



CITYCON TREASURY B.V.

2016 ANNUAL FINANCIAL STATEMENTS

AMSTERDAM, JUNE 2017

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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 2016. 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 22nd of June 2017. The independent auditors report can be found on page 31.

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.

RISK MANAGEMENT

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

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

RISK APPETITE AND IMPACT

Our willingness to assume risks and uncertainties (the risk appetite) may differ for each category, but is very low. The risk overview table shows the risk appetite and the expected impact on the group's achievement of its objectives if one or more of the main risks and uncertainties were to materialize. The likelihood of the risk taking place is also disclosed.

Risk Category	Risk	Risk appetite	Impact	Likelihood
Strategic risk	Reputation damage	0	00	0
Operational risk	Counterpart - and Credit risk	0	00	0
Legal and compliance risk	Market information risk	0	0	0
	Tax risk (transfer pricing)	0	00	0
Financial risk	Cash flow and liquidity risk	0	000	0
	Interest risk and FMV risk	0	00	0
	Foreign currency risk	0	00	0

0 – Low; 00 – Medium; 000 - High

RISK PROFILE

Below is an overview of the risks that the Company's management believes are most relevant to the achievement of our strategy. The sequence of risks below does not reflect an order of importance, vulnerability or materiality. The overview is not exhaustive and should be considered with forward looking statements. There may be a risk not yet known to us or which currently not deemed to be material.

REPUTATION DAMAGE

The fact that we would not be able to fulfill our obligations (Operational, Compliance, Financial) may cause serious damage to the brand "Citycon" and may have a material adverse effect on our financial condition and of the entire Citycon group. The Company employs a rigorous quality and compliance management process before entering into new instruments or deals. Internal policies and Code of Conduct are designed to further mitigate incidents that could result in reputation or brand damage.

COUNTERPART- AND CREDIT RISK

The Company finances the group company loans to the operating entities mainly via the EUR 500.0 million syndicated revolving credit facility with 5 banks, the EUR 1.5 billion facility agreement with Citycon OYJ and via the debt capital markets. If a group company that borrows from the Company goes in default, the Company shall transfer and assign all of the rights and obligations under such intercompany loan to Citycon OYJ and shall pay Citycon OYJ an amount equal to the Risk participation in cash. The amount of risk participation of the Company in such a loss will be calculated in accordance with the formula below

Principal outstanding amount of the Intercompany loan

* 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 the Company and its affiliated enterprise. The Board of Directors is accountable to the General Meeting of Shareholders for its policy.

MARKET INFORMATION RISK

The Company has clear deadlines to inform the market about its performance. Not meeting the deadlines may cause suspicion on the company's financial health and ability to meet all its requirements.

In order to meet the deadlines of depositing the financial annual statements to the Norwegian, Irish and Dutch regulators, management is working closely together with external advisors.

TAX RISK (TRANSFER PRICING)

According to the transfer pricing study report performed by Baker & McKenzie, the Company is obliged to make a minimum return on its loan portfolio. Taxation will in any case be calculated on this minimum basis or the exceeding profit before tax.

CASH FLOWS AND LIQUIDITY RISKS

The liquidity risk is actively managed and currently covered by funds available under the EUR 500.0 million syndicated revolving credit facility which was signed in December 2014. An amount of EUR 112.5 million will mature in December 2019 and EUR 387.5 million in December 2021.

INTEREST RISK AND FAIR VALUE MARKET VALUE RISK

Interest rate exposures are being hedged via back to back funding or if needed via internal interest rate derivatives. Long-term interest rate -/ foreign exchange exposures can be mitigated by turning into an internal cross-currency swap with Citycon OYJ.

Due to some fixed interest rates and the long term nature of the loans, there may be a risk concerning the fair value. However, the Company has accurately estimated this risk before entering into these long term deals, and has assessed the estimated fair values appropriately.

FOREIGN CURRENCY RISK

As to foreign exchange risk, the Company has a conservative approach. Currency risks are avoided by the use of various hedging policies. Where possible the Company creates back to back loan funding structures or uses foreign exchange derivatives. The foreign exchange derivatives have short tenors.

APPOINTMENT

The Board of Directors of the Company is appointed by the General Meeting 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 the Company being orientated towards the long term.

Article 2:391.7 The Company 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 the Company 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 the Company faces.

We declare that the substantial risks with which the Company is confronted are described in these financial statements. This financial statement provides insight into the extent to which risks are prevented and controlled. the Company 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 2016 reporting year.

FINANCIAL HIGHLIGHTS

One major transaction took place in the Company. On the 8th of September 2016 the Company issued a 10 years fixed rate EUR 350 million bond. The coupon is 1.25%, which is annually due. The maturity date of the bond is 8 September 2026. The proceeds were used to refinance mainly short term debt as CP and drawdowns from the revolving credit facility.

The Company increased the average loan maturity, the average fixing period and lowered the average cost of debt significantly.

The interest income and similar income of the Company for the year 2016 amounts to EUR 66.0 million (2015: EUR 109.8 million). The interest expense and similar charges amounts to EUR 62.9 million (2015: EUR 106.7 million). The profit after tax for 2016 is EUR 1,529,324 (2015: EUR 1,971,693). The decrease of the profit after tax, interest income and interest expense can be mainly explained by not invoicing commitment fees to the borrowing entities (2015: EUR 1.5 million) and an increase of the admin expenses.

The available liquidity of the Company as per 31 December 2016 is EUR 500.0 million (2015: EUR 331.1 million). As the revolving credit facility is committed the Company has immediate 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 0%. However the solvency ratio of Citycon OYJ is on a comfortable level. As per 31 December 2016 the solvency ratio is 45.9% (2015: 44.6%). Solvency ratio has been calculated as follow: total debt/total balance sheet size.

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

During 2016 the Company had an average of 3.20 FTE (2015: 3.20 FTE) in the Netherlands and hence incurred salary and related social security charges during the year under review.

Due to the strengthening of the NOK in 2016 (weakening in 2015) and the weakening of the SEK in 2016 (strengthening in 2015) the foreign exchange results in 2016 in the profit and loss account were heavily the opposite of 2015.

OUTLOOK 2017

We expect that interest rates will rise during 2017, 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 2017 the number of personnel will not change significantly. Expectations for financing and investments in 2017 are at a minimum level.

RESPONSIBILITY STATEMENT

The Board of Directors of the Company state:

1. That the annual financial statements give us a true and fair view of assets, liabilities, financial position and profit and loss of the Company
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 the Company in the annual financial statements, together with a description of principal risks it faces.

Amsterdam, 22 June 2017

The Board of Directors

E. Sihvonen

B. Helsing

A. Doppenberg

M. Kokkeel

BALANCE SHEET AS AT

before appropriation of result and expressed in EUR

	Notes	31-12-2016	31-12-2015
ASSETS			
Financial fixed assets			
Loans to group companies	1	2,319,537,136	1,562,545,696
Derivative financial instruments	6	991,654	3,401,816
Deferred tax asset	6	-	241,279
		<u>2,320,528,790</u>	<u>1,566,188,791</u>
Current assets			
Loans to group companies	1	57,824,039	517,648,784
Interest receivables from group companies	2	14,184,321	10,471,125
Other receivables from third parties	3	15,340	15,340
Other receivables from group companies	4	31,599	31,262
Prepaid expenses	5	2,294,933	2,387,662
Forward exchange contracts	6	-	7,711,249
Cash at banks	7	36,886	20,784
		<u>74,387,118</u>	<u>538,286,206</u>
Total assets		<u>2,394,915,908</u>	<u>2,104,474,997</u>
LIABILITIES			
Capital and reserves			
Share capital	8	18,000	18,000
Share premium		2,300,941	2,300,941
Cash flow hedge reserve		1,531,364	-723,838
Retained earnings		4,498,892	2,527,199
Unappropriated profits		1,529,324	1,971,693
		<u>9,878,521</u>	<u>6,093,995</u>
Long term liabilities			
Bonds notes payable	9	1,280,402,668	916,229,039
Loans from financial institutions	10	-	169,509,267
Loans from group companies	11	1,031,111,146	634,334,575
Deferred tax liability	6	636,599	-
		<u>2,312,150,413</u>	<u>1,720,072,881</u>
Current liabilities			
Loans from group companies	11	58,271,678	353,273,903
Interest payable to third parties	12	7,969,854	6,582,895
Interest payable to group companies	13	5,789,818	10,056,072
Other payables group companies	14	248,058	1,206,095
Forward exchange contracts	6	-	6,450,969
Tax payable	15	366,640	659,980
Accounts payable	16	240,926	78,207
		<u>72,886,974</u>	<u>378,308,121</u>
Total liabilities		<u>2,394,915,908</u>	<u>2,104,474,997</u>

The accompanying notes form an integral part of these financial statements

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER

(expressed in EUR)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
Financial income/expense			
Interest and similar income	19	66,004,334	109,753,031
Interest and similar charges	20	<u>-62,926,615</u>	<u>-106,692,785</u>
		<u>3,077,719</u>	<u>3,060,246</u>
Net financial result		<u>3,077,719</u>	<u>3,060,246</u>
General and administrative expenses	21	<u>1,067,903</u>	<u>709,288</u>
Operating result before taxation		<u>2,009,816</u>	<u>2,350,958</u>
Taxation	22	480,492	379,265
Net profit after taxation		<u>1,529,324</u>	<u>1,971,693</u>

The accompanying notes form an integral part of these financial statements

GENERAL ACCOUNTING PRINCIPLES

ACTIVITIES AND PARENT COMPANY

The Company with registration number 52962733 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 if 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.

PRINCIPLES FOR THE TRANSLATION OF FOREIGN CURRENCIES

The reporting currency in the financial statements of the Company 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 2016: EUR 1 = NOK 9.0863 (31-12-2015 EUR 1 = NOK: 9.603); EUR 1 = SEK 9.5525 (31-12-2015: EUR 1 = SEK: 9.1895); EUR 1 = DKK 7.4344 (31-12-2015: 7.4626).

FINANCIAL INSTRUMENTS

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

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Company applies hedge accounting since 2015. For a NOK 1,000 million interest rate swap hedge accounting is not applied and changes in fair value are posted in the profit and loss account.

INTEREST RATE SWAPS

The Company uses interest rate swaps to hedge the interest rate cash flow risk. These interest rate swaps hedge against volatility in future interest payment cash flows (cash flow hedging) resulting from interest rate fluctuations, and the resulting profit fluctuations. The company applies hedge accounting according to RJ290 to all its interest rate swaps. Then the amount of financial instruments' fair value change stemming from effective hedging is recognized in equity (cash flow hedge reserve). The amount in the cash flow hedge reserve is recognized in equity during the period when the cash flow from the hedged item is realized and affects earnings. If the criteria for hedge accounting are not met, changes in fair value are recognized full through profit and loss.

CROSS-CURRENCY SWAP

The Company uses cross-currency swaps to hedge the interest rate cash flow risk and to hedge changes in foreign exchange rates. These cross-currency swaps hedge against volatility in future interest payment cash flows (cash flow hedging) resulting from interest rate fluctuations, and the resulting profit fluctuations. The Company applies hedge accounting according to RJ290 to all its cross-currency swaps. Then the amount of financial instruments' fair value change stemming from effective hedging on the interest part of the fair value is recognized in equity (cash flow hedge reserve). The amount in the cash flow hedge reserve is recognized in equity during the period when the cash flow from the hedged item is realized and affects earnings. If the criteria for hedge accounting are not met, changes in fair value are recognized full through profit and loss. Fair value hedge accounting is applied to the part of the hedging instrument which relates to results from changes in foreign exchange rates. The related fair value change is booked through profit and loss.

FORWARD EXCHANGE CONTRACTS

The Company uses forward exchange contracts to hedge its risk associated with foreign currency fluctuations. All forward exchange contracts are measured at fair value with recognition of all changes in value in the profit and loss account.

BONDS NOTES PAYABLE, LOANS FROM FINANCIAL INSTITUTIONS AND LOANS FROM GROUP COMPANIES

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

LOANS TO GROUP COMPANIES AND OTHER RECEIVABLES FROM THIRD PARTIES/GROUP COMPANIES

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 FROM THIRD PARTIES/GROUP COMPANIES

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

CASH AT BANKS

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.

LONG TERM 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'.

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 profit and loss account. Interest income is recognized in the profit and loss account 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 profit and loss account.

GENERAL AND ADMINISTRATIVE EXPENSES

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

TAXATION

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. The Company forms since 1 January 2015 a fiscal unity with its Dutch group companies. Taxes are settled within this fiscal unity as if each company were an independent taxable entity.

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, 2016, which can be obtained on the website of Citycon OYJ (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 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ASSETS

1. LOANS TO GROUP COMPANIES

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

	<u>2016 (*€)</u>	<u>2015 (*€)</u>
At 1 January	2,080,194,480	1,468,870,377
New Loans	576,147,092	2,636,209,127
Discount/Prepaid expenses	-	-66,214
Amortisation discount/prepaid expenses	607,307	562,889
Reclassified to short term loans	-57,824,039	-517,648,784
Translation adjustment	-1,779,156	-14,442,705
Loans redeemed	-277,808,548	-2,010,938,994
	<u>2,319,537,136</u>	<u>1,562,545,696</u>
As at 31 December long term loans to group companies	<u>2,319,537,136</u>	<u>1,562,545,696</u>
As at 31 December short term loans to group companies	<u>57,824,039</u>	<u>517,648,784</u>
As at 31 December total loans to group companies	<u>2,377,361,175</u>	<u>2,080,194,480</u>

An amount of EUR 1,464.6 million (2015: EUR 936.0 million) of the loans outstanding has a final maturity over more than 5 years. Loans to group companies for a total amount of EUR 1,196.4 million (2015: EUR 1,237.8 million) are denominated in a currency other than Euro. The total of foreign currency loans amounts to: SEK 6,198.6 million (2015: SEK 6,856.1 million), NOK 4,777.9 million (2015: NOK 4,582.9) and DKK 161.1 million (2015: DKK 108.0 million). 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 28.

The fair 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 57.8 million (2015: EUR 517.6 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 all loans to group companies as at 31 December 2016 is 2.40% (2015: 2.41%). For further information on the loans to group companies we refer to note 26 on page 28.

2. INTEREST RECEIVABLES FROM GROUP COMPANIES

Interest receivables from group companies include accrued interest from loans to group companies for EUR 14.2 million (2015: EUR 10.5 million). For further information on interest receivables from group companies we refer to note 26 on page 28.

3. OTHER RECEIVABLES FROM THIRD PARTIES

Other receivables from third parties contain rental deposits for office/housing space amounts to EUR 15,340 (2015: EUR 15,340).

4. OTHER RECEIVABLES FROM GROUP COMPANIES

Other receivables from group companies contains invoiced administration charges for an amount of EUR 31,599 (2015: EUR 31,262) to Citycon OYJ.

5. PREPAID EXPENSES

In December 2016, the Company extended EUR 387.5 million of the EUR 500.0 million syndicated revolving credit facility with one year to December 2021. The book value of the arrangement and extension fees as per ultimo December is EUR 2.3 million (2015: EUR 2.4 million) which will be amortized over the remaining tenor of the facility. An amount of EUR 1.7 million of the arrangement fees will be amortized after 2017.

6. DERIVATIVE FINANCIAL INSTRUMENTS/FORWARD EXCHANGE CONTRACTS

Derivative financial instruments are measured at fair value in the annual financial statements. For these derivative financial instruments being: interest rate swaps of NOK 1,250 million and a cross-currency swap of NOK 1,000 million hedge accounting is applied. For a NOK 1,000 million interest rate swap hedge accounting is not applied and changes in fair value are posted in the profit and loss account. The change in fair values of the interest part of these derivatives is recognized under equity, taking the tax effect into account. The fair value of all derivative financial instruments as per 31 December 2016 amounted to EUR 1.0 million (2015: EUR 3.4 million) of which EUR 1.5 million (2015: EUR -4.4 million) is related to a foreign exchange loss in the EURNOK cross-currency swap. The positive fair value of all derivatives financial instruments related to cash flow hedge accounting amounted to EUR 2.5 million (2015: EUR -1.0 million) and the deferred tax liability on this amounted to EUR 0.6 million (2015: EUR -0.2 million).

The positive cumulative change during 2016 for the derivatives in cash flow hedge accounting was EUR 3.5 million (2015: EUR -1.0 million). The negative cumulative change during 2016 for the derivatives in fair value hedge accounting was EUR 5.4 million (2015: EUR -4.4 million).

The company applies cash flow hedge accounting for NOK 1,250 million interest rate swaps. For the cross-currency swap the Company applies cash flow hedge accounting for the movements in fair value due to interest fluctuations and applies fair value hedge accounting for the foreign exchange part of its fair value. Effectiveness testing takes place on a quarterly basis and have been highly effective and therefore no ineffectiveness postings are registered in profit and loss account. The maturity dates of the NOK 1,250 million interest rate swap and the floating 1,250 million NOK bond is 1st of March 2021. The maturity date of the NOK 1 billion cross-currency swap is 16th of September 2022 which matches the maturity date of the EUR 300 million bond.

The movement in derivative financial instruments during the year was as follow:

	<u>2016 (*€)</u>	<u>2015 (*€)</u>
At 1 January	3,401,816	-
Change in exchange gains and losses	-5,921,673	4,366,933
Change in fair value	3,511,511	-965,117
As at 31 December total derivative financial instruments	<u>991,654</u>	<u>3,401,816</u>

Forward exchange contract are measured at fair value on each balance-sheet date. Changes in fair values of these are reported in profit and loss statement as hedge accounting is not applied. The main determinants of the fair value valuation are the FX spot rate, the spot rate quoted at valuation date and the FX basis spread to 'compensate' for the received/paid differences of both reference rates of the forward contract. Forward exchange contracts as per ultimo 2016 amounted to EUR 0.0 million (2015: EUR 7.7 million) under the current assets and EUR 0.0 million (2015: EUR 6.5 million) under current liabilities. All forward exchange contracts are internal and the counterparty is Citycon OYJ. As per ultimo 2016 there were no forward exchange contracts outstanding. The currencies involved in the forward exchange contracts are NOK, SEK and DKK of which the underlying nominal amounts to NOK 0.0 million (2015: NOK 182.9 million), SEK 0.0 million (2015: SEK 935.2 billion) and DKK 0.0 million (2015: 0.0 million).

7. CASH AT BANKS

Cash at banks are at the disposal of the Company.

The balance is comprised as follows:

	<u>31-12-2016 (*€)</u>	<u>31-12-2015 (*€)</u>
Cash at banks	36,886	20,784
	<u>36,886</u>	<u>20,784</u>

LIABILITIES

8. CAPITAL AND RESERVES

Authorized share capital consists of 900 shares of EUR 100 each. As per 31 December 2016, the total number of shares which are fully paid in, are 180 (2015: 180). All shares of the Company are held by the parent company Citycon OYJ, Helsinki, which is listed on the Helsinki stock exchange.

	Share capital	Share premium	Cash flow hedge reserve	Retained earnings	Unappropriated result	Total 2016
	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 1 January	18,000	2,300,941	-723,838	2,527,199	1,971,693	6,093,995
Cash flow Hedging RJ290			3,006,935			3,006,935
Deferred tax			-751,733			-751,733
Result for the year					1,529,324	1,529,324
Appropriation of result				1,971,693	-1,971,693	-
Balance as at 31 December	18,000	2,300,941	1,531,364	4,498,892	1,529,324	9,878,521

PROPOSAL FOR THE APPROPRIATION OF THE RESULT 2016

The following appropriation of the result after taxes for the year 2016 is proposed to the General Meeting to include EUR 1,529,324 in the retained earnings within shareholder's equity.

9. BONDS NOTES PAYABLE

All bonds notes payable issued by Citycon Treasury B.V. are issued under the full guarantee of Citycon OYJ, Helsinki and are rated in line with Citycon OYJ's corporate rating.

The movement schedule, contractual maturity and details of the bonds notes payable can be shown as follow:

	31-12-2016 (*€)	31-12-2015 (*€)
As at 1 January	916,229,039	343,853,809
Bond issue nominal value	350,000,000	583,240,701
Issue fees	-2,433,260	-3,802,553
Discount	-360,500	-516,000
Amortized issue fees	1,265,061	717,589
Amortized discount	9,893	20,763
Exchange gains and losses	15,692,435	-7,285,270
> 5 years	1,280,402,668	916,229,039

Issue date	Instrument	Fixed interest rate	Interest settlement	CCY	Nominal amount	Maturity date	Listing	Eff. Yield	Fair value (mid price quote)
8-Sep-2016	Bond	1.25%	Annually	EUR	350,000,000	8-Sep-2026	Irish Stock Exchange	1.261%	95.65
16-Sep-2015	Bond	2.375%	Annually	EUR	300,000,000	16-Sep-2022	Irish Stock Exchange	2.392%	108.09
1-Mar-2015	Bond	3M ref rate +1.55%	Quarterly	NOK	1,250,000	1-Mar-2021	Oslo Stock Exchange	3M ref rate +1.55%	101.33
1-Sep-2015	Bond	3.90%	Annually	NOK	1,400,000	1-Sep-2025	Oslo Stock Exchange	3.90%	no quote
1-Oct-2014	Bond	2.500%	Annually	EUR	300,000,000	1-Oct-2024	Irish Stock Exchange	2.64%	108.28

On 8 September 2016 the Company issued a Eurobond of EUR 350 million. The contractual maturity is 8 September 2026 and bears a fixed interest rate of 1.25% which is annually due on 8 September. The effective yield of the Bond is 1.261%. The bond is listed on the Irish Stock Exchange. The bond as per 31 December 2016 has a fair value price quote of 95.65.

10. LOANS FROM FINANCIAL INSTITUTIONS

On 18 December 2014, the Company signed a five-year EUR 500.0 million multicurrency revolving credit facility with a syndicate of Nordic Banks under the full guarantee of Citycon OYJ, Helsinki. An amount of EUR 112.5 million will mature on 18th of December 2019 and the remaining EUR 387.5 million on the 18th of December 2021. The outstanding loans as per ultimo December 2016 are: SEK 0.0 million (2015: SEK 840.0 million) and NOK 0.0 million (2015: NOK 750.0 million). The available amount as per 31 December 2016 is EUR 500.0 million (2015: EUR 331.1 million). The facility drawdowns bear an interest of the reference rate plus 0.9%. Reference rate means 3-months stibor /- euribor/-nibor. 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 15.

	<u>31-12-2016 (*€)</u>	<u>31-12-2015 (*€)</u>
1 - 5 years	-	169,509,267
	<u>-</u>	<u>169,509,267</u>

11. LOANS FROM GROUP COMPANIES

The Company holds loans from group companies for a total amount of EUR 1,089.4 million (2015: EUR 987.6 million). An amount of EUR 85.1 million (2015: EUR 110.8 million) of the principal portion has a maturity longer than five years. The principal portion of EUR 58.3 million (2015: EUR 353.3 million) 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 1,004.3 million (2015: EUR 860.5 million) carry a 3-months reference 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 2016 the average interest rate on all loans from group companies was 1.86% (2015: 1.86%). Total outstanding loans from group companies with a fixed interest as per 31 December 2016 amounts to nominal EUR 85.1 million (2015: EUR 110.8 million) and has a fair value of EUR 111.8 million (2015: EUR 148.7 million). 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. All loans from group companies with counterpart Citycon OYJ are being issued under the terms of the EUR 1.5 billion multi-currency facility agreement.

	<u>2016 (*€)</u>	<u>2015 (*€)</u>
At 1 January	987,608,478	1,034,637,949
New Loans	270,527,655	1,558,499,535
Reclassified to short term loans	-58,271,678	-353,273,903
Translation adjustment	-22,845,699	-2,830,363
Loans redeemed	-145,907,610	-1,602,698,643
	<hr/>	<hr/>
As at 31 December long term loans from group companies	1,031,111,146	634,334,575
	<hr/>	<hr/>
As at 31 December short term loans from group companies	58,271,678	353,273,903
	<hr/>	<hr/>
As at 31 December total loans from group companies	<u>1,089,382,824</u>	<u>987,608,478</u>

12. INTEREST PAYABLE TO THIRD PARTIES

Interest payable to third parties include accrued interest on bonds notes payable for an amount of EUR 7.9 million (2015: EUR 6.4 million) and commitment fees from financial institutions for an amount of EUR 0.1 million (2015: EUR 0.1 million).

13. INTEREST PAYABLE TO GROUP COMPANIES

Interest payable to group companies include accrued interest on internal derivatives of EUR 0.5 million (2015: EUR 0.5 million) and loans from group companies of EUR 5.3 million (2015: EUR 9.6 million).

14. OTHER PAYABLES TO GROUP COMPANIES

Other payables to group companies amounted to EUR 0.3 million (2015: EUR 1.2 million).

15. TAX PAYABLE

As per 31 December 2016 the Company has a tax payable for an amount of EUR 0.4 million (2015: EUR 0.7 million) related to corporate income tax.

16. ACCOUNTS PAYABLE

Accounts payable amounted to EUR 0.2 million (2015: EUR 0.1 million).

17. RISK MANAGEMENT

General

During the normal course of business, the Company makes use of several financial instruments such as bonds notes payable, bank loans, 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 intra-group derivative financial instruments to hedge its exposure 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 concerns NOK, SEK and DKK loan receivables to related parties. On the basis of a risk analysis, the Management of the Company has determined that the currency risk is being mitigated with foreign exchange contracts or a back to back loan structure.

Below an overview of the major foreign exchange positions of the Company:

Type	Currency	Loans to Group Companies in local currency	External Debt in local currency	Loans from Group Companies in local currency	Foreign exchange position to be hedged in local currency	Forward Exchange Contracts in local currency	Cross Currency Swaps in local currency	Foreign Exchange Position in local currency
		1	2	3	4	5	6	7
		total 1+2+3					total 4+5+6	
Assets&Liabilities EURO denominated	EUR	1,186,364,558	-1,000,000,000	-294,686,960	N/A	-	107,933,081	N/A
Assets&Liabilities NOK denominated	NOK	4,777,915,340	-2,650,000,000	-1,127,915,340	1,000,000,000	-	-1,000,000,000	-
Assets&Liabilities SEK denominated	SEK	6,198,272,406	-	-6,198,265,763	6,642	-	-	6,642
Assets&Liabilities DKK denominated	DKK	161,085,835	-	-161,085,835	-	-	-	-

Another foreign currency position in the balance sheet is the accrued interest on all debt which is not EUR denominated. The company does not hedge these positions in accordance with the treasury policy of Citycon group.

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 or 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. If no back to back structure is in place the Company has turned into internal interest rate derivatives to mitigate the position. In 2015 the Company turned into two internal interest rate derivatives with Citycon OYJ to swap the floating coupon of the NOK 1,250 million Bond into a fixed coupon.

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 mainly covered by the committed revolving credit facility and the back to back structure of interest settlement dates and maturity dates on its whole loan portfolio.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. As the Company normally has no external investments the 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 Baa1 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.

18. OFF BALANCE SHEET COMMITMENTS

The Company has limited rental, lease, back office and IT commitments 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 48,000 per annum. Annual expenses are approx. EUR 51,000. 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 28,000. An additional two years operational lease car agreement has been signed in January 2015 with an annual expense of approx. EUR 30,000. One operational lease car agreement will be cancelled as per May 2017.

In August 2014 the Company signed a EUR 1.5 billion facility agreement with Citycon OYJ.

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 the Company has signed a new five-year EUR 500.0 million syndicated revolving credit facility. In December 2016 Lenders which represent an amount of EUR 387.5 million of the facility approved the extension of the maturity date up to 18 December 2021.

19. INTEREST INCOME AND SIMILAR INCOME

Interest income and similar income can be shown as follow:

	<u>2016 (*€)</u>	<u>2015 (*€)</u>
Interest income related companies	56,484,707	46,089,607
Exchange rate gains	7,476,754	63,125,775
Interest income on forward agreements	678,302	76,290
Effective interest income	859,995	461,359
Fair value adjustment on derivatives	504,576	-
	<u>66,004,334</u>	<u>109,753,031</u>

The interest income related companies can be detailed as follow:

		<u>2016 (*€)</u>	<u>2015 (*€)</u>
Citycon OYJ	Helsinki	18,947,132	13,678,530
Citycon Holding AS	Oslo	18,111,368	9,119,806
Citycon Portefolje AS	Oslo	-	219,723
Euro Montalbas B.V.	Amsterdam	-	2,578,620
Citycon AB	Stockholm	2,950,106	3,022,179
Citycon Liljeholmstorget Gal. AB	Stockholm	2,460,145	2,699,053
Kista Real Property JV AB	Stockholm	6,025,903	6,915,877
Kristiine Keskus OU	Tallinn	1,225,701	1,491,036
Citycon Shopping Centers AB	Stockholm	329,495	866,129
Citycon Jakobsbergs Centrum AB	Stockholm	740,924	805,891
Rocca el Mare Kauband. AS	Tallinn	402,287	637,516
Citycon Development AB	Stockholm	304,055	601,608
Akersberga Centrum AB	Stockholm	960,041	1,593,368
Stenungstorg Fest. AB	Stockholm	291,877	122,206
Magistral	Tallinn	60,813	418,510
Citycon Hogdalen	Stockholm	333,515	341,114
Citycon Denmark	Copenhagen	309,099	243,991
Citycon Tumba	Stockholm	262,900	257,875
Liljeholmen Development	Stockholm	786	230,221
Manhattan Acquisition OY	Helsinki	-	225,262
Montalbas B.V.	Amsterdam	2,768,561	84
Others	various	-	21,008
		<u>56,484,707</u>	<u>46,089,607</u>

20. INTEREST EXPENSE AND SIMILAR CHARGES

Interest expense and similar charges can be shown as follow:

	<u>2016 (*€)</u>	<u>2015 (*€)</u>
Interest expense group companies	19,606,632	22,565,641
Interest expense bond	26,287,625	13,810,339
Interest expense financial institutions	1,654,291	1,831,265
Exchange rate losses	7,426,892	62,746,729
Interest expense on forward agreements	2,647,508	1,518,819
Effective interest expense	971,923	464,070
Amortized paid arrangement fees	4,331,744	3,755,922
	<u>62,926,615</u>	<u>106,692,785</u>

21. GENERAL AND ADMINISTRATIVE EXPENSES

The general and administrative expenses are comprised as follow:

	<u>2016 (*€)</u>	<u>2015 (*€)</u>
Wages and salaries, administration	782,219	470,367
Other personnel	13,643	10,683
Consulting and advisory fees	135,408	115,941
Rents	85,782	84,210
Car lease and travel expenses	74,307	41,127
Authority and membership fees	7,000	9,358
Office expenses	12,261	10,406
Non deductible VAT	81,361	36,574
Recharged expenses	-124,077	-69,378
Total administrative expenses	<u>1,067,903</u>	<u>709,288</u>

The wages and salaries, administration are comprised as follow:

	<u>2016 (*€)</u>	<u>2015 (*€)</u>
Salaries	671,071	435,801
Social security	30,680	13,601
Pension	80,467	20,965
Total wages and salaries, administration	<u>782,219</u>	<u>470,367</u>

22. TAXATION

The Company operates on the basis of a transfer pricing report which defines the minimum returns for intercompany loans. Since 1 January 2015 the Company forms a fiscal unity for corporate income tax with its related group companies: Montalbas B.V..

		<u>2016 (*€)</u>	<u>2015 (*€)</u>
Profit before tax		2,009,816	2,350,958
Fiscal lower amortisation bridge fees		-52,348	275,073
Deemed expense		-	-1,081,894
Interest due on 2013 assessment		-	8,427
Non deductible mixed expenses		4,500	4,500
Fair value adjustment on derivatives		-504,576	-
		<u>1,457,392</u>	<u>1,557,064</u>
Fiscal profit			
20% over EUR	200,000	40,000	40,000
25% over EUR	1,257,392	314,348	339,265
Total corporate income tax		<u>354,348</u>	<u>379,265</u>
Corporate income tax in profit & loss			
Current year - Corporate income tax		354,348	379,265
Current year - Deferred tax		126,144	-
		<u>480,492</u>	<u>379,265</u>
Effective tax rate		23.9%	16.1%

The above tax calculation is purely Citycon Treasury B.V.

SUPPLEMENTARY INFORMATION

23. AUDITORS

The audit of the Company has been performed by Ernst & Young Accountants 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 54,400 (2015: EUR 44,300).

For financing projects Ernst & Young Accountants LLP charged EUR 14,625 (2015: EUR 26,422).

24. DIRECTORS

During 2016 the Company had three directors during the year under review. The directors are: Mr. B.W. Helsing, Mr. E.T. Sihvonen and Mr. A. Doppenberg. The remuneration during 2016 is EUR 235,046 (2015: EUR 220,874).

25. EMPLOYEES

During 2016 the Company had an average of 3.20 FTE (2015: 3.20 FTE) in the Netherlands and hence incurred salary and related social security charges during the year under review.

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:

Counterpart	Country Code	Outstanding loan	Outstanding loan	Maturity date loans	Interest rates	Accrued interest
		amounts	amounts			
		(* 1 million EURO) 31-12-2016	(* 1 million EURO) 31-12-2015			
						(* 1,000 EURO) 31-12-2016
Citycon OYJ	FIN	344.6	344.2	01-10-2024	2.825% *)	2,465.1
Citycon OYJ	FIN	192.0	252.2	18-10-2017/16-09-2022	1.375%/ 2.700% *)	2,358.6
Citycon OYJ	FIN	350.0	-	08-09-2026	1.575% *)	1,721.7
Citycon AB	SWE	204.3	185.0	01-03-2017/31-12-2018/02-07-2018	1.500%	743.1
Citycon Liljeholm. Galleria AB	SWE	154.8	169.6	31-12-2018	1.500%	579.4
Kista Real Property JV AB	SWE	84.6	114.4	16-01-2023	6.00% *)	2,415.5
Kristiine Keskus OU	EST	79.0	82.0	29-04-2018	1.500%	300.5
Citycon Shopping Centers AB	SWE	17.8	21.8	31-12-2018	1.500%	72.2
Åkersberga Centrum AB	SWE	61.8	65.6	31-12-2018	1.500%	172.3
Citycon Jakobsbergs Centrum AB	SWE	47.5	50.2	31-12-2018	1.500%	176.3
Rocca el Mare Kaub. AS	EST	25.3	27.7	31-12-2018	1.500%	94.5
Citycon Development AB	SWE	10.7	18.6	31-12-2018	1.500%	66.5
Magistral Kaub. Oü	EST	-	24.9	-	1.500%	-
Citycon Högdalen Centrum AB	SWE	26.5	20.4	31-12-2018	1.500%	100.0
Albertslund Centrum APS	DEN	20.9	13.5	23-10-2017	1.500%	57.0
Citycon Denmark APS	DEN	0.7	1.0	31-12-2017	1.500%	2.6
Liljeholms. Devel. Services AB	SWE	-	0.2	-	1.500%	-
Citycon Tumba Centrumfast. AB	SWE	14.2	18.6	31-12-2018	1.500%	56.0
Stenungs Torg Fastighets AB	SWE	26.7	22.0	31-12-2018	1.500%	29.7
Montalbas B.V.	NLD	190.1	171.1	30-06-2017/16-10-2020	1.500%	591.4
Citycon Holding AS	NOR	273.8	264.6	14-07-2022	3.7775%*)	1522.7
Citycon Holding AS	NOR	91.1	17.7	10-11-2022	2.820%	349.3
Citycon Holding AS	NOR	127.9	194.9	16-09-2022	3.498%*)	285.8
Citycon Holding AS	NOR	33.0	-	10-2-2017	2.940%	24.3
		2,377.4	2,080.2			14,184.3

*) These loans to group companies are fixed rate loans. The difference between the carrying value of EUR 1,180.9 million (2015: EUR 918.1 million) and the nominal value of EUR 1,186.3 million (2015: EUR 923.9 million) are the unamortized discount and prepaid arrangement fees for an amount of EUR 5.4 million (2015: EUR 5.8 million). The fair value of these fixed rate loans amount to EUR 1,576.2 million (2015: EUR 1,078.1 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.

MAJOR OUTSTANDING EXPOSURE FROM LOANS FROM GROUP COMPANIES:

Almost 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 multi-currency subordinated term loan facility agreement between Citycon OYJ and the Company, signed on 1 August 2014.

Reference is made to note 11 Loans from group companies on page 19 and counterpart- and credit risk on page 2.

SUBSEQUENT EVENTS

On 1 June 2017 Mr M. Kokkeel was appointed as director of the Company.

Amsterdam, 22 June 2017

The board of Directors

E. Sihvonen

B. Helsing

A. Doppenberg

M. Kokkeel

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 an insofar as its equity exceeds the amount of the paid up and called up 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.

INDEPENDENT AUDITOR'S REPORT

Reference is made to the last page of this report.

Independent auditor's report

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

Report on the audit of the financial statements 2016 included in the annual report

Our opinion

We have audited the financial statements 2016 of Citycon Treasury B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Citycon Treasury B.V. as at 31 December 2016, and of its result for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- ▶ The balance sheet as at 31 December 2016
- ▶ The profit and loss account for 2016
- ▶ The notes comprising a summary of the 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, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Materiality

Materiality	€565 thousand
Benchmark applied	The materiality is based on 1% of interest income
Explanation	We considered an activity based measure to be the most appropriate benchmark for determining materiality, since Citycon Treasury B.V. only has back-to-back loans. We typically determine a range of 0,5-1% of revenues (interest income), where we ended up using the higher end of the range. The main reasons for this were the few number of shareholders and limited changes in the business environment.

We have also taken misstatements into account 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 €28 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 matters to the board of directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were 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 these matters.

Risk	Our audit approach
Valuation of receivables from group companies	
<p>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. These group companies are all subsidiaries from Citycon Oyj, Helsinki, which is listed on the Helsinki Stock Exchange and is the ultimate parent of Citycon Treasury B.V. The company is dependent on interest income from and collection of receivables from group companies to meet its financial obligations.</p> <p>All bonds notes payable issued by Citycon Treasury B.V. are issued under the full guarantee of Citycon Oyj, Helsinki.</p> <p>The company's disclosure on the credit risk is included in the financial instruments risk paragraph on page 22 of the financial statements.</p>	<p>We have performed, among others, the following substantive audit procedures with respect to the receivables from group companies:</p> <ul style="list-style-type: none"> ▶ 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; ▶ Obtained and reviewed the audited financial statements 2016 of Citycon Oyj (the guarantor).

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- ▶ The director's report
- ▶ Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- ▶ Is consistent with the financial statements and does not contain material misstatements
- ▶ Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the director's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

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 the year 2014 and have operated as statutory auditor ever since that date.

Description of responsibilities for the financial statements

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. Furthermore, board of directors is responsible for such internal control as 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 framework mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting unless 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 material errors and fraud.

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.

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 management
- ▶ Concluding on the appropriateness of management's 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 a company to cease 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.

Zwolle, 22 June 2017

Ernst & Young Accountants LLP

signed by D.L. Groot Zwaaftink