

CITYCON TREASURY B.V.

2014 ANNUAL FINANCIAL STATEMENTS



AMSTERDAM, APRIL 2015

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# CITYCON TREASURY B.V.

## Director's report

The Board of Directors of Citycon Treasury B.V. hereby presents the financial statements for the book year that ended 31 December 2014. These statements have been prepared according to generally accepted accounting principles in the Netherlands and in conformity with the provisions of Part 9, Book 2 of the Netherlands Civil Code. The financial statements have been audited by Ernst & Young Accountants LLP and were provided an unqualified audit opinion on 30 April 2015. The independent auditors report can be found on page 25 of the financial statements.

### General

Citycon Treasury B.V. (hereinafter "the Company") is registered in Amsterdam, Hullenbergweg 300, the Netherlands and has been incorporated on 17 June 2011 under Dutch law. The Company acts as a finance company for the Citycon Group companies. The parent company is Citycon OYJ, Helsinki, which is listed on the Helsinki Stock Exchange.

### Objectives

The company's objectives, in accordance with article 3 of the Articles of Association, are to incorporate, participate, manage and finance other group companies. Furthermore to borrow and lend moneys, to place public and private debt and in general to engage in financial and commercial activities which may be conducive to the foregoing.

### Tasks and responsibilities

The Board of Directors is in charge of the management of Citycon Treasury B.V. meaning that the Board of Director's responsibilities include the policy and business progress within Citycon Treasury B.V. and with this the achievement of the goals, strategy, profit development and the social aspects of doing business that are relevant for Citycon Treasury B.V.. The Board of Directors is also responsible for the compliance with legislation and regulations, management of risks relating to the financing activities of Citycon Treasury B.V..

These controls were set up in co-operation with Citycon OYJ to identify and manage foreign exchange-, interest-, liquidity-, counterpart- and credit risks.

As to foreign exchange risk, Citycon Treasury B.V. has a conservative approach. Currency risks are avoided by the use of various hedging policies. The foreign exchange derivatives have a short tenor which equals the next interest period of the underlying loan. After interest settlement and rate setting of the loan the company turns into a new forward exchange derivative for the next interest period. This will continue until the maturity date of the underlying foreign currency loans.

Interest rate exposures are being hedged via back to back funding or if needed interest rate derivatives.

The liquidity risk is actively managed and currently covered by a five year syndicated revolving credit facility with two options to extend the facility, in each case by one year, subject to the lenders consent, which was signed in December 2014.

## CITYCON TREASURY B.V.

### Counterpart-and credit risk

Citycon Treasury B.V. finances the group company loans to the operating entities mainly via the EUR 1.5 billion facility agreement with Citycon OYJ. When a group company is in default, the borrower shall transfer and assign all of the rights and obligations under such intercompany loan to the lender and shall pay the lender an amount equal to the risk participation in cash. The amount of risk participation of the borrower in such a loss will be calculated in accordance with the formula below:

Principal outstanding amount of the Intercompany loan

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\* Minimum equity

Total Facility outstanding

Minimum equity means an amount equal to the lower of (i) EUR 2.000.000 and (ii) an amount equal to 1% of the loans outstanding in any accounting year

In discharging its duties the Board of Directors is led by the interest of Citycon Treasury B.V. and its affiliated enterprise. The Board of Directors is accountable to the General Meeting of Shareholders for its policy.

### Appointment

The Board of Directors of Citycon Treasury B.V. is appointed by the General Meeting of Shareholders for an indefinite period. The basis for noncompliance with the recommendation of the Dutch Corporate Governance Code (appointment for a maximum term of four years, Principle II.1.1. of the Code) rests in the principles of Citycon Treasury B.V. being orientated towards the long term.

Article 2:391.7 Citycon Treasury B.V. deviates from Article 2:276 of Book 2 of the Dutch Civil Code, which states that positions on the management should be distributed in a way so that at least 30% of positions are held by women and at least 30% by men. This deviation has been made to ensure that the Company has a competent Board of Directors that has required knowledge of the company and the Company's key market areas. When appointing members to the Board of Directors, the Company shall aim for a complementary range of experience, gender and age.

The Board of Directors of Citycon Treasury B.V. is responsible for the maintenance and development of an accurate framework for risk management and control and also, the active management of the strategic, technological, operational, financial and compliance risks that Citycon Treasury B.V. faces.

We declare that the substantial risks with which Citycon Treasury B.V. is confronted are described in these financial statements. This financial statement provides insight into the extent to which risks are prevented and controlled. Citycon Treasury B.V. takes due consideration of the findings of the external auditor, Ernst & Young Accountants LLP, who audits the financial statements. Based on the reports, our own observations and experiences from the past, the Board of Directors declares, with reference to best practice provision II.1.5 of the Dutch Corporate Governance Code, that the framework for risk management and control, provides a reasonable assurance that the financial reporting does not contain any errors of material importance and that this framework worked properly in the 2014 reporting year.

## CITYCON TREASURY B.V.

### FINANCIAL HIGHLIGHTS

At incorporation in June 2011, the Company entered into a loan facility agreement with Citycon Holding S.A.R.L. in Luxembourg. By the drawdowns under this facility the Company financed its group companies in the Nordics and the Baltics. On 1 August 2014 the Company entered into a new loan facility agreement of EUR 1,5 billion with Citycon OYJ and also cancelled the existing facility of SEK 7 billion and EUR 325 million with Citycon Holding S.A.R.L.. Via two amendments the facility has been temporarily lowered to EUR 1,05 billion at year end. The outstanding amount of drawdowns under the EUR 1,5 billion facility as per 31 December 2014 amounted to EUR 1,0 billion.

The interest income and similar income of the company for the year 2014 amounts to EUR 50,1 million (2013: EUR 27,5 million). The interest expense and similar charges amounts to EUR 48,7 million (2013: EUR 26,2 million). The profit after tax for 2014 is EUR 696.840 (2013: EUR 840.208). The decrease of the profit after tax is mainly caused by the increase of the general and administrative expenses for an amount of EUR 250.618 during 2014.

The available liquidity of the company as per 31 December 2014 is EUR 397,6 million (2013: EUR 41.422). The EUR 500 million revolving credit facility signed in December 2014 caused the major increase in available liquidity. In December the company made drawdowns for SEK 975.5 million (EUR 102,5 million). Drawdowns are administrated against spot rates and therefor the available liquidity amounts to EUR 397,6 million. As the revolving credit facility is committed the company has immediately access to liquidity.

The solvency ratio of the company is due to the business of the company and the full guarantee of Citycon OYJ in relation to its external stakeholders on a level near 100%. However the solvency ratio of Citycon OYJ is on a comfortable level. As per 31 December 2014 the solvency ratio is 38,5% (2013: 48,5%). Solvency ratio has been calculated as follow: total debt/total balance sheet size.

The company did not occur any expenses for research & development.

In August 2014 the Company entered into a hedging agreement with Citycon OYJ to mitigate its foreign exchange exposure.

On 25 September 2014 Citycon Holding S.A.R.L in Luxembourg, which was the sole shareholder of the Company has been downstream merged into Citycon Treasury B.V.. After this the new sole shareholder is Citycon OYJ, Helsinki.

On 1 October 2014 the Company issued a 10 year EUR 350 million bond with a 2,5% coupon which is annually due on 1 October. The company issued this bond under full guarantee of Citycon OYJ, Helsinki. The funds have been lent out to Citycon OYJ to repay existing external debt.

In October 2014 the Company provided a loan of EUR 164.7 million to Euro Montalbas B.V. to finance the acquisition of the remaining 40% ownership of the Iso Omena shopping Centre in Helsinki.

In December 2014 the Company entered into a Syndicated Revolving Credit Facility of EUR 500 million with a syndicate of Nordic banks and the first drawdowns in December 2014 were made to repay existing debt of Citycon OYJ. The available amount as per 31 December 2014 is EUR 397.5 million.

Depending on possible acquisitions in 2015 of Citycon Group the company will possibly increase their financing activities via the capital markets. We expect that interest rates will rise during 2015, however this will not impact the net financing result of the company as it acts on the basis of a transfer pricing report which determines the minimum return. In 2015 the number of personnel will not change significantly.

# CITYCON TREASURY B.V.

## RESPONSIBILITY STATEMENT

The Board of Directors of Citycon Treasury B.V. state:

1. That the annual financial statements give us a true and fair view of assets, liabilities, financial position and profit and loss of Citycon Treasury B.V..
2. That the annual financial statements gives a true and fair view of the position as per balance sheet date, the development during the financial year of Citycon Treasury B.V. in the annual financial statements, together with a description of principal risks it faces.

Amsterdam, 30 April 2015

The Board of Directors

E. Sihvonon

B. Helsing

G. Rump

## CITYCON TREASURY B.V.

**Balance sheet as at**  
(before appropriation of result and expressed in EUR)

	<u>Notes</u>	<u>31-12-2014</u>	<u>31-12-2013</u>
<b>ASSETS</b>			
<b>Financial fixed assets</b>			
Investments in participations		-	10
Loans to group companies	1	717.200.490	824.608.416
		<u>717.200.490</u>	<u>824.608.426</u>
<b>Current assets</b>			
Loans to group companies	1	751.669.887	68.090.825
Interest receivables from group companies	2	12.705.748	10.987.774
Other receivables from third parties	3	15.340	5.827
Other receivables from group companies	4	177.134	-
Prepaid expenses	5	2.388.003	-
Forward exchange contracts	6	12.044.847	-
Cash at banks	7	73.366	41.422
		<u>779.074.325</u>	<u>79.125.848</u>
<b>Total assets</b>		<u><u>1.496.274.815</u></u>	<u><u>903.734.274</u></u>
<b>LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	8	18.000	18.000
Share premium		2.300.941	2.000.000
Retained earnings		1.830.359	990.151
Unappropriated profits		696.840	840.208
		<u>4.846.140</u>	<u>3.848.359</u>
<b>Long term liabilities</b>			
Bonds notes payable	9	343.853.809	-
Loans from financial institution	10	103.859.539	-
Loans from group companies	11	793.273.010	899.239.084
		<u>1.240.986.358</u>	<u>899.239.084</u>
<b>Current liabilities</b>			
Loans from group companies	11	241.364.939	-
Interest payable to third parties	12	2.207.056	-
Interest payable to group companies	13	6.059.573	339.485
Other payables group companies	14	75.478	260
Tax payable	15	484.602	278.569
Accounts payable	16	250.669	28.517
		<u>250.442.317</u>	<u>646.831</u>
<b>Total liabilities</b>		<u><u>1.496.274.815</u></u>	<u><u>903.734.274</u></u>

The accompanying notes form an integral part of these financial statements

# CITYCON TREASURY B.V.

## Profit and loss account for the year ended 31 December (expressed in EUR)

	<u>Notes</u>	<u>2014</u>	Unaudited <u>2013</u>
Financial income/expense			
Interest and similar income	19	50 105 154	27 536 368
Interest and similar charges	20	<u>-48 726 071</u>	<u>-26 214 887</u>
		<u>1 379 083</u>	<u>1 321 481</u>
Net financial result		<u>1 379 083</u>	<u>1 321 481</u>
General and administrative expenses	21	<u>464 377</u>	<u>213 759</u>
Operating result before taxation		<u>914 706</u>	<u>1 107 722</u>
Taxation	22	217 866	267 514
Net profit after taxation		<u>696 840</u>	<u>840 208</u>

The accompanying notes form an integral part of these financial statements



# CITYCON TREASURY B.V.

## GENERAL ACCOUNTING PRINCIPLES

### **Activities and parent company**

Citycon Treasury B.V. statutory seated in Amsterdam, the Netherlands is a private limited company. The ultimate parent company is Citycon OYJ, Helsinki, Finland.

The company is a financing company; the principal activities of the company consist of borrowing and lending activities.

The offices of the company are located at Hullenbergweg 300, 1101 BV Amsterdam, The Netherlands.

### **Basis of preparation**

The financial statements have been prepared in accordance with Title 9 of Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in The Netherlands as issued by the Dutch Accounting Standards Board.

### **Solvency**

Given the objectives of the company, the company is economically interrelated with the ultimate holding company, Citycon OYJ, Helsinki in Finland. In assessing the solvency and general risk profile of the company, the solvency of Citycon group as a whole needs to be considered.

### **Accounting policies**

The principles of valuation are based on the historical costs. Assets and liabilities are stated at historical cost, unless otherwise indicated. Income and expenses are attributed to the financial year to which they relate. Profit is only included when realized on balance sheet date. Losses are recognized when realized and foreseen.

An asset is included in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be reliably measured. A liability is included in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

If a transaction results in a transfer of future economic benefits or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet. Assets and liabilities are not included in the balance sheet if economic benefits are not probable or cannot be measured with sufficient reliability.

### **Estimates**

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognized in the period in which the estimate is revised and in future for which the revision has consequences.

# CITYCON TREASURY B.V.

## GENERAL ACCOUNTING PRINCIPLES (CONT'D)

### **Merger**

In the case of a transaction under common control, the carry-over accounting method is applied. This means that the transaction is stated at the carrying amount in the financial statements for the year, in line with the amount included in the financial statements of the merged company, as of the merger date. The comparative figures are not restated. The difference between cost and the carrying amounts of the acquired assets and liabilities is recognized in equity as share premium of EUR 300.941. On the 25<sup>th</sup> of September Citycon Holding S.A.R.L. 100% shareholder of Citycon Treasury B.V. has been downstream merged into the company. The sole shareholder after the merger is Citycon OYJ, Helsinki. The main activity of Citycon Holding S.A.R.L. was mainly being the finance company for Citycon group companies.

### **Principles for the translation of foreign currencies**

The reporting currency in the financial statements of Citycon Treasury B.V. is the euro (EUR), which is the company's functional currency.

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined.

The following exchange rate has been applied as at 31 December 2014: EUR 1 = SEK 9.393 (31-12-2013: EUR 1 = SEK: 8.8591); EUR 1 = DKK 7.4453 (31-12-2013: N/A).

### **Financial instruments**

Financial instruments include trade and other receivables, cash and cash equivalents, loans and other financing commitments, trade and other payables.

Financial instruments are initially recognized at fair value. If instruments are not carried at fair value through profit and loss, then any directly attributable transaction costs are included in the initial measurement.

All financial instruments in the company are unsecured.

#### Amortized cost

Amortized cost is the amount at which a financial asset or liability is measured at initial recognition less repayments of the principal, plus or less the cumulative amortization using the effective interest method for any difference between this initial amount and the maturity amount, and less any reductions (effected directly or through a provision being formed) for impairment and doubtful debts.

#### Derivatives and hedge accounting

The company uses derivative financial instruments such as forward exchange contracts to hedge its risk associated with foreign currency fluctuations. Forward exchange contracts are measured at fair value with recognition of all changes in value in the profit and loss account, except where hedge accounting is used to hedge the variability of future cash flows affecting the profit and loss account. The company does not apply hedge accounting for the fiscal years 2014 and 2013.

## CITYCON TREASURY B.V.

### GENERAL ACCOUNTING PRINCIPLES (CONT'D)

#### Loans from financial institutions, bonds and loans from group companies

Loans from financial institutions, bonds and loans from group companies are measured at amortized cost.

#### **Investment in participation**

The investment in participation is valued at cost, unless otherwise stated in the notes thereon.

On 24 June 2011 the Company invested in 0.1% in Citycon Hedging C.V. (hereinafter "the CV"), a Dutch Limited Partnership. Citycon Hedging C.V. has been deregistered on the 25<sup>th</sup> of September 2014.

#### **Loans granted and other receivables**

Loans granted and other receivables are carried at amortized cost using the effective interest method, less impairment losses.

#### Long-term and current liabilities and other financial commitments

Long-term and current liabilities and other financial commitments are stated after their initial recognition at amortized cost on the basis of the effective interest rate method.

#### **Impairment**

On reporting dates the company will test all long term assets reported at amortized cost whether any possible devaluations might occur. When the impairment test is positive, the company should determine the profit and loss effect of the impairment.

#### **Other receivables**

The accounting policies applied for the valuation of trade and other receivables and securities are described under the heading 'Financial instruments'.

#### **Cash at bank**

Cash and cash equivalents include cash at hand, bank balances and deposits held at call. Bank overdrafts, if any, are shown within borrowings in current liabilities in the balance sheet. Cash and cash equivalents are stated at face value.

#### **Non-current liabilities**

The valuation of non-current liabilities is explained under the heading 'Financial Instruments'.

#### **Current liabilities**

The valuation of current liabilities is explained under the heading 'Financial instruments'.

## CITYCON TREASURY B.V.

### GENERAL ACCOUNTING PRINCIPLES (CONT'D)

#### **Interest and similar income**

Interest and similar income comprise interest income on funds invested, foreign exchange gains and gains on hedging instruments that are recognized in the income statement. Interest income is recognized in the income statement as it accrues, using the effective interest method.

#### **Interest and similar charges**

Interest and similar charges comprise interest charges on borrowings calculated using the effective interest rate method, foreign exchange losses and losses on hedging instruments that are recognized in the income statement.

#### **General and administrative expenses**

This concerns costs that are directly attributable to the operations of the company.

#### **Taxation on result**

The taxation on result comprises both current taxes payable and deferred taxes, taking account of tax facilities and non-deductible costs. No taxes are deducted from profits if and insofar as said profits can be offset against losses from previous years.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date taking into account the tax facilities and any adjustments to tax payable in respect of previous years.

#### **Cash flow statement**

The company's cash flow information is included in the cash flow statement presented in the consolidated financial statements of the ultimate parent company (Citycon OYJ, Finland) for the year ended December, 2014, which can be obtained on the website of Citycon OYJ ([www.citycon.com](http://www.citycon.com)). In accordance with the guidelines of the council for annual reporting (article 360.104) in the Netherlands, the company is exempted from including a cash flow statement in its financial statements.

#### **Determination of fair value**

The fair value of derivative instruments is estimated on the basis of the expected cash flows discounted at the current interest rates, including a margin for discounting the relevant risks.

#### **Determination of income**

Income and expenses are recognized in the year to which they are related. Profit is only recognized when realized on balance sheet date. Losses originating before the end of the financial year are taken into account if they become known before preparation of the financial statements.

# CITYCON TREASURY B.V.

## NOTES TO THE ANNUAL ACCOUNTS AS PER 31 DECEMBER 2014

### ASSETS

#### 1. Loans to group companies

Loans to group companies represent loans issued to group companies.

The movement in loans to group companies during the year was as follow:

	2014 (*€)	2013 (*€)
At 1 January	892.699.241	809.343.091
New Loans	742.599.863	278.516.140
Discount/Prepaid expenses	-6.281.535	-
Amortisation discount/prepaid expenses	134.446	-
Reclassified to short term loans	-751.669.887	-68.090.825
Translation adjustment	-39.798.198	-22.337.007
Loans redeemed	-120.483.440	-172.822.983
As at 31 December long term loans to group companies	717.200.490	824.608.416
As at 31 December short term loans to group companies	751.669.887	68.090.825
As at 31 December total loans to group companies	1.468.870.377	892.699.241

An amount of EUR 449,3 million (2013: EUR 105,4 million) of the principal amount outstanding has a final maturity over more than 5 years. Loans to group companies for a total amount of EUR 801,1 million (2013: EUR 712,1 million) are denominated in a currency other than Euro. The total of foreign currency loans amounts to SEK 7.377,8 million (2013: SEK 6.308,8 million) and DKK 116,7 million (2013: DKK 0). If no natural hedge is in place the company has entered into foreign exchange contracts to hedge foreign currency exposures.

Concerning the fair values of the loans to group companies we refer to note 26 on page 22.

The valuation of the loans and foreign exchange contracts is based on the prevailing rate of exchange on the respective reporting dates.

The company has short-term loans to group companies for EUR 751,7 million (2013: EUR 68,1 million) of which the principal portions are due and payable within one year. Interest rates are determined based on the at arm's length principle. The average interest rate on these loans as at 31 December 2014 is 2.31% (2013: 2.87%). For further information on the loans to group companies we refer to note 26 on page 22.

#### 2. Interest receivables from group companies

Interest receivables from group companies include accrued interest from loans to group companies for EUR 12,7 million (2013: EUR 11,0 million). For further information on interest receivables from group companies we refer to note 26 on page 22.

#### 3. Other receivables from third parties

Other receivables from third parties contains rental deposits for office space EUR 6,840 (2013: EUR 5,827) and for the expat house in Hilversum for EUR 8,500 (2013: EUR 0).

# CITYCON TREASURY B.V.

## NOTES TO THE ANNUAL ACCOUNTS AS PER 31 DECEMBER 2014

### 4. Other receivables from group companies

Other receivables from group companies contains admin charges for an amount of EUR 102,690 (2013: EUR 0) and fees to be invoiced for an amount of EUR 74,444 (2013: EUR 0) both to Citycon OYJ.

### 5. Prepaid expenses

In December 2014 the Company signed a five year EUR 500 million syndicated revolving credit facility under the full guarantee of Citycon OYJ, with two options to extend the facility, in each case with the consent of the lender. Citycon Treasury B.V. paid upfront arrangement fees for an amount of EUR 2,4 million which will be amortized over the remaining tenor of the facility. An amount of EUR 1.9 million of the arrangement fees will be amortized after 2015. The Company also paid its office/housing rent for January 2015 upfront for an amount of EUR 6.901 (2013: EUR 0).

### 6. Forward exchange contracts

Derivative financial instruments are initially measured at cost in the statement of financial position and subsequently re-measured at their fair value on each balance-sheet date.

The main determinants of the valuation are the FX spot rate, the spot rate quoted at valuation date, the interest rate curves of both currencies to determine the future discounted cash flows and the FX basis spread to 'compensate' for the received differences of both reference rates of the forward contract.

All changes in fair value are recognized in the profit and loss account. Forward exchange contracts as per ultimo 2014 amounted to EUR 12,0 million (2013: EUR 0). All forward exchange contracts in Citycon Treasury B.V. are internal and the counterparty is the shareholder Citycon OYJ. The tenors of all forward exchange contracts outstanding as per 31 December are no longer than four months. The currencies involved in the forward exchange contracts are DKK and SEK of which the underlying nominal amounts to DKK 117,3 million (2013: DKK 0) and SEK 6,5 billion (2013: SEK 0).

### 7. Cash at banks

Cash at banks are at the disposal of the Company.

The balance is comprised as follows:

	<u>31-12-2014 (*€)</u>	<u>31-12-2013 (*€)</u>
Cash at banks	73.366	1.131.986
Cash in transit	-	-1.090.564
	<u>73.366</u>	<u>41.422</u>

# CITYCON TREASURY B.V.

## NOTES TO THE ANNUAL ACCOUNTS AS PER 31 DECEMBER 2014

### 8. Capital and reserves

Authorized share capital consists of 900 shares of EUR 100 each. As per 31 December 2014, the total number of shares which are fully paid in, are 180 (2013: 180). All shares of the Company are held by the ultimate parent Citycon OYJ, Helsinki, which is listed on the Finnish stock exchange.

	Issued capital	Share premium reserve	Retained earnings	Unappropriated result	Total 2014	Total 2013
	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 1 January	18.000	2.000.000	990.151	840.208	3.848.359	3.008.151
Result for the year	-	-	-	696.840	696.840	840.208
Merge Citycon Holding S.a.r.l.	-	300.941	-	-	300.941	-
Retained earnings			840.208	-840.208	-	-
Balance as at 31 December	18.000	2.300.941	1.830.359	696.840	4.846.140	3.848.359

The increase in share premium of EUR 300.941 is a result of the merger from Citycon Holding S.A.R.L.. On 1 September 2011 Citycon Holding S.A.R.L. paid EUR 2 million capital contribution to the company.

### 9. Bond notes payable

On 1 October 2014 the Company issued a bond notes payable of EUR 350 million under the full guarantee of Citycon OYJ, Helsinki. The contractual maturity is 1 October 2024 and bears a fixed interest rate of 2.5% which is annually due on 1 October. The effective yield of the Bond is 2.64%. The bond is listed on the Irish Stock Exchange. The fair value of the bond as per 31 December 2014 has a price of 102.75%.

The break down and contractual maturity of the bond payable can be shown as follow:

	31-12-2014 (*€)	31-12-2013 (*€)
Bond issue nominal value	350.000.000	-
Issue fees	-2.085.035	-
Discount	-4.196.500	-
Accumulated amortized issue fees	44.419	-
Accumulated amortized discount	90.925	-
> 5 years	343.853.809	-

# CITYCON TREASURY B.V.

## NOTES TO THE ANNUAL ACCOUNTS AS PER 31 DECEMBER 2014

### 10. Loans from financial institutions

On 18 December 2014 the Company signed a five year EUR 500 million multi-currency revolving credit facility with a syndicate of Nordic Banks under the full guarantee of Citycon OYJ, Helsinki, with two options to extend the facility, in each case by one year, subject to the lenders consent. On 23 December the first drawdowns under this facility were made for a total amount of SEK 975,6 million. The available amount as per 31 December 2014 is EUR 397,5 million. The facility drawdowns bear an interest of the reference rate plus 0,9%. Reference rate means 3-months stibor /- euribor. Loans from financial institutions are floating rate loans and have a fair value which not significantly differs from the nominal amount of the loan. For the fees related to the issue of the revolving credit facility we refer to the prepaid expenses in note 5 on page 12.

	<u>31-12-2014 (*€)</u>	<u>31-12-2013 (*€)</u>
< 1 year	-	-
1 - 5 years	<u>103.859.539</u>	<u>-</u>
	<u>103.859.539</u>	<u>-</u>

### 11. Loans from group companies

The Company holds loans from group companies for a total amount of EUR 1,03 billion (2013: EUR 899,2 million). An amount of EUR 107,4 million (2013: EUR 105,4 million) of the principal portion has a maturity longer than five years. The principal portion of EUR 241,4 million (2013: EUR 0) are due and payable within one year. Interest rates are determined based on arm's length principle. Floating rate loans for an amount of EUR 897,5 million carry a 3-months euribor interest rate, plus a margin which is based on a transfer pricing study prepared in accordance with the OECD transfer pricing guidelines, and which study will be updated from time to time. As at 31 December 2014 the average interest rate on these loans was 1,95% (2013: 2.72%). Total outstanding loans from group companies with a fixed interest amounts to nominal EUR 137,1 million and has a fair value of EUR 169,5 million as per 31 December 2014. The other loans from group companies are floating rate loans and have a fair value which not significantly differs from the nominal amount of the loan.

The movement in loans from group companies during the year was as follow:

	<u>2014 (*€)</u>	<u>2013 (*€)</u>
At 1 January	899.239.084	811.442.665
New Loans	1.092.716.753	272.627.730
Reclassified to short term loans	-241.364.939	-
Translation adjustment	-10.132.537	-23.466.168
Loans redeemed	-947.185.351	-161.365.143
As at 31 December long term loans from group companies	<u>793.273.010</u>	<u>899.239.084</u>
As at 31 December short term loans from group companies	<u>241.364.939</u>	<u>-</u>
As at 31 December total loans from group companies	<u>1.034.637.949</u>	<u>899.239.084</u>



# CITYCON TREASURY B.V.

## NOTES TO THE ANNUAL ACCOUNTS AS PER 31 DECEMBER 2014

### **12. Interest payable to third parties**

Interest payable to third parties include accrued interest on bonds notes payable for an amount of EUR 2,2 million (2013: EUR 0 million) and accrued interest from loans from financial institutions for an amount of EUR 0 million (2013: EUR 0 million).

### **13. Interest payable to group companies**

Interest payable to group companies include accrued interest on loans from group companies of EUR 6,0 million (2013: EUR 0,3 million). The interest payable ultimo 2014 is all related to intercompany loans from Citycon OYJ (2013: Citycon Holding S.A.R.L.).

### **14. Other payables to group companies**

Other payables to group companies amounted to EUR 0,1 million (2013: EUR 0,0 million).

### **15. Tax payable**

As per 31 December 2014 the Company has a tax payable for an amount of EUR 0,5 million (2013: EUR 0,3 million) related to corporate income tax.

### **16. Accounts payable**

Accounts payable amounted to EUR 0,3 million (2013: EUR 0,0 million).

# CITYCON TREASURY B.V.

## NOTES TO THE ANNUAL ACCOUNTS AS PER 31 DECEMBER 2014

### 17. Risk management

#### General

During the normal course of business, Citycon Treasury B.V. makes use of several financial instruments such as bonds, notes, loans from and to affiliated companies and cash balances with banks. Due to the use of these financial instruments, the company is exposed to interest rate risk, credit risk and liquidity risk. The Company uses derivative financial instruments (forward exchange contracts) to hedge its exposure to currency risks arising from financing activities, in accordance with its treasury policy.

#### Currency risk

Currency risk is the risk that fluctuations in the prevailing foreign currency exchange rates will affect the Company's financial position and cash flows.

The Company has loans receivable from related parties and loans payable to the shareholder. The currency risk for the Company largely concerns SEK and DKK loan receivables from related parties. On the basis of a risk analysis, the Management of the Company has determined that the currency risk is being hedged with foreign exchange contracts as a result of the non-effective back to back loan situation with the shareholder.

#### Interest risk

Interest rate risk is the risk that fluctuations in the prevailing levels of market interest rates will affect the Company's financial position of cash flows. The Company effectively has no interest rate risk as the profit for the year before taxation is determined by applying a fixed margin to the average loans receivable outstanding during the year. Company's policy is to avoid interest risks by creating back to back structures, inserting equal interest base rates and determine same interest periods between assets and liabilities.

#### Liquidity risk

Liquidity risk is the risk of the Company failing to meet its contractual obligations due to insufficient liquidity. The Company's approach for funding and liquidity is to be managed centrally by the Group Treasury, which is responsible for ensuring adequate financial resources in place. Liquidity risk for the company is covered by the revolving credit facility and the back to back structure of interest settlement dates and maturity dates of its whole loan portfolio.

#### Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Company's credit risk is predominantly emerging from loans payable and receivable with related parties and group companies. The emerging credit risk is mitigated by close monitoring of the financial performance of borrowing companies.

All financial instruments are concluded with either highly rated financial institutions or companies within the Citycon Group, which are expected to fully perform under the terms of the agreements. The company continuously monitors changes in credit ratings of counterparties. At the balance sheet date the credit risk concentrates on entities of the Citycon Group. The corporate credit rating of Citycon OYJ at issue date of these financial statements is for Standard & Poor's BBB with stable outlook and for Moody's Baa2 also with stable outlook. The company does not expect any counterparties to fail to meet their obligations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

# CITYCON TREASURY B.V.

## NOTES TO THE ANNUAL ACCOUNTS AS PER 31 DECEMBER 2014

### **18. Off balance sheet commitments**

Citycon Treasury B.V. has limited rental, lease, back office and IT commitment with third parties.

The rental agreement for the offices has been signed in September 2014 for a period of two years and the annual expense is approx. EUR 40.000 per annum. The relocation house agreement runs for the period July 2014-June 2015 with the option to extend. Annual expenses are approx. EUR 50.000. The company signed in August 2014 a two years operational lease agreement for a company car of which the annual expenses will amount to approx. EUR 24.000.

In August 2014 Citycon Treasury B.V signed a EUR 1.5 billion facility agreement.

Also in August 2014 the company signed a Hedging Agreement with Citycon OYJ. The hedging agreement has been entered into to avoid foreign currency exposures in the company. Via this hedging agreement the company and Citycon OYJ may enter into foreign exchange agreements with each other to mitigate currency risks.

In December 2014 Citycon Treasury B.V. has signed a new five-year EUR 500 million syndicated revolving credit facility with two options to extend, in each case by one year subject to lenders consent all under full guarantee of Citycon OYJ.

# CITYCON TREASURY B.V.

NOTES TO THE ANNUAL ACCOUNTS AS PER 31 DECEMBER 2014

## 19. Interest income and similar income

Interest income and similar income can be shown as follow:

	2014 (*€)	2013 (*€)
Interest income group companies	26.468.697	26.407.209
Exchange rate gains	23.545.378	1.129.159
Other interest income	-	-
Interest income on forward agreements	773	-
Effective interest income	90.306	-
	50.105.154	27.536.368

The interest income group companies can be detailed as follow:

		2014 (*€)	2013 (*€)
Citycon OYJ	Helsinki	2.441.613	68.132
Euro Montalbas B.V.	Amsterdam	541.810	-
Citycon AB	Stockholm	3.864.593	4.671.725
Citycon Liljeholmstorget Gal. AB	Stockholm	3.758.662	4.842.365
Kista Real Property JV AB	Stockholm	6.417.220	6.131.508
Kristiine Keskus OU	Tallinn	1.631.090	1.671.723
Citycon Shopping Centers AB	Stockholm	1.353.101	1.893.107
Citycon Jakobsbergs Centrum AB	Stockholm	1.212.099	1.761.033
Rocca el Mare Kauband. AS	Tallinn	733.682	426.277
Citycon Development AB	Stockholm	569.876	449.536
Akersberga Centrum AB	Stockholm	1.711.237	1.961.549
Stenungstorg Fest. AB	Stockholm	250.848	357.833
Magistral	Tallinn	434.906	350.413
Citycon Hogdalen	Stockholm	502.312	795.685
Others	various	1.045.648	1.026.323
		26.468.697	26.407.209

# CITYCON TREASURY B.V.

NOTES TO THE ANNUAL ACCOUNTS AS PER 31 DECEMBER 2014

## 20. Interest expenses and similar charges

Interest expense and similar charges can be shown as follow:

	<u>2014 (*€)</u>	<u>2013 (*€)</u>
Interest expense group companies	22.020.526	25.085.721
Interest expense bond	2.229.740	-
Interest expense financial institutions	88.404	-
Exchange rate losses	23.494.120	1.129.166
Interest expense on forward agreements	802.356	-
Effective interest expense	90.925	-
	<u>48.726.071</u>	<u>26.214.887</u>

## 21. General and administrative expenses

The general and administrative expenses are comprised as follow:

	<u>2014 (*€)</u>	<u>2013 (*€)</u>
Wages and salaries, administration	188.243	128.171
Other personnel	20.007	-
Recruitment and staffing services	19.794	-
Consulting and advisory fees	203.139	111.304
Rents	64.520	24.980
Car lease and travel expenses	8.632	-
Authority and membership fees	2.602	1.349
Office expenses	3.238	2.117
Non deductible VAT	44.252	27.058
Recharged expenses	-90.050	-81.220
	<u>464.377</u>	<u>213.759</u>

# CITYCON TREASURY B.V.

## NOTES TO THE ANNUAL ACCOUNTS AS PER 31 DECEMBER 2014

### Wages and salaries, administration

The wages and salaries, administration are comprised as follow:

	<u>2014 (*€)</u>	<u>2013 (*€)</u>
Salaries	162.954	118.875
Social security	14.034	9.296
Pension	11.255	-
<b>Total wages and salaries, administration</b>	<u><b>188.243</b></u>	<u><b>128.171</b></u>

### 22. Taxation

The Company operates on the basis of a transfer pricing report which defines the minimum returns for intercompany loans.

	<u>2014 (*€)</u>
Profit before tax	914.706
Correction Interest expense previous years	252.181
Interest due on 2013 assessment	-8.427
Non deductible mixed expenses	4.400
<b>Fiscal profit</b>	<u><b>1.162.860</b></u>
20% over EUR	40.000
25% over EUR	240.715
<b>Total corporate income tax</b>	<u><b>280.715</b></u>
<b>Corporate income tax in profit &amp; loss</b>	
Current year - 2014	280.715
Previous year correction - 2013	-62.849
	<u><b>217.866</b></u>
<b>Effective tax rate</b>	<b>23,8%</b>

## CITYCON TREASURY B.V.

### SUPPLEMENTARY INFORMATION

#### **23. Auditors**

The audit of the Company has been performed by Ernst & Young LLP. The fees for the external Dutch auditor, the audit organization and the entire network to which the audit organization belongs charged to the financial year amounts to EUR 35.000. No other services are applicable.

#### **24. Directors**

During 2014 the Company had three directors during the year under review. During the year Mr. J.O. Nurminen, Mr. J.C.W. van Burg and Mr. R.W. de Koning were replaced by Mr. B.W. Helsing, Mr. E.T. Sihvonen and Mr. G.A. Rump. The remuneration during 2014 is EUR 40.000 to Mr. B.W. Helsing.

#### **25. Employees**

During 2014 the company had an average of 1,75 FTE (2013: 1,0 FTE) in the Netherlands and hence incurred salary and related social security charges during the year under review.

## CITYCON TREASURY B.V.

### 26. Related parties

All transactions are conducted on an arm's length basis. Further information on related party transactions are also disclosed in relevant notes to the annual accounts.

#### Major outstanding exposure from loans to group companies:

		Outstanding loan amounts (* 1 million EURO) 31-12-2014	Outstanding loan amounts (* 1 million EURO) 31-12-2013	Maturity date loans	Interest rates 31-12-2014	Accrued interest (* 1.000 EURO) 31-12-2014
Citycon OYJ	FIN	343,9	-	01-10-2024	2,625% *)	2.290,6
Citycon OYJ	FIN	103,9	37,1	18-12-2019	1,232%	28,4
Citycon AB	SWE	169,9	169,1	01-10-2015	1,968%	845,4
Euro Montalbas B.V.	NLD	164,7	-	16-10-2015	1,582%	541,8
Citycon Liljeholm. Galleria AB	SWE	155,6	168,9	01-10-2015	1,968%	778,8
Kista Real Property JV AB	SWE	105,5	105,4	16-01-2023	6,00% *)	6.134,7
Kristiine Keskus OU	EST	92,0	95,0	29-04-2016	1,583%	369,2
Citycon Shopping Centers AB	SWE	56,2	58,4	01-10-2015	1,968%	280,9
Åkersberga Centrum AB	SWE	29,1	30,9	30-09-2015	4,00% *)	297,9
Åkersberga Centrum AB	SWE	21,5	22,7	30-11-2016	1,968%	104,9
Citycon Jakobsbergs Centrum AB	SWE	47,4	56,7	01-10-2015	1,968%	242,5
Rocca el Mare Kaub. AS	EST	42,1	23,5	08-03-2018	1,583%	169,2
Citycon Development AB	SWE	34,0	21,9	01-10-2015	1,968%	147,2
Magistral Kaub. Oü	EST	24,9	24,9	01-10-2015	1,583%	99,7
Citycon Högdalen Centrum AB	SWE	20,3	22,9	01-10-2015	1,968%	103,3
Albertslund Centrum APS	DEN	15,7	-	23-10-2017	1,968%	53,2
Liljeholms. Devel. Services AB	SWE	15,1	16,0	01-10-2015	1,968%	74,9
Citycon Tumba Centrumfast. AB	SWE	15,0	17,5	01-10-2015	1,968%	75,6
Stenungs Torg Fastighets AB	SWE	10,0	10,6	01-10-2015/30-11-2016	1,968%	53,3
Strompilen AB	SWE	2,1	11,1	25-07-2018	1,968%	14,2
		1.468,9	892,6			12.705,7

The Citycon OYJ loans to group companies for an amount of EUR 447,8 million have been funded via the EUR 350 million bond and the draw downs on the revolving credit facility with financial institution. All other group company loans have been funded via drawdowns on the EUR 1.5 billion facility with Citycon OYJ.

\*) These loans to group companies are fixed rate loans. The difference between the carrying value of EUR 478,4 million and the nominal value of EUR 484,6 million are the unamortized discount and prepaid arrangement fees for an amount of EUR 6,2 million. The fair value of these fixed rate loans amount to EUR 524,9 million. The other loans to group companies are floating rate loans and have a fair value which not significantly differs from the nominal amount of the loan.



## CITYCON TREASURY B.V.

### **Major outstanding exposure from loans from group companies:**

All intercompany loans from group companies are loans from Citycon OYJ, Helsinki. These loans have been drawn under the terms of the EUR 1,5 billion facility agreement between Citycon OYJ and Citycon Treasury B.V., signed on 1 August 2014.

Amsterdam, 30 April 2015

The board of Directors

E. Sihvonen

B. Helsing

G. Rump

## CITYCON TREASURY B.V.

### **Other information**

#### **Statutory stipulations concerning the appropriation of results**

23.1 Any profit realized in a financial year is at the disposal of the general meeting.

23.2 The company may only make distributions if and insofar as its equity exceeds the amount of the paid up and called part of the share capital plus the reserves that must be maintained by law or these articles of association.

23.3 Dividend payments may be made only after adoption of the annual financial statements from which it appears that such payments are permitted. Dividends are due and payable immediately after they have been declared, unless the general meeting sets another date in the relevant resolution. Shareholder's claims against the company or the payment of dividend expire five years after the dividend was declared.

23.4 With due observance of paragraph of this article, the general meeting may resolve to pay interim dividends to make distributions from a reserve which need not be maintained by law.

23.5 If the general meeting adopts a resolution to that effect, distributions may be made otherwise than in cash.

23.6 The shares held by the company in its own capital are to be disregarded in the calculation of the amount of dividend to be paid on shares.

#### **Proposal for the appropriation of the result 2014**

The following appropriation of the result after taxes for the year 2014 is proposed to the General Meeting of Shareholders to include EUR 696.840 in the retained earnings within shareholder's equity.

#### **Independent auditor's report**

Reference is made to the last page of this report.

#### **Subsequent events**

In April 2015 Citycon Treasury B.V. and Citycon OYJ decided to adjust the EUR 1.5 billion facility into a multi-currency facility.

## Independent auditor's report

To: the shareholders and board of directors of Citycon Treasury B.V.

### Report on the audit of the financial statements 2014

#### Our opinion

We have audited the financial statements 2014 of Citycon Treasury B.V. (the Company), based in Amsterdam.

In our opinion the financial statements give a true and fair view of the financial position of Citycon Treasury B.V. as at 31 December 2014, and of its result for 2014 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- ▶ The balance sheet as at 31 December 2014.
- ▶ The profit and loss account for 2014.
- ▶ The notes comprising a summary of the significant accounting policies and other explanatory information.

#### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Citycon Treasury B.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Materiality

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the financial statements as a whole at € 265,- thousand. The materiality is based on 1% of interest income. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Board of Directors that misstatements in excess of € 13 thousand, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

#### Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matter to Board of Directors. The key audit matter is not a comprehensive reflection of all matters discussed.

This matter was addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

#### *Valuation of receivables from group companies*

The long and short term receivables from group companies are significant to Citycon Treasury B.V. as these represent approximately 99% of the total assets in the financial statements of the company. The group companies we refer to are all subsidiaries from Citycon Oyj, Helsinki, which is listed on the Helsinki Stock Exchange and is the head of the group where Citycon Treasury B.V. belongs to. The company is dependent on interest income from, or repayments of, the receivables from group companies to meet its financial obligations. We have performed, among others, the following substantive audit procedures with respect to the receivables from group companies:

- ▶ Inspection of loan agreements and recalculating the amortized cost calculation including the effective interest method.
- ▶ Evaluation of the credit ratings of Citycon Oyj (the guarantor) from several credit rating agencies.
- ▶ Taken notice of the audited financial statements 2014 and Citycon Oyj (the guarantor).

#### **Responsibilities of the Board of Directors for the financial statements**

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the director's board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, Board of Directors is responsible for such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the company's ability to continue as a going concern.

Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors

either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

#### **Our responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.

- ▶ Concluding on the appropriateness of the Board of Directors' use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company ceasing to continue as a going concern.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- ▶ Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

## Report on other legal and regulatory requirements

### Report on the Board of Directors report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the director's report and other information):

- ▶ We have no deficiencies to report as a result of our examination whether the Board of Directors report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- ▶ We report that the director's report, to the extent we can assess, is consistent with the financial statements.

### Engagement

We were engaged by the Board of Directors as auditor of Citycon Treasury B.V. on 14 January 2015, as of the audit for year 2014 and have operated as statutory auditor ever since that date.

Zwolle, 30 April 2015

Ernst & Young Accountants LLP

signed by M. Rooks