

## TERMS AND CONDITIONS OF THE RIGHTS ISSUE

### Background

Citycon Oyj (the “Company”) and CPP Investment Board European Holdings S.à r.l (“CPPIBEH”), a wholly owned subsidiary of Canada Pension Plan Investment Board, an investment management organization investing the funds of the Canada Pension Plan, entered on 12 May 2014 into an agreement on an overall arrangement whereby the Company would strengthen its balance sheet by raising approximately EUR 400 million of new capital and CPPIBEH would become a significant strategic shareholder in the Company. The arrangement consists of a directed share issue of approximately EUR 206.4 million to CPPIBEH (the “Directed Share Issue”) as well as the subsequent rights issue (the “Rights Issue”) of approximately EUR 196.5 million pursuant to the pre-emptive subscription rights of the Company’s shareholders (together the “Transaction”).

On 6 June 2014, the Extraordinary General Meeting of the Company authorised the Company’s Board of Directors to decide on the issuance of a maximum of 74,166,052 shares pursuant to the pre-emptive subscription rights of the shareholders. The authorisation will be valid until 31 December 2014.

On 8 June 2014, the Board of Directors of the Company resolved, based on the above authorisation of the Extraordinary General Meeting, to issue a maximum of 74,166,052 new shares through a share issue based on the pre-emptive subscription right of shareholders as set forth in the below terms and conditions of the Rights Issue.

The new shares to be issued in the Rights Issue represent approximately 14.3 per cent of the total shares and voting rights in the Company after the registration in the Trade Register of the shares to be issued in Directed Share Issue on or about 10 June 2014 and approximately 12.5 per cent of the total shares and voting rights in the Company after the Rights Issue assuming that the Rights Issue is subscribed in full.

CPPIBEH, who as a result of the Directed Share Issue will own 77,874,355 shares in the Company on the Record Date (as defined below) of the Rights Issue, and the two other largest shareholders of the Company, Gazit-Globe Ltd. and Ilmarinen Mutual Pension Insurance Company, have undertaken, subject to certain conditions, to subscribe for their respective *pro rata* share of the new shares to be issued in the Rights Issue as follows: CPPIBEH 11,124,907 new shares, Gazit-Globe Ltd. 31,082,098 new shares and Ilmarinen Mutual Pension Insurance Company 5,659,341 new shares.

The three subscription undertakings represent in the aggregate approximately 64.54 per cent of the maximum amount of new shares issued in the Rights Issue.

In addition, Gazit-Globe Ltd. and CPPIBEH (the “Underwriters”) have provided underwriting commitments according to which they commit, subject to certain conditions, to underwrite the Rights Issue up to an aggregate subscription price of EUR 42.6 million and EUR 27.1 million, respectively (less the subscription price for any new shares potentially subscribed for in the secondary subscription). The underwriting by CPPIBEH will only apply to new shares to be issued in the Rights Issue that may remain unsubscribed for after the underwriting commitment provided by Gazit-Globe Ltd. has been used in full.

Rights Issue will be executed on the condition that the shares to be issued in the Directed Share Issue are subscribed for in full and registered in the Trade Register before the Record Date (as defined below) of the Rights Issue.

### Terms and Conditions of the Rights Issue

#### Right to Subscribe

##### *Primary Subscription Right*

The new shares (the “New Shares”) will be offered for subscription by the shareholders of the Company in proportion to their shareholding in the Company.

A shareholder who is registered in the Company's shareholder register maintained by Euroclear Finland Ltd on the record date of 12 June 2014 of the Rights Issue ("Record Date") will automatically receive one (1) freely transferable subscription right (the "Subscription Right") as a book-entry (ISIN Code FI4000099262) for every one (1) share owned on the Record Date (the "Primary Subscription Right").

A shareholder, or a person or an entity to whom such Subscription Rights have been transferred, is entitled to subscribe for one (1) New Share for every seven (7) Subscription Rights. No fractions of New Shares will be allotted.

### ***Secondary Subscription***

Further, a shareholder or other investor, including any of the Underwriters, who has subscribed for New Shares based on the Primary Subscription Right, is entitled to subscribe for New Shares not subscribed for by virtue of the Primary Subscription Right (the "Secondary Subscription").

### **Subscription Price**

The subscription price is EUR 2.65 per share (the "Subscription Price"). The Subscription Price is the same as the subscription price in the Directed Share Issue. The Subscription Price has been agreed in negotiations between CPIPEH and the Company, and the Company believes that it represents a fair price in light of other equity issues in the real estate sector in Europe in the past and reflects the historical average trading prices of the Company over the last six (6) months. The Subscription Price will be recorded in its entirety in the invested unrestricted equity fund.

The Subscription Price is approximately 2.2 per cent lower than the closing price of the Company's share on the NASDAQ OMX Helsinki ("Helsinki Stock Exchange") on 12 May 2014, i.e. the trading day immediately preceding the announcement of the Transaction, and approximately 1.7 per cent higher than the dividend adjusted volume-weighted average trading price of the Company's share on the Helsinki Stock Exchange during the three (3) months preceding the announcement of the Transaction.

### **Subscription Period**

The subscription period will commence on 17 June 2014 at 9:30 a.m. Finnish time and expire on 2 July 2014 at 4:30 p.m. Finnish time (the "Subscription Period"). Account operators may impose a deadline for subscription that is earlier than the expiry of the Subscription Period. However, the subscription period for subscriptions by the Underwriters based on the underwriting commitments will expire on 8 July 2014 at 10:00 a.m. Finnish time.

### **Subscription for New Shares pursuant to the Primary Subscription Right and Payments**

A holder of Subscription Rights may participate in the Rights Issue by subscribing for New Shares pursuant to the Subscription Rights registered on his or her book-entry account and by paying the Subscription Price. Each seven (7) Subscription Rights entitle their holder to subscribe for one (1) New Share. Fractional New Shares cannot be subscribed. In order to participate in the Rights Issue, a holder of Subscription Rights must submit a subscription assignment in accordance with the instructions given by Pohjola Bank plc (the "Lead Manager") or the relevant custodian or account operator.

Subscription orders can be submitted in the following subscription places:

- at the offices of the cooperative banks belonging to the OP-Pohjola Group and of Helsinki OP Bank Plc during their business hours;
- via the OP call service at +358 (0) 100 0500. Customers subscribing through the call service need a personal network service agreement with the OP-Pohjola Group. When subscribing through the call service, the identification of the shareholder will be confirmed by network identification codes; and

- with account operators who have an agreement with the Lead Manager regarding receipt of subscriptions.

The Subscription Price of the New Shares subscribed for in the Rights Issue shall be paid in full at the time of submitting the subscription assignment in accordance with the instructions given by the Lead Manager or the relevant custodian or account operator.

Shareholders and other investors participating in the Rights Issue whose shares or Subscription Rights are held through a nominee must submit their subscription assignments in accordance with the instructions given by their custodial nominee account holder.

Any exercise of the Primary Subscription Right is irrevocable and may not be modified or cancelled otherwise than as stated in section "*Cancellation of Subscriptions under Certain Circumstances*" in these terms and conditions.

Any Subscription Rights remaining unexercised at the end of the Subscription Period on 2 July 2014 will expire without any compensation.

### **Subscription of New Shares pursuant to the Secondary Subscription and Payments**

A shareholder or other investor who has subscribed for New Shares based on the Primary Subscription Right (the "Subscriber"), as well as any Underwriter, is entitled to subscribe for New Shares in the Secondary Subscription.

The subscription of the New Shares pursuant to the Secondary Subscription will take place by submitting a subscription assignment and at the same time paying the Subscription Price in accordance with the instructions given by the relevant custodian or account operator or, in the case of nominee registered investors, by the nominee.

Any Secondary Subscription is irrevocable and may not be modified or cancelled otherwise than as stated in section "*Cancellation of Subscriptions under Certain Circumstances*" in these terms and conditions.

The Company will confirm the acceptance or rejection of the subscriptions of New Shares to Subscribers who have submitted a Secondary Subscription.

### **Cancellation of Subscriptions under Certain Circumstances**

In accordance with the Finnish Securities Market Act, if a mistake or inaccuracy or material new information relating to the information in the Offering Circular which could be of material relevance to the investor appears in the offering circular (the "Offering Circular") relating to the Rights Issue between the time the Offering Circular was approved by the Finnish Financial Supervisory Authority and the time when trading in the New Shares begins, then Subscribers who have already agreed to subscribe for New Shares before the related supplement is published, shall have the right to withdraw their subscription. The Subscribers have a right to withdraw their subscription within two (2) banking days after the supplement has been published. The cancellation right requires that the mistake, inaccuracy or material new information has emerged before the trading in the interim shares representing the New Shares has begun or, in case of Secondary Subscription, before the New Shares have been delivered to the Subscribers. The withdrawal of a subscription applies to the subscription to be withdrawn as a whole. The right to withdraw and the procedure for such withdrawal right will be announced together with any such possible supplement to the Offering Circular through a stock exchange release. If the holder of a Subscription Right has sold or otherwise transferred the Subscription Right, such sale or transfer cannot be cancelled.

### **Public Trading of the Subscription Rights**

The holders of Subscription Rights may sell their Subscription Rights any time before the public trading in Subscription Rights ends. The Subscription Rights are subject to public trading on the Helsinki Stock Exchange between 17 June 2014 at 9:30 a.m. Finnish time and 25 June 2014 at 6:30 p.m. Finnish time.

### **Approval of the Subscriptions**

The Board of Directors of the Company will approve all subscriptions pursuant to the Primary Subscription Right made in accordance with these terms and conditions of the Rights Issue and applicable laws and regulations.

If all New Shares to be issued in the Rights Issue have not been subscribed for by virtue of the Primary Subscription Right, the Board of Directors of the Company will resolve to allocate such unsubscribed New Shares among the Subscribers having made a Secondary Subscription. In case of over-subscription by virtue of Secondary Subscription, the allocation among Subscribers will be determined per book-entry account in proportion to the number of Subscription Rights exercised by Subscribers in accordance with the Primary Subscription Right and, where this is not possible, by drawing of lots. If several subscription assignments are given concerning a certain book-entry account, these subscription assignments are combined as one subscription assignment concerning a certain book-entry account. Should the Subscriber not receive all New Shares subscribed for by virtue of the Secondary Subscription, the subscription price for the New Shares not received by the Subscriber will be repaid to the bank account informed by the Subscriber in connection with the subscription on or about 9 July 2014. No interest will be paid for the repayable funds.

To the extent the New Shares are not fully subscribed for by the Subscribers after the Secondary Subscription, the remaining New Shares will be allocated for subscription between the Underwriters in accordance with the underwriting commitments and as decided by the Board of Directors. The subscription of the New Shares pursuant to the underwriting commitments will take place by paying the Subscription Price in accordance with the instructions given by the Lead Manager.

The Company's Board of Directors will decide on the approval of the subscriptions on or about 8 July 2014. The Company will publish the final result of the Rights Issue in a stock exchange release on or about 8 July 2014.

### **Registration of the New Shares to the Book-entry Accounts**

The New Shares subscribed for in the Rights Issue by virtue of the Primary Subscription Right will be recorded on the Subscriber's book-entry account after the registration of the subscription as interim shares (ISIN Code FI4000099270) corresponding to the New Shares. The interim shares are combined with the existing share class of the Company (ISIN Code FI0009002471) on or about 9 July 2014. The New Shares subscribed for and approved by virtue of the Secondary Subscription will be recorded on the Subscriber's book-entry account after the registration of New Shares in the Trade Register, on or about 9 July 2014.

### **Shareholder Rights**

The New Shares will entitle their holders to full dividend and other distribution of funds declared by the Company, if any, and to other shareholder rights in the Company after the New Shares have been registered in the Trade Register and in the Company's shareholder register, on or about 9 July 2014.

### **Treatment of Holders of the Company's 2011 Stock Options**

According to the terms and conditions of the stock options resolved upon by the Board of Directors of the Company on 3 May 2011 ("2011 Stock Options") by virtue of an authorisation granted by the Annual General Meeting of the Company held on 13 March 2007, a 2011 Stock Option holder shall have the same right as, or an equal right to, that of a shareholder should the Company, before the share subscription based on the 2011 Stock Options, decide on an issue of shares or an issue of new stock options or other special rights entitling to shares so that shareholders have pre-emptive rights of subscription. Equality is reached in the manner determined by the Board of Directors by adjusting the number of shares available for subscription, the share subscription prices or both of these.

In order to ensure the equal treatment of shareholders and the 2011 Stock Option holders the Board of Directors of the Company has on 8 June 2014, due to the Rights Issue, adjusted the subscription ratio and

the subscription price of the 2011 Stock Options in accordance with the terms and conditions of the 2011 Stock Options. Provided that the Directed Share Issue is completed and the Rights Issue is executed in full as described in the terms and conditions of the Rights Issue, the subscription price and subscription ratio for 2011 Stock Options shall be adjusted as follows: As regards stock options 2011A—D(I), the subscription ratio shall be adjusted to 1.3446 and the subscription price shall be adjusted to EUR 2.7820 per share. As regards stock options 2011A—D(II), the subscription ratio shall be adjusted to 1.3446 and the subscription price shall be adjusted to EUR 2.8862 per share. As regards stock options 2011A—D(III), the subscription ratio shall be adjusted to 1.3446 and the subscription price shall be adjusted to EUR 2.3804 per share.

The total amount of shares is rounded down to full shares in connection with subscription of the shares and the total subscription price is calculated using the rounded amount of shares and rounded to the closest cent. Due to the above adjustments, the adjusted maximum total number of shares to be subscribed for based on the 2011 Stock Options shall be 9,748,350.

The foregoing adjustments to the terms and conditions of the 2011 Stock Options due to the Rights Issue will be in force as of the registration of the adjusted maximum total number of shares to be subscribed for based on the 2011 Stock Options in the Trade Register on or about 9 July 2014, provided that the Rights Issue will be completed in full as planned. Thus, the 2011 Stock Options do not entitle their holders to participate in the Rights Issue.

#### **Information**

Documents mentioned in Chapter 5, Section 21 of the Finnish Companies Act are available for review as of the start of the Subscription Period at the head office of the Company, Korkeavuorenkatu 35, FI-00130 Helsinki, Finland.

#### **Applicable Law and Dispute Resolution**

The Rights Issue and the New Shares shall be governed by the laws of Finland. Any disputes arising in connection with the Rights Issue shall be settled by the court of jurisdiction in Finland.

#### **Other Issues**

Other issues and practical matters relating to the Rights Issue will be resolved by the Board of Directors of the Company.