

REMUNERATION REPORT

ABOUT REMUNERATION PAID BY CITYCON OYJ DURING THE FINANCIAL YEAR 1 JANUARY–31 DECEMBER 2019

Citycon's Remuneration Report has been drafted according to the Finnish Corporate Governance Code 2015 (www.cgfinland.fi/en) issued by the Finnish Securities Market Association*. The Remuneration Report discloses remuneration and other financial benefits paid to the members of the Board of Directors as well as to the CEO and the other members of the Corporate Management Committee during the financial year 1 January–31 December 2019. For comparison, the Remuneration Report also presents

remuneration paid during the financial year preceding the reported financial year.

This Remuneration Report has been published simultaneously with Citycon Oyj's Financial Statements, the Report by the Board of Directors and the Corporate Governance Statement for 2019.

*The Remuneration Report for the financial year 2020 and onwards will be drafted in accordance with the Finnish Corporate Governance Code 2020 entered into force as of 1.1.2020.



The Corporate Governance Code is available on the Securities Market Association's website at cgfinland.fi.

BOARD OF DIRECTORS' FEES (EUR)

	2019		2018	
	Annual fees	Meeting fees	Annual fees	Meeting fees
Chaim Katzman	165,000	–	165,000	–
Bernd Knobloch	70,000	17,800	70,000	13,200
Arnold de Haan	50,000	20,400	50,000	14,400
Alexandre (Sandy) Koifman (as of 13 March 2019)	50,000	9,600	–	–
David Lukes	55,000	12,400	55,000	9,800
Andrea Orlandi*	–	–	–	–
Per-Anders Ovin	50,000	16,200	50,000	11,400
Ofer Stark (as of 20 March 2018)	50,000	12,600	50,000	9,000
Ariella Zochovitzky	55,000	19,000	55,000	13,200
Kirsi Komi (until 27 October 2018)	–	–	32,808	10,200
Rachel Lavine (until 20 March 2018)	–	–	–	2,400
Claes Ottosson (until 20 March 2018)	–	–	–	3,000
Total	545,000	108,000	527,808	86,600
Total		653,000		614,408

* Andrea Orlandi has notified the company that he will not accept any annual or meeting fees payable by the company.



Citycon's Annual Report 2019 consists of three different parts. To read all the reports, please visit www.citycon.com/annual-reports.

BOARD OF DIRECTORS

The Board members did not have an employment or service contract with the company with the exception of Ofer Stark. Citycon engaged Starkitect Studio Inc., a company acting through Ofer Stark as consultant, to provide consultancy services during the six months' period of 7 February–7 August 2019. The consultancy services comprised of assistance to the management in a certain significant development project, it being understood that the services did not include tasks or duties of a member of the Board of Directors. By agreement, Starkitect was entitled to a compensation of EUR 11,200 per month, amounting to total of EUR 67,200.

The Board members did not have share-

based remuneration schemes, nor were they included in the company's other incentive schemes.

CEO

F. Scott Ball (B.Sc., born 1961) started as CEO of Citycon on 1 January 2019.

Mr. Kokkeel (LL.M, born 1958), the CEO of the company until 31 December 2018, acted as a senior adviser to the Board of Directors and the senior management of the company until 1 May 2019. In May 2019, Mr. Kokkeel was paid a severance pay of 1.5 times his annual gross base salary, as determined in the mutual termination agreement between the company and the CEO on 2 November 2018. Furthermore, as part of the termina-

CEOs' benefits	2019	2018
F. Scott Ball (CEO as of 1.1.2019)		
Annual salary (EUR)	625,000	–
Fringe benefits (EUR)	66,852	–
Dividend equivalent (EUR)	77,931	–
Sign-on bonus (EUR)**	–	250,000
Marcel Kokkeel (CEO until 31.12.2018)		
Severance Compensation (EUR)	941,066	–
Annual salary (EUR)	–	627,377
Fringe benefits (EUR)	–	15,667
Performance cash bonus for the previous financial year (EUR)	217,500	217,500
Performance share bonus for the previous financial year (Citycon share)	24,272*	22,913*

*The share amount has been adjusted to reflect the new number of shares after the reverse share split executed in March 2019.

**In connection with signing the CEO agreement in November 2018 between the company and the CEO. The CEO was paid a sign-on bonus of EUR 250,000.

tion agreement, Mr. Kokkeel's performance bonus for the financial year 2018, total of EUR 435,000, was paid 50% in cash and 50% in company's shares in March 2019.

All financial benefits paid to the CEOs in 2019, including severance related compensation and, for comparison, corresponding information from the previous year, are listed in the table above (EUR).

As a rule, Citycon's Board will evaluate the achievement of the CEO's performance targets and decide on the CEO's performance bonus amount payable for each financial year during the first quarter of the following calendar year. The CEO's performance target measures and their mutual weights for 2019, as determined by the Board, were EPRA EPS (weight 10%), net rental income growth (weight 20%), selling, general & administrative expenses (S G & A) management (weight 15%), progress of investments, divestments and developments (weight 30%) and discretionary (weight 25%). The Board may, however, at its discretion and based on its overall performance evaluation, adjust the CEO's performance bonus amount within the maximum bonus sum stipulated in the CEO's service agreement.

The current CEO is included in the CEO Restricted Share Plan 2018—2021 aiming to combine the objectives of the shareholders and the CEO and to retain the CEO at the company with a competitive reward plan based on accumulating the company's shares. The plan includes three vesting periods ending on 15 November 2019, 2020 and 2021. The rewards under the plan are paid in three equal instalments after each vesting period, their total aggregated amount equaling 120,000 shares including taxes and any employment related expenses payable. All shares allocated under the CEO Restricted Share Plan are eligible for dividend equivalent at beginning of vesting periods. The value of the dividend equivalent per reward share shall equal to the distributed dividends or other distributed assets per share.

In 2019, in connection with the vesting date of 15 November, the CEO was paid the value of 40,000 shares in cash, including taxes and employment related payments, and he was obliged to acquire company's shares with the amount of paid net reward.

The former CEO Mr. Kokkeel was treated as a good leaver based on the mutual termination agreement of his CEO agreement,

allowing him to keep all his share allocations under the long-term incentive plans. Furthermore, his vesting dates were advanced to May 2019 (from February 2020). In May 2019, Mr. Kokkeel was paid (i) 13,050 shares under the Bonus Matching Share Plan (plus the cash proportion required for covering taxes and employment related expenses); (ii) 10,000 shares on the basis of the Restricted Share Plan 2015 (plus the cash proportion required for covering taxes and employment related expenses); and (iii) 20,000 shares as severance compensation as per the mutual termination agreement.

The CEO did not have any individual pension arrangements.

MEMBERS OF THE CORPORATE MANAGEMENT COMMITTEE

In 2019, in addition to the CEO, Citycon's Corporate Management Committee consisted of Eero Sihvonen, Executive Vice President and CFO; Henrica Ginström, Chief Operating Officer; Erik Lennhammar, Chief Development Officer (as of 12 August 2019); Tom Lisiecki, Chief Development Officer (until 30 April 2019); and Anu Tuomola, General Counsel and Head of Legal Affairs (until 15 March 2019).

Financial benefits paid to the members of the Corporate Management Committee in 2019 and, for comparison, corresponding information from the previous year, are presented in the table on the left (EUR).

The performance bonus amounts paid to the members of the Corporate Management Committee have been based on the Group's and business units' profit and personal

performances of the members.

In 2019, based on the respective mutual termination agreements of the Director agreements and accelerated vesting dates, the members of the Corporate Management Committee were paid (i) 10,000 shares on the basis of the Restricted Share Plan 2015 (plus the cash proportion required for covering taxes and employment related expenses); (ii) 2,652 shares under the Bonus Matching Share Plan (plus the cash proportion required for covering taxes and employment related expenses); and (iii) 5,000 shares as severance pay (plus a cash portion required for covering taxes and employment related expenses, the total severance pay corresponding to the value of 10,000 shares).

The members of the Corporate Management Committee's allocations of shares per 31 December 2019 (i) on the basis of the final performance period 2017—2019 of the Performance Share Plan 2015 was a maximum total of 35,891 shares; (ii) on the basis of the matching period 2018—2019 of the Bonus Matching Share Plan a total of 5,304 shares and on the basis of the matching period 2019—2020 of the Bonus Matching Share Plan a total of 5,493 shares; (iii) on the basis of the Restricted Share Plan 2015 a total of 23,000 shares vesting in 2/2020–12/2020; and (iv) on the basis of the Restricted Share Plan 2018 a total of 10,000 shares vesting in 1/2022.

Members of the Corporate Management Committee do not have any individual pension arrangements.

Benefits of the members of the Corporate Management Committee (excluding the CEO) (EUR)

	2019	2018*
Annual salaries and severance compensation	1,123,015	1,073,868
Fringe benefits	133,780	76,754
Performance bonuses for the previous financial year	344,162	422,642

*In 2018, in addition to the CEO, the Corporate Management Committee consisted of Eero Sihvonen, Executive Vice President and CFO; Jurn Hoeksema, Chief Operating Officer; Tom Lisiecki, Chief Development Officer; and Anu Tuomola, General Counsel and Head of Legal Affairs.