion to be used for covering applicable taxes arising from the reward to a Participant. However, the CEO of the Company shall, as a reward, receive zero point six (0.6) Matching Share for each one (1) Share subject to the Share Ownership Prerequisite, and a cash proportion to be used for covering applicable taxes arising from the reward to him.

The reward shall be confirmed by the Board (**Confirmed Reward**), as soon as practicable after the end of a Matching Period, and in any event by the end of February 2020, 2021

and 2022. A Participant shall be notified on his or her Confirmed Reward as soon as practicable after the Board has resolved upon it.

5.2. Taxes

The Confirmed Reward from a Matching Period shall mean a net number of Shares together with a cash proportion required for covering taxes. Taxes to be withheld in connection with the reward payment shall, in accordance with the legislation in force, include

- statutory income tax accordant with the applicable income tax rate,
- transfer tax, and
- any other applicable taxes and employment related expenses (all aforementioned jointly, Tax/Taxes).

The payable reward shall consist of a net number of Shares to be paid (**Net Shares**) and a cash proportion that is required for covering the Taxes due to the Confirmed Reward. In those countries where the Company has an obligation to withhold Taxes arising from the reward to a Participant, the Company shall withhold and pay Taxes from the cash proportion of the reward according to law in force. 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 by the Company, 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.

5.3. Reward Payment

The reward from the Plan shall be paid to the Participants as soon as practicable after the end of a Matching Period, and in any event by the end of March 2020, 2021 and 2022.

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 Helsinki Ltd of the exchange transactions closed on the book-entry 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 Helsinki Ltd of the exchange transactions closed on the date nearest preceding the book-entry registration date of the Net Shares.

5.4. 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 sold, transferred, pledged or otherwise 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 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.

5.5. 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 e.g. changes that are beyond the Company's control or other circumstances might lead to a harmful or unreasonable outcome for the Company or an individual Participant, while applying the Plan.

The Board shall have the right to cancel the reward, fully or partly, if a Participant has acted against business interest of the Company or against criminal or employment related 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. Termination of Employment or Service before Reward Payment

7.1. Giving Notice or Termination

No reward shall be paid to a Participant, if a Group Company or the Participant gives notice of termination, or terminates the 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.

7.2. Good Leaver Grounds

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 entitled to such an amount of reward that the Board

resolves, at its sole discretion. The reward shall be confirmed and paid in accordance with these terms and conditions in the original schedule, unless the Board resolves otherwise. Such cases shall all be considered as Good Leaver Grounds, and they shall be the following:

- a corporate arrangement
- a transfer of business
- a Group Company's ceasing belonging to the Group
- a mutual agreement
- 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. Adjustments in Certain Cases

8.1. 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 Matching Period and before the reward payment, in each case deviating from the Company's normal practice, the Board shall resolve on the adjustment to the amount of the reward in an equitable manner.

8.2. Acquisition of Own Shares

Directed 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.

8.3. Share Issues

Should the Company, after the beginning of a Matching 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 or the Confirmed Reward by the share issue multiplier, or as resolved by the Board.

8.4. Merger, Demerger and Redemption of Shares

Should, after the beginning of a Matching Period and before the reward payment, any of the following cases occur:

- a resolution by the Company on a merge with another company as a merging company or with a company to be formed in a combination merger,
- a resolution by the Company on a full demerger,
- a redemption right and obligation to all of the Company's shares, as referred to in the Finnish Limited Liability Companies Act, arising 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,

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 resolved by the Board, however, no later than the original reward payment date.

In these cases, the Plan shall expire.

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

9. Plan Administration

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

10. Amendment of Plan Terms and Conditions

During a Matching Period, the Board may, for very weighty reasons, amend the terms and conditions of the Plan. The intention is to amend the terms and conditions 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, at 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 the ongoing Matching 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.

The Board is at any time entitled to terminate the Plan with immediate effect. In the event of such a resolution, the Board may, at its sole discretion, resolve whether a percentage of the reward for the ongoing Matching Period, which is considered equitable by the Company, shall be delivered to the Participants either in the form of Shares or in cash.

11. Confidentiality

These terms and conditions are confidential unless, and to the extent, published by the Company at its sole discretion.

12. Applicable Law, Settlement of Disputes and Other Terms

These terms and conditions shall be governed by the laws of Finland. Any dispute, controversy or claim arising out of or relating to this Plan, or the breach, termination or validity thereof, shall be finally settled by arbitration, in accordance with the Arbitration Rules of the Finland Chamber of Commerce. The number of arbitrators shall be one. The seat of arbitration shall be Helsinki, Finland, and the language of the arbitration shall be Finnish or English.

In countries where mandatory legislation covering incentive programs have been adopted and therefore potential country-specific regulation appendices have been issued, mandatory legislation or such appendices shall be applied for these terms and conditions, as applicable.

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